

BSE

Derivatives boost

BSE has witnessed initial success in the much larger equity derivatives segment, currently dominated by NSE, driven by the launch of a weekly index options contract (SENSEX) in May 2023. Impressively, BSE market share in the equity derivatives segment reached 3.4% in August (vs. zero in April). BSE expiry day market share has reached ~11% without any liquidity enhancement scheme (LES). The derivatives volume is organic and is driven by 219 members (proprietary and retail) and the active UCCs on the BSE derivatives platform have reached 0.17mn, from nearly zero in three months. We expect BSE derivative market share to reach ~10% in Q4FY24E, driven by the on-boarding of large member brokers, the launch of new weekly index contracts, hedging activity and a continued increase in active traders. The increase in derivatives volume will boost cash volumes. The steps taken by the new management are yielding results and will boost growth and margin. We expect a revenue/EPS CAGR of ~19/25% over FY23-26E, led by a revival in transaction revenue. We increase our EPS estimates by ~7/11% for FY24/25E, increase core multiple to 28x (vs 25x), and upgrade rating to BUY. We assign a SoTP-based target price of INR 1,230, based on 28x core Sep-25E PAT + CDSL stake + net cash ex SGF.

- The derivatives market is large and growing:** NSE derivative volume is ~30x larger than BSE and it has registered a 10Y volume CAGR of 62%. Index options account for ~99% of the derivatives volume (for both NSE and BSE) and there is a clear shift towards near-term expiry weekly contracts. NSE derives revenue of ~INR 100bn from index options and BSE is venturing into this huge market. ~1% market share of derivatives is ~INR 1bn but BSE options realisation is 1/7th of NSE; thus ~1% derivatives market share for BSE will result in revenue of INR 0.14bn, which is 1.7/5% of BSE's FY23 revenue/EBITDA. We expect BSE derivative volume to reach ADTV of INR 42tn in FY25E with volume/premium market share of 10.6/4.4%.
- Scope for pricing reset:** BSE tried various pricing mechanisms (steep discount/nil charges) in most of its segments to compete with NSE but was unable to garner market share. The new management has decided to match pricing with NSE as exchange transaction charges do not trigger volume shifts. BSE has increased cash transactions, currency futures and listing fees to match with NSE. BSE's cash and listing charges are now at a premium to NSE. BSE index options pricing is INR 50/mn vs. INR 350/mn of NSE. There is enough scope for pricing revision in options; we have assumed stable pricing in our base case assumption.
- Valuation scenarios:** The base case assumes a 10% derivative market share and core PAT CAGR of 37%. The bear case assumes ~4% derivatives market share and a decline in cash volume, slower revenue growth (14% CAGR), and a multiple of 20x, resulting in a downside of ~17% vs. CMP. The bull case assumes a 10% derivatives market share (similar to the base case) but higher options pricing, resulting in a 23% revenue CAGR and 30x multiple, indicating a ~70% upside.

Financial Summary

YE March (INR mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Revenues	5,014	7,432	8,155	10,070	11,846	13,761
EBITDA	725	2,772	2,887	4,146	5,364	6,654
APAT	1,750	3,184	3,120	4,025	4,932	5,891
Diluted EPS (INR)	12.9	23.5	23.0	30.8	37.7	45.0
P/E (x)	70.3	38.7	39.5	29.6	24.1	20.2
EV / EBITDA (x)	143.4	36.5	35.0	24.1	18.4	14.6
RoE (%)	7.1	12.3	11.6	14.7	17.3	19.2

Source: Company, HSIE Research

BUY

CMP (as on 29 Aug 2023)	INR 910
Target Price	INR 1,230
NIFTY	19,343

KEY CHANGES	OLD	NEW
Rating	ADD	BUY
Price Target	INR 940	INR 1,230
EPS %	FY24E +6.8	FY25E +11.4

KEY STOCK DATA

Bloomberg code	BSE IN
No. of Shares (mn)	135
MCap (INR bn) / (\$ mn)	123/1,507
6m avg traded value (INR mn)	1,050
52 Week high / low	INR 936/406

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	67.9	106.5	44.4
Relative (%)	64.3	96.1	32.1

SHAREHOLDING PATTERN (%)

	Mar-23	Jun-23
Promoters	0.00	0.00
FIs & Local MFs	0.65	0.54
FPIs	7.60	8.77
Public & Others	91.74	90.68
Pledged Shares	0.00	0.00

Source : BSE

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Valuation Scenarios

Parameters	Bear Case	Base Case	Bull Case
Revenue CAGR FY23-26E	14%	19%	23%
EBITDA CAGR FY23-26E	20%	32%	41%
PAT CAGR FY23-26E	15%	24%	30%
Core PAT CAGR FY23-26E	21%	37%	47%
Derivative market share (Aug -23)	3.4%	3.4%	3.4%
Derivative market share Q4FY24E	4.5%	10.2%	10.2%
Options Realisation (INR/mn) on options premium	50	50	100
Core PAT Sep-25 (INR mn)	3,254	4,548	5,638
Core PAT (INR mn)	65,089	1,27,343	1,69,137
Core multiple (x)	20	28	30
Add: Net Cash ex SGF (INR mn)	18,031	18,031	18,031
Market cap (INR mn)	83,120	1,45,374	1,87,167
Price per share (INR)	635	1,111	1,430
CDSL Value/share (INR)	118	118	118
TP (INR)	755	1,230	1,550
Upside (%)	-17%	35%	70%

