

BSE

Shift towards better-margin volumes

Following the implementation of regulatory changes mandating one weekly expiry per exchange, the notional volume has seen a significant decline across equity exchanges. The equity notional volume is down ~19% in Q3FY25E and ~37% in Dec 2024. Conversely, premium volumes have only decreased by 4% in Q3 and about 8% in Dec 2024, driven by a higher P/N ratio, which has risen from 15bps to ~23bps currently. The shift from expiry to non-expiry and longer-duration contracts is leading to higher premium realisation. Exchanges earn on the premium, while regulatory and clearing costs are based on the notional and the number of contracts traded, resulting in cost savings for the exchanges and margin expansion.

BSE's notional volume dropped by around 20% in Dec 2024, primarily due to the collapse of the BANKEX contract, which fell by ~99%. However, BSE's premium increased by 7% in Q3, driven by a 34% rise in the P/N ratio. BSE's premium realisation was about one-third of NSE's, as ~95% of its volume was on expiry day, which fetches lower premiums. The shift from expiry to non-expiry volumes is beneficial for BSE, as there is ample scope for improvement (BSE is at 11bps vs. 28bps for NSE in December 2024). The higher premium realisation will lead to a 20% reduction in costs for BSE, resulting in a margin expansion of around 10 percentage points.

We have reduced the notional turnover for BSE by ~40% for FY26E and increased the premium realisation by around 70%, leading to a 2% increase in revenue from options. The EBITDA margin is expected to expand from 53% to 63% in FY26E. We have increased revenue by 2-3% and EPS by ~18% for FY26E. We maintain our REDUCE rating as the situation remains volatile, and the real impact will be visible in January 2024 when the expiry shifts to Tuesday for BSE. In anticipation of market share gains, the stock has rallied 22/72% in 1/3 months and trades at a valuation of 48x FY26E, which limits further scope for re-rating. We assign a SoTP-based target price of INR 5,000, based on 38x (vs. 35x earlier) FY27E core PAT + net cash excluding SGF and clearing funds + CDSL stake.

- Notional impact but rise in P/N% protects premium:** The Sensex/Bankex notional mix was ~70/30%, which has now shifted to 100/0%. Post conversion to monthly expiry, Bankex volumes have crashed, while Sensex notional volume is up 17%, resulting in a 19% decline in total notional turnover for BSE. The Sensex contract has a notional/premium market share of 35/13% in Dec 2024, and the expiry of Sensex will change to Tuesday from January 2025. The premium to notional ratio for BSE has increased from 8 bps to ~11bps, resulting in higher premiums. The premium ADTV collected for BSE is up 12% in December 2024 to INR 92bn and ~7% in Q3FY25E (INR 88bn).
- Shifting from expiry to non-expiry trades will boost margins:** BSE's expiry/non-expiry notional mix used to be ~95/5%, but this is changing as volumes shift to non-expiry. This ratio is now 85/15% in December 2024, though still lower compared to NSE's 45/55%. BSE generates a P/N% of ~6bps on expiry and ~18bps on non-expiry, resulting in a blended P/N of 7bps. The shift from expiry to non-expiry will lead to higher premium realisation. This shift also leads to lower costs, as non-expiry contracts have higher margins. Clearing and SEBI turnover fees account for ~29% of revenue and ~60% of total cost for Q2FY25E. The shift will lead to a ~30/40% reduction in clearing and SEBI turnover fees, resulting in margin expansion.

REDUCE

CMP (as on 18 Dec 2024) INR 5,632

Target Price INR 5,000

NIFTY 24,199

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 3,715	INR 5,000
EPS %	FY25E +17.9%	FY26E +18.9%

KEY STOCK DATA

Bloomberg code	BSE IN
No. of Shares (mn)	135
MCap (INR bn) / (\$ mn)	762/8,975
6m avg traded value (INR mn)	10,418
52 Week high / low	INR 5,767/1,941

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	44.6	105.7	137.5
Relative (%)	47.9	102.0	125.0

SHAREHOLDING PATTERN (%)

	Jun-24	Sep-24
Promoters	0.00	0.00
FIs & Local MFs	11.6	11.7
FPIs	11.9	13.0
Public & Others	76.5	75.30
Pledged Shares	0.00	0.00

Source : NSE

Amit Chandra

amit.chandra@hdfcsec.com
+91-22-6171-7345

Dhananjay Jain

dhananjay.jain@hdfcsec.com
+91-22-6171-7339

Financial Summary (consolidated)