Source: HSIE Research

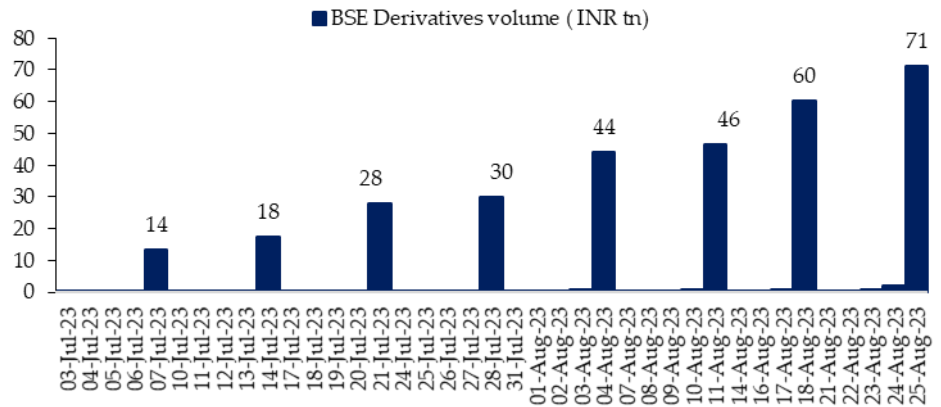
Change in estimate

YE March (INR mn)	FY24E			FY25E			FY26E		
	Old	Revised	Chg %	Old	Revised	Chg %	Old	Revised	Chg %
Revenue	9,662	10,070	4.2	11,065	11,846	7.1	12,721	13,761	8.2
EBITDA	3,777	4,146	9.8	4,629	5,364	15.9	5,664	6,654	17.5
<i>EBITDA margin (%)</i>	39.1	41.2	207bps	41.8	45.3	344bps	44.5	48.4	383bps
APAT	3,770	4,025	6.8	4,429	4,932	11.4	5,213	5,891	13.0
EPS (INR)	28.8	30.8	6.8	33.8	37.7	11.4	39.8	45.0	13.0

Source: HSIE Research

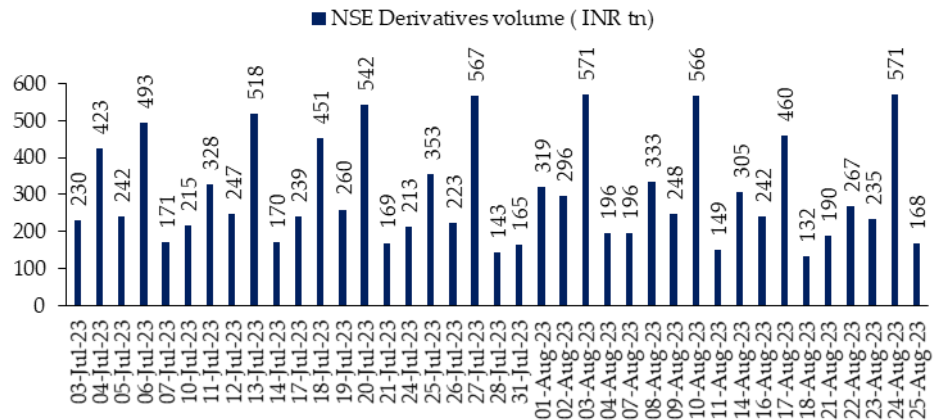
BSE derivative market share gain is impressive, led by the launch of SENSEX contract in May 2023

BSE derivatives volume growing exponentially, still at a very nascent stage



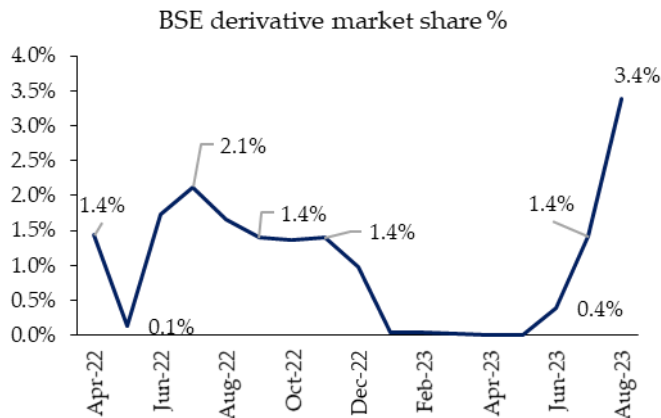
Source: BSE, HSIE Research

NSE derivative volume is ~28x of BSE on a monthly basis; however, BSE's expiry day market share is at ~11%



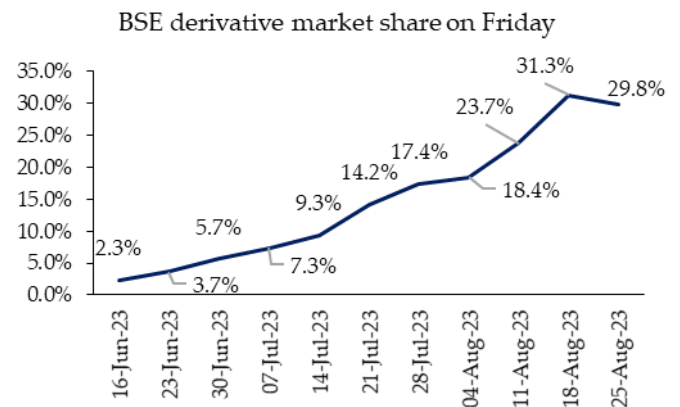
Source: NSE, HSIE Research

BSE derivative market share has increased to 3.4% in August 2023



Source: BSE, NSE, HSIE Research

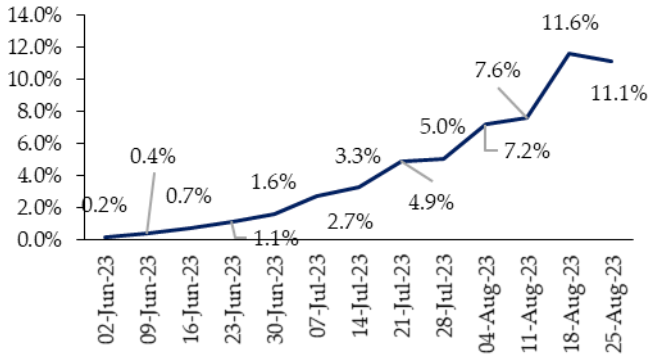
BSE derivatives market share on expiry day is now ~30% (BSE Friday vs. NSE Friday)



Source: BSE, NSE, HSIE Research

BSE expiry day market share is now 11% of NSE expiry day derivative volume

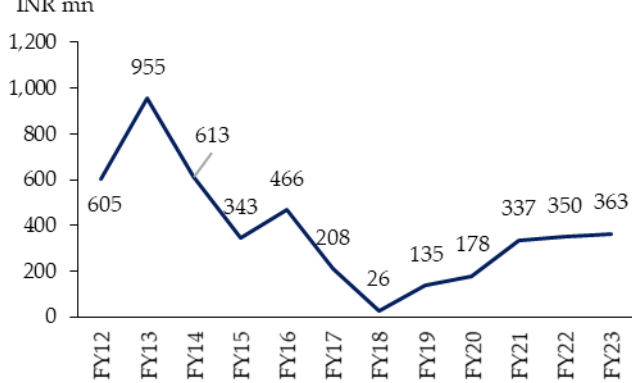
BSE derivative market share on expiry



Source: BSE, HSIE Research

BSE has spent INR 4.6bn on LES to scale derivatives volume in the last twelve years, the current volume is organic without LES

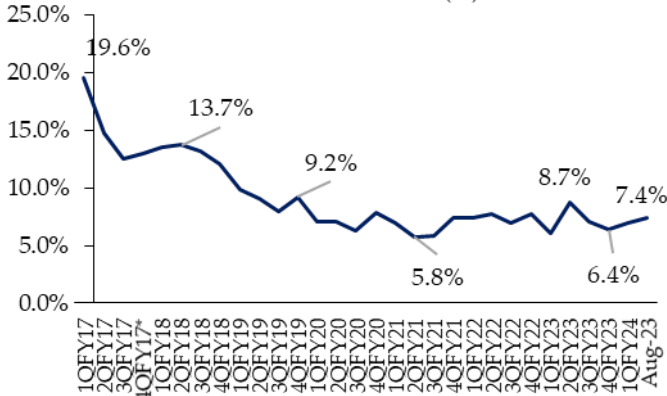
BSE LES spend on derivatives and INX



Source: BSE, HSIE Research

BSE cash market share yet to scale new highs, expected to increase with higher derivatives market share

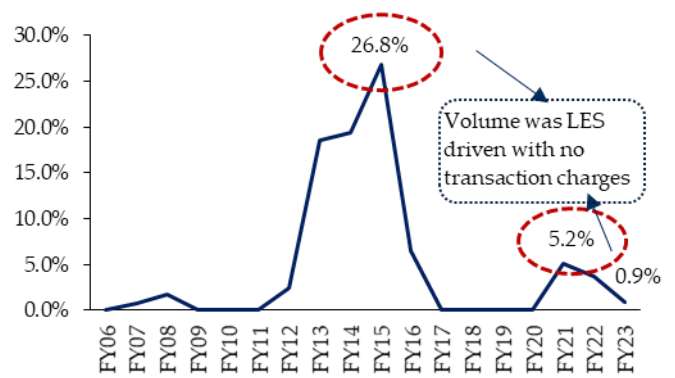
BSE cash market share (%)



Source: BSE, NSE, HSIE Research, * ex reliance promoter swap volume

BSE tried to gain derivatives market share in the past but failed as it was LES driven, August 2023 derivative volume is ~15x of FY15 peak volume without LES

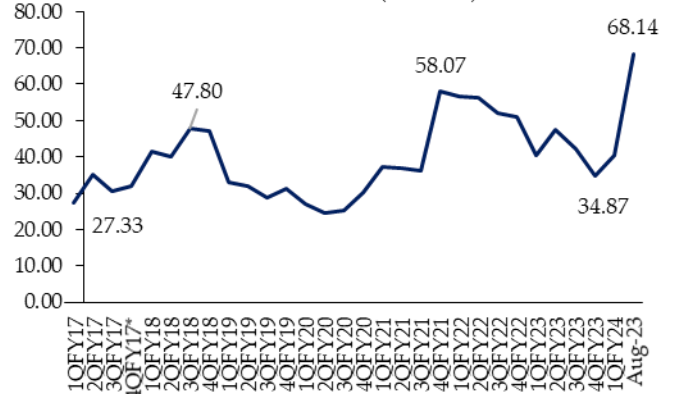
BSE derivative market share %



Source: BSE, HSIE Research

BSE cash market volume has picked up because of derivatives, currently at multi-year high

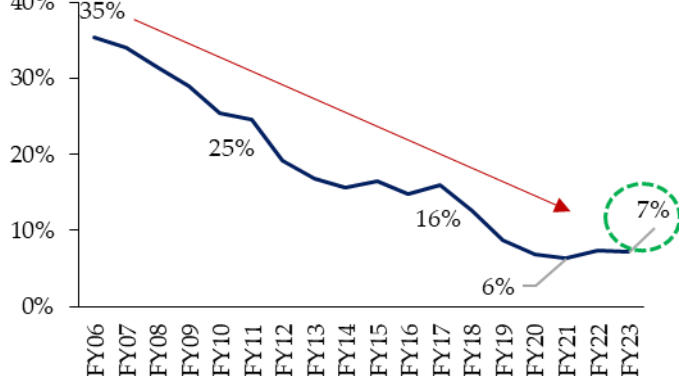
BSE cash ADTV (INR bn)



Source: BSE, HSIE Research, * ex reliance promoter swap volume

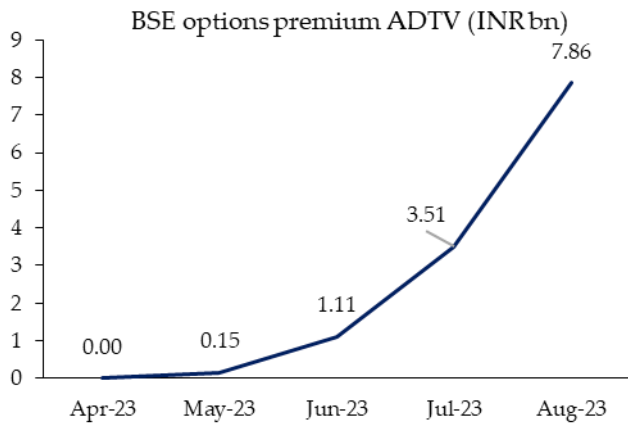
BSE cash market share has stabilised over the last three years

BSE cash market share %



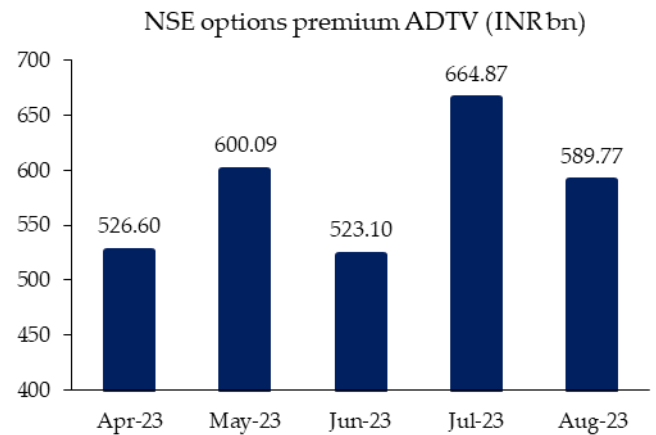
Source: Company, HSIE Research

BSE Premium ADTV has registered strong growth since launch



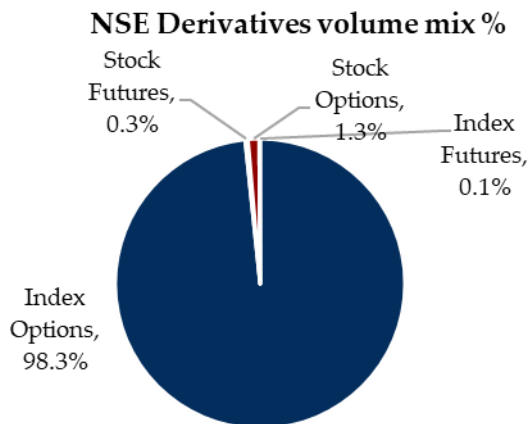
Source: BSE, HSIE Research

NSE options turnover is 28x of BSE but options premium turnover is ~75x of BSE because NSE's premium to notional ratio is ~3x of BSE



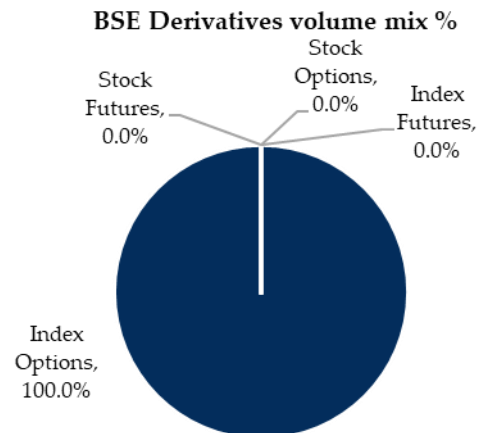
Source: NSE, HSIE Research

Index options is 98% of the derivatives volume for NSE



Source: NSE, HSIE Research

Index options is 100% of the derivatives volume for BSE



Source: BSE, HSIE Research

NSE derivatives turnover has a high skew towards Index options: 99% of the derivatives volume is Index options and 94% of the index volume is weekly expiry

NSE derivatives turnover 24th August (Expiry)	Notional Turnover (INR bn)	Notional Turnover (% of total options turnover)	Premium Turnover (INR bn)	Premium Turnover (% of total premium turnover)
BANKNIFTY	3,63,225	63.65%	408	58.80%
24-08-2023	3,50,144	61.35%	357	51.37%
31-08-2023	12,333	2.16%	46	6.62%
07-09-2023	358	0.06%	2	0.30%
14-09-2023	9	0.00%	0	0.01%
21-09-2023	2	0.00%	0	0.00%
28-09-2023	366	0.06%	3	0.49%
26-10-2023	11	0.00%	0	0.02%
28-12-2023	1	0.00%	0	0.00%
NIFTY	1,92,801	33.78%	215	30.92%
24-08-2023	1,77,731	31.14%	166	23.87%
31-08-2023	13,711	2.40%	40	5.72%
07-09-2023	619	0.11%	3	0.42%
14-09-2023	20	0.00%	0	0.02%
21-09-2023	1	0.00%	0	0.00%
28-09-2023	611	0.11%	5	0.67%
26-10-2023	59	0.01%	1	0.08%
28-12-2023	46	0.01%	1	0.12%
28-03-2024	2	0.00%	0	0.01%
27-06-2024	1	0.00%	0	0.00%
26-12-2024	1	0.00%	0	0.00%
24-12-2025	0	0.00%	0	0.00%
31-12-2026	0	0.00%	0	0.00%
FINNIFTY	8,084	1.42%	19	2.76%
29-08-2023	8,073	1.41%	19	2.75%
05-09-2023	11	0.00%	0	0.01%
26-09-2023	0	0.00%	0	0.00%
18-09-2023	0	0.00%	0	0.00%
12-09-2023	0	0.00%	0	0.00%
03-10-2023	0	0.00%	0	0.00%
MIDCPNIFTY	903	0.16%	2	0.31%
28-08-2023	903	0.16%	2	0.31%
04-09-2023	1	0.00%	0	0.00%
11-09-2023	0	0.00%	0	0.00%
Total Index Options	5,65,014	99.0%	644	92.8%
Stock Options	4376	0.77%	50	7.21%
Total Options Volume	5,69,389	99.8%	694	100.0%
Futures Volume	1,305	0.2%	NA	NM
Total Derivatives Volume	5,70,694	100.0%		

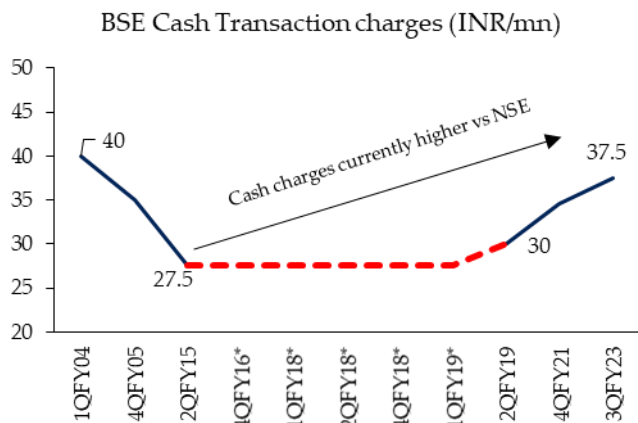
Source: NSE, HSIE Research

BSE launched SENSEX options in May 2023 with Friday expiry and this constitutes 100% of BSE's derivative volume

BSE 25th August Derivative volume Mix	Volume (INR bn)	Volume %
SENSEX Futures	2	0.0%
25-Aug-23	2	0.0%
01-Sep-23	0	0.0%
Options (Notional volume)		
BANKEX	0	0.0%
25-Aug-23	0	0.0%
SENSEX	71,364	100.0%
25-Aug-23	71,338	100.0%
01-Sep-23	26	0.0%
Total derivatives volume	71,366	100.0%

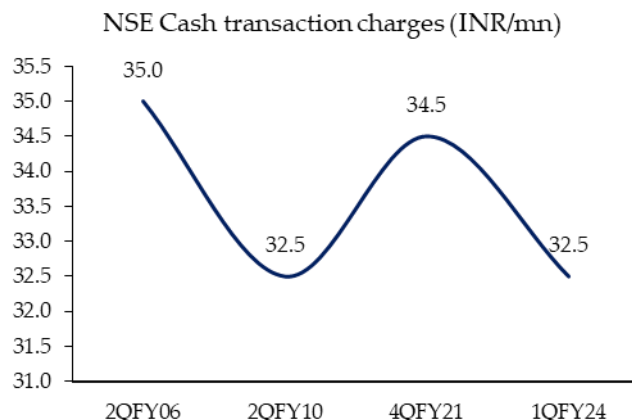
Source: BSE, HSIE Research

BSE cash transaction charges hiked twice in the last four years



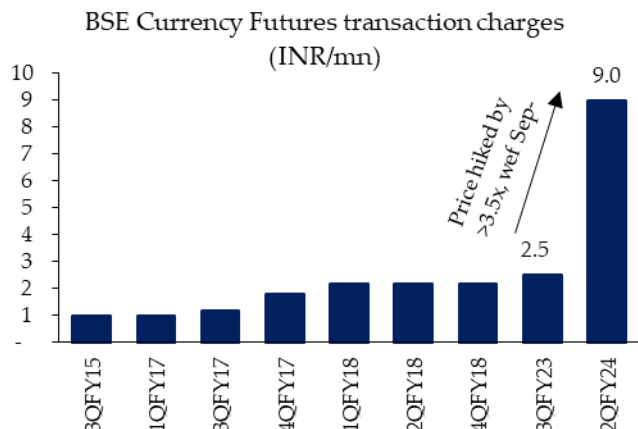
Source: BSE, HSIE Research. *Dotted lines indicate transaction charges charged based on trade count

NSE cash transaction charges have reverted to pre-COVID levels



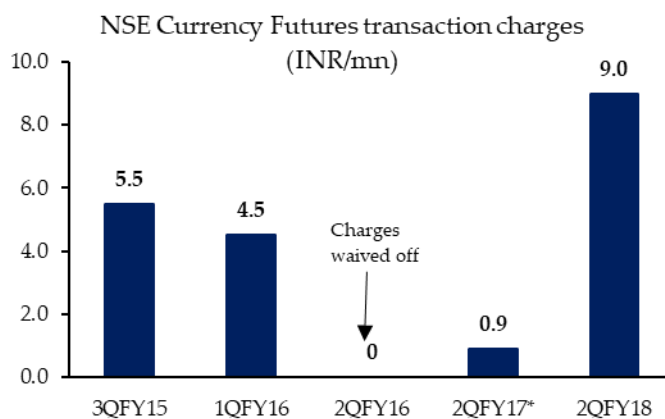
Source: NSE, HSIE Research

BSE currency futures charges hiked >3.5x in Jul 2023



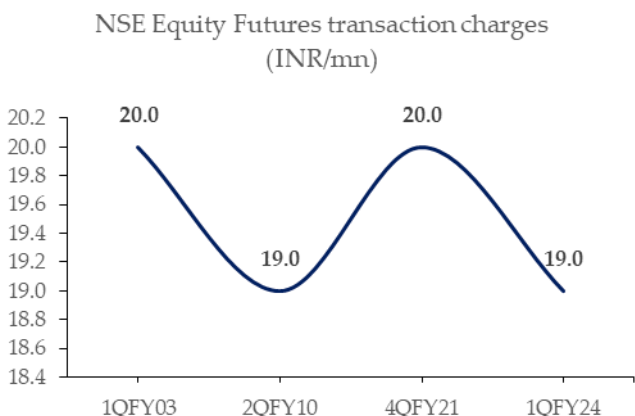
Source: BSE, HSIE Research

NSE charges stable for the last five years



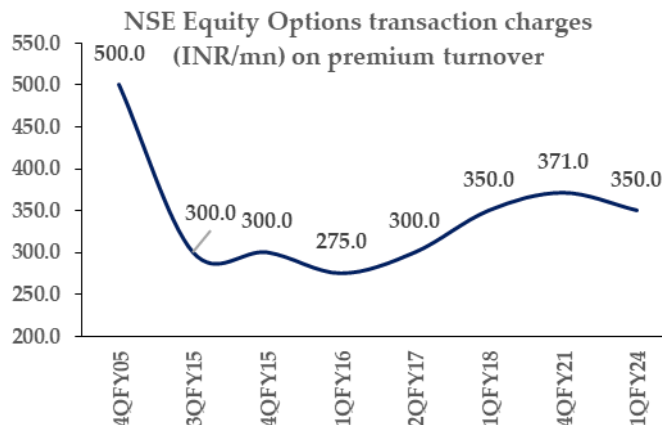
Source: NSE, HSIE Research. *Price for far-month contracts

NSE has recently reduced its equity futures charges, charges are almost stable over the last twenty years



Source: NSE, HSIE Research

NSE has recently lowered its equity options charges, follows a slab based charging structure with minimum charge of INR 250/mn



Source: NSE, HSIE Research

BSE vs NSE – transaction charges as of date

INR/mn	BSE	In bps	NSE	In bps	BSE vs NSE %
Cash Market (Non Exclusive)	37.5	0.38	32.5	0.33	15%
Cash Market (Exclusive)	1,000	10	NA	NA	
Equity Futures	5	0.05	19	0.19	-74%
Equity Options	50	0.50	350	3.50	-86%
Currency Futures (BSE has hiked its charges recently to match with NSE)	9	0.09	9	0.09	0%
Currency Options	10	0.10	350	3.50	-97%

Source: BSE, NSE, HSIE Research

BSE vs NSE- Listing Fees – BSE now at a premium to NSE

Particulars	BSE FY18	BSE FY23	5Y CAGR %	BSE FY24	Hike (%)	NSE	BSE vs NSE %
Listed Capital (Paid up capital)							
Upto INR 1bn	2,50,000	3,00,000	3.7%	3,25,000	8.3%	3,00,000	8.3%
Above INR 1bn and up to INR 2bn	3,00,000	3,40,000	2.5%	3,60,000	5.9%	3,80,000	-5.3%
Above INR 2bn and up to INR 3bn	3,75,000	4,40,000	3.2%	4,65,000	5.7%	4,90,000	-5.1%
Above INR 3bn and up to INR 4bn	4,50,000	5,35,000	3.5%	5,65,000	5.6%	5,95,000	-5.0%
Above INR 4bn and up to INR 5bn	6,00,000	6,55,000	1.8%	6,95,000	6.1%	7,30,000	-4.8%
Above INR 5bn and up to INR 10bn*	9,58,500	10,92,000	2.6%	11,56,000	5.9%	12,15,000	-4.9%
Above INR 10bn**	17,76,000	20,15,000	2.6%	21,34,000	5.9%	22,45,000	-4.9%

Incremental listing fees for companies with average mcap > INR 25bn

per INR 10bn	3,500	5,000	5,000
Average mcap is average of the monthly average of the highest and lowest mcap)			

Source: BSE, NSE, HSIE Research. *Assumed Paid up capital of INR 10bn. **Assumed Paid up capital of INR 20bn

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	3,607	4,819	6,188	18%	29%	37%
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	5,772	7,135	8,667	6%	37%	26%
Services to corporate (B)													
Listing Fees	1,382	1,776	1,881	1,880	1,855	2,202	2,328	2,545	2,754	2,942	14%	7%	8%
Book Building revenue	143	331	149	182	345	560	447	581	668	735	27%	35%	18%
Others	44	100	102	58	55	98	129	142	156	172	7%	31%	10%
Total services to corporate	1,569	2,207	2,132	2,120	2,255	2,860	2,904	3,268	3,579	3,849	15%	11%	10%
Data Dissemination (C)													
	447	565	656	695	565	682	895	1,030	1,133	1,246	26%	9%	12%
Total revenue (A+B+C)	3,937	5,072	4,503	4,505	5,014	7,432	8,155	10,070	11,846	13,761	12%	22%	19%

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	49.5	33.6	28.4
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	32.5	23.6	21.5
Services to corporate										
Listing Fees	-4.4	28.5	5.9	-0.1	-1.3	18.7	5.7	9.3	8.2	6.8
Book Building revenue	27.4	131.3	-55.0	22.1	89.6	62.3	-20.2	30.0	15.0	10.0
Others	-17.0	128.3	2.0	-43.1	-5.2	78.2	31.6	10.0	10.0	10.0
Total services to corporate	-2.6	40.7	-3.4	-0.6	6.4	26.8	1.5	12.5	9.5	7.5
Data Dissemination	99.4	26.4	16.1	6.0	-18.8	20.7	31.4	15.0	10.0	10.0
Total revenue growth (A+B+C)	30.3	28.8	-11.2	0.0	11.3	48.2	9.7	23.5	17.6	16.2

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%	36%	41%	45%
Treasury Income on margin	10%	8%	7%	5%	6%	7%	10%	8%	7%	6%
Others	7%	6%	6%	7%	10%	10%	14%	13%	12%	12%
Total Security services	49%	45%	38%	38%	44%	52%	53%	57%	60%	63%
Services to corporate										
Listing Fees	35%	35%	42%	42%	37%	30%	29%	25%	23%	21%
Book Building revenue	4%	7%	3%	4%	7%	8%	5%	6%	6%	5%
Others	1%	2%	2%	1%	1%	1%	2%	1%	1%	1%
Total services to corporate	40%	44%	47%	47%	45%	38%	36%	32%	30%	28%
Data Dissemination	11%	11%	15%	15%	11%	9%	11%	10%	10%	9%
Total revenue growth (A+B+C)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, HSIE research

BSE Cost Analysis (INR mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR FY15-20	CAGR FY20-23	CAGR FY23-26E
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	2,427	2,646	2,910	3.1%	8.7%	9.3%
Total Expenses	3,578	3,770	4,192	4,424	4,289	4,660	5,268	5,925	6,482	7,108	6.7%	6.0%	10.5%
Growth YoY %	0.1%	5.4%	11.2%	5.5%	-3.1%	8.6%	13.1%	12.5%	9.4%	9.6%			
EBITDA	359	1,302	311	81	725	2,772	2,887	4,146	5,364	6,654	-39.1%	229.0%	32.1%
Margin %	9.1%	25.7%	6.9%	1.8%	14.5%	37.3%	35.4%	41.2%	45.3%	48.4%			

Source: Company, HSIE research

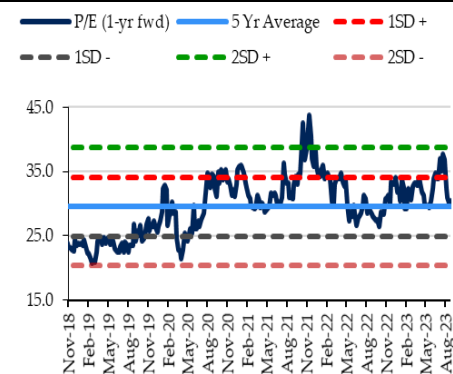
Peer Valuation

Company	MCap (INR bn)	CMP (INR)	TP (INR)	RECO	EPS (INR)				P/E (x)				ROE (%)				Rev CAGR% FY23-26E	EPS CAGR% FY23-26E
					FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E		
MCX	82	1,608	1,780	BUY	29.3	18.5	77.1	89.8	55.0	86.6	20.9	17.9	10.3	6.4	25.6	28.1	17.5	45.3
CDSL	118	1,130	1,470	BUY	26.4	31.9	37.9	45.4	42.8	35.4	29.8	24.9	23.9	26.0	27.7	29.6	18.4	19.8
BSE	123	910	1,230	BUY	23.0	30.8	37.7	45.0	39.5	29.6	24.1	20.2	11.6	14.7	17.3	19.2	19.1	25.0

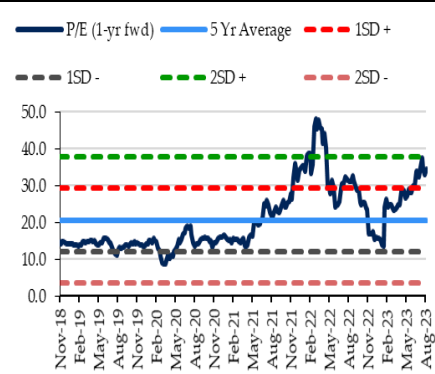
Source: Company, HSIE research. CMP as on 29th Aug, 2023

Valuation charts

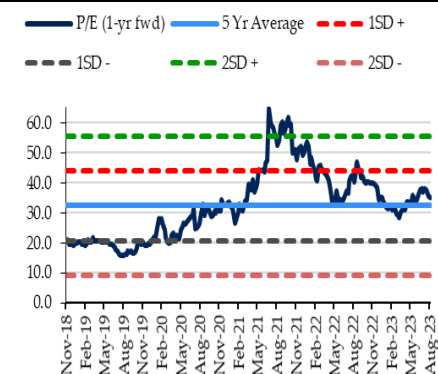
MCX P/E (1-yr fwd) trend



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	10,070	11,846	13,761
<i>Growth (%)</i>	(11.2)	0.0	11.3	48.2	9.7	23.5	17.6	16.2
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	2,427	2,646	2,910
EBITDA	311	81	725	2,772	2,887	4,146	5,364	6,654
<i>EBITDA Margin (%)</i>	6.9	1.8	14.5	37.3	35.4	41.2	45.3	48.4
<i>EBITDA Growth (%)</i>	(76.1)	(73.9)	793.8	282.4	4.2	43.6	29.4	24.0
Depreciation	511	510	579	483	603	906	1,066	1,239
EBIT	-200	-429	146	2,289	2,284	3,239	4,298	5,415
Other Income (Including EO Items)	2,142	1,607	1,232	563	471	5,238	1,573	1,613
Interest	9	24	103	222	275	289	294	300
PBT	1,934	1,154	1,275	2,631	2,480	8,171	5,577	6,728
Tax (Incl Deferred)	234	215	290	823	916	1,121	1,394	1,682
Minority Interest	0	-17	-32	-94	-150	-113	-113	-113
Share of profit / (Loss) of associate	292	267	432	642	492	549	637	732
RPAT	1,993	1,223	1,449	2,543	2,207	7,730	4,932	5,891
EO (Loss) / Profit (Net Of Tax)	-129	-188	-301	-641	-913	3,705	0	0
APAT	2,122	1,410	1,750	3,184	3,120	4,025	4,932	5,891
<i>APAT Growth (%)</i>	(11.6)	(33.5)	24.1	82.0	(2.0)	29.0	22.5	19.4
Adjusted EPS (Rs)	15.7	10.4	12.9	23.5	23.0	30.8	37.7	45.0
<i>EPS Growth (%)</i>	(11.6)	(33.5)	24.1	82.0	(2.2)	33.6	22.5	19.4

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	262	262	262
Reserves	29,182	24,161	24,976	26,275	26,741	27,655	28,878	30,390
Total Shareholders Funds	29,286	24,251	25,066	26,545	27,012	27,917	29,140	30,651
Settlement guarantee fund	4,016	4,354	5,391	6,409	7,576	7,576	7,576	7,576
Minority Interest	0	186	235	1,352	1,278	1,828	2,465	3,197
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	217	245	273
TOTAL SOURCES OF FUNDS	32,393	27,626	29,363	33,216	35,166	36,692	38,580	40,852
APPLICATION OF FUNDS								
Net Block	1,662	1,527	1,464	1,238	2,149	2,048	1,930	1,792
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	1,893	2,227	2,587
Total Non-current Assets	7,318	6,863	7,105	7,888	8,158	8,332	8,547	8,770
Inventories	0	0	0	0	0	0	0	0
Debtors	490	700	873	634	909	1,104	1,298	1,508
Other Current Assets	311	321	899	370	492	634	746	867
Cash & Equivalents	35,894	35,597	35,941	51,763	49,534	51,245	53,399	55,786
Total Current Assets	36,696	36,618	37,712	52,767	50,935	52,983	55,443	58,161
Trading margin from members & deposits from clearing banks	4,013	3,546	3,143	4,321	5,606	6,633	7,503	8,471
Other Current Liabilities & Provns	7,608	12,310	12,311	23,118	18,321	17,988	17,907	17,607
Total Current Liabilities	11,621	15,856	15,455	27,439	23,927	24,622	25,410	26,078
Net Current Assets	25,075	20,762	22,258	25,328	27,008	28,361	30,033	32,083
TOTAL APPLICATION OF FUNDS	32,393	27,626	29,363	33,216	35,166	36,692	38,580	40,852

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	8,189	5,577	6,728
Non-operating & EO items	(1,318)	(1,179)	(185)	188	497	(1,533)	(1,573)	(1,613)
Interest expenses	9	24	0	0	0	289	294	300
Depreciation	511	510	579	483	603	906	1,066	1,239
Working Capital Change	(3,911)	3,948	(1,928)	11,943	(4,291)	597	812	738
Tax Paid	(408)	(491)	(416)	(827)	(660)	(1,121)	(1,394)	(1,682)
OPERATING CASH FLOW (a)	(3,183)	3,967	(676)	14,418	(1,371)	7,327	4,782	5,710
Capex	(617)	(376)	(382)	(318)	(1,434)	(806)	(948)	(1,101)
Free cash flow (FCF)	(3,801)	3,591	(1,057)	14,099	(2,805)	6,522	3,834	4,609
Investments	0	0	0	0	0	107	-	-
Non-operating Income	1,049	493	184	185	659	1,533	1,573	1,613
INVESTING CASH FLOW (b)	432	117	(198)	(134)	(775)	835	625	512
Debt Issuance/(Repaid)	0	0	0	0	0	-	-	-
Interest Expenses	-9	-24	0	0	0	(289)	(294)	(300)
FCFE	(3,809)	3,567	(1,057)	14,099	(2,805)	6,233	3,540	4,309
Share Capital Issuance/Buyback	(1,230)	(4,570)	85	1,051	0	(3,748)	-	-
Dividend	(2,281)	(1,584)	(779)	(962)	(1,855)	(2,415)	(2,959)	(3,534)
FINANCING CASH FLOW (c)	(3,520)	(6,178)	(694)	89	(1,855)	(6,452)	(3,253)	(3,835)
NET CASH FLOW (a+b+c)	(6,272)	(2,093)	(1,568)	14,373	(4,001)	1,710	2,154	2,387
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	51,245	53,399	55,786

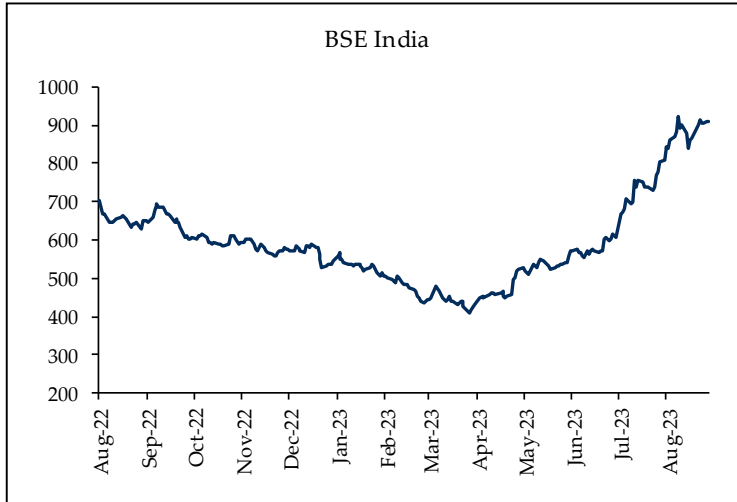
Source: Company, HSIE Research

Key Ratios

	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
PROFITABILITY (%)								
GPM	69.1	66.4	70.3	76.1	77.9	79.4	80.8	82.0
EBITDA Margin	6.9	1.8	14.5	37.3	35.4	41.2	45.3	48.4
APAT Margin	47.1	31.3	34.9	42.8	38.3	40.0	41.6	42.8
RoE	7.1	5.3	7.1	12.3	11.6	14.7	17.3	19.2
RoIC (or Core RoCE)	(1.5)	(2.9)	0.9	10.6	8.9	14.0	18.0	22.0
RoCE	6.5	4.8	6.4	10.7	9.6	11.8	13.7	15.4
EFFICIENCY								
Tax Rate (%)	12.1%	18.6%	22.7%	31.3%	36.9%	13.7%	25.0%	25.0%
Fixed Asset Turnover (x)	1.3	1.2	1.1	1.7	1.4	1.5	1.6	1.6
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)	325	287	229	212	251	240	231	225
Other Current Liab & Provns (days)	617	997	896	1,135	820	652	552	467
Cash Conversion Cycle (days)	(877)	(1,202)	(996)	(1,298)	(1,008)	(829)	(720)	(629)
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	11	15	18
PER SHARE DATA (INR)								
EPS	15.7	10.4	12.9	23.5	23.0	30.8	37.7	45.0
CEPS	20.1	14.7	17.8	28.0	28.5	37.7	45.8	54.5
Dividend	30.0	17.0	21.0	13.5	12.0	18.5	22.6	27.0
Book Value	223.8	185.3	191.6	202.9	206.4	213.3	222.7	234.2
VALUATION								
P/E (x)	58.0	87.3	70.3	38.7	39.5	29.6	24.1	20.2
P/BV (x)	4.07	4.91	4.75	4.49	4.41	4.27	4.09	3.88
EV/EBITDA (x)	317.5	1,278.5	143.4	36.5	35.0	24.1	18.4	14.6
OCF/EV (%)	(3.2)	3.8	(0.6)	14.3	(1.4)	7.3	4.8	5.9
FCF/EV (%)	(3.8)	3.5	(1.0)	13.9	(2.8)	6.5	3.9	4.8
FCFE/Mkt Cap (%)	(3.2)	3.0	(0.9)	11.8	(2.4)	5.2	3.0	3.6
Dividend Yield (%)	3.3	1.9	2.3	1.5	1.3	2.0	2.5	3.0

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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