YE March (INR mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Revenues	5,014	7,432	8,155	13,900	28,152	31,806	36,233
EBITDA	725	2,772	2,887	6,477	15,058	19,999	23,116
PAT	1,449	2,543	2,207	7,784	12,379	15,968	18,298
APAT	1,449	2,806	2,479	5,364	12,379	15,968	18,298
Diluted EPS (INR)	10.7	20.7	18.3	39.6	91.5	118.0	135.2
P/E (x)	532.0	274.8	311.4	143.8	62.3	48.3	42.2
EV/EBITDA	1,043.5	271.9	261.0	115.6	49.6	37.1	31.8
ROE (%)	5.9	9.9	8.2	25.9	34.8	38.4	34.7

Source: Company, HSIE Research

BSE SoTP valuation

Parameters	INR mn	INR/share
Core FY27E PAT	15,764	116
38X Core PAT	5,98,238	4,420
Add: Net Cash ex SGF and clearing funds	24,361	180
Market Cap	6,22,599	4,600
CDSL (15% stake, valued at CMP taking 12.5% discount)	54,102	400
TP	6,76,701	5,000
Upside (%)		-12%

Source: HSIE Research

Change in estimates

YE Mar (INR mn)	FY25E Old	FY25E Revised	Change %	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %
Revenue	27,218	28,152	3.4	31,404	31,806	1.3	35,522	36,233	2.0
EBITDA	13,877	15,058	8.5	16,746	19,999	19.4	19,203	23,116	20.4
EBITDA margin (%)	51.0	53.5	251bps	53.3	62.9	955bps	54.1	63.8	974bps
APAT	11,559	12,379	7.1	13,542	15,968	17.9	15,391	18,298	18.9
EPS (INR)	85.4	91.5	7.1	100.1	118.0	17.9	113.7	135.2	18.9

Source: HSIE Research

Exhibit 1: Shift of notional volumes from expiry to non-expiry is resulting in better P/N% which is protecting the premium

Month	BSE Notional Mix %		BSE P/N (bps)		
	Expiry Mix%	Non-Expiry %	Expiry P/N (bps)	Non-Expiry P/N (bps)	BSE Blended P/N (bps)
Jun-23	96%	4%	4	18	5
Jul-23	98%	2%	6	23	7
Aug-23	96%	4%	5	17	6
Sep-23	95%	5%	5	17	5
Oct-23	95%	5%	5	19	6
Nov-23	92%	8%	4	12	5
Dec-23	94%	6%	5	19	6
Jan-24	81%	19%	5	13	6
Feb-24	95%	5%	6	25	7
Mar-24	74%	26%	6	8	6
Apr-24	96%	4%	6	26	7
May-24	94%	6%	6	19	7
Jun-24	94%	6%	7	19	8
Jul-24	96%	4%	6	23	6
Aug-24	96%	4%	6	20	6
Sep-24	96%	4%	6	20	7
Oct-24	86%	14%	7	12	8
Nov-24	82%	18%	7	13	8
Dec-24	86%	14%	8	29	11

Source: BSE, HSIE Research

Month	NSE Notional Mix %		NSE P/N (bps)		
	Expiry Mix%	Non-Expiry %	Expiry P/N (bps)	Non-Expiry P/N (bps)	BSE Blended P/N (bps)
Aug-23	37%	63%	14	20	18
Sep-23	50%	50%	10	24	17
Oct-23	55%	45%	10	23	16
Nov-23	62%	38%	9	22	14
Dec-23	57%	43%	9	27	17
Jan-24	61%	39%	10	29	18
Feb-24	64%	36%	10	32	18
Mar-24	68%	32%	9	30	16
Apr-24	53%	47%	9	23	16
May-24	67%	33%	10	35	18
Jun-24	70%	30%	13	40	21
Jul-24	64%	36%	10	28	16
Aug-24	67%	33%	9	29	16
Sep-24	69%	31%	8	27	14
Oct-24	64%	36%	9	28	16
Nov-24	68%	32%	9	33	17
Dec-24	44%	56%	12	35	25

Source: BSE, HSIE Research

Exhibit 2: BSE derivative revenue estimates is up 2/4% for FY26/27E, SENSEX is now bulk of the revenue and BANKEX has collapsed. The rise in P/N ratio will lead to better profitability

BSE Volume Assumptions (INR bn)	Current Assumptions				Old Assumptions			Change %		
	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Derivatives Turnover (INR bn)	80,28,151	2,51,82,740	2,06,41,761	2,27,05,937	2,67,22,194	3,31,08,063	3,69,41,129	-6%	-38%	-39%
Premium Turnover (INR bn)	4,927	20,270	23,860	27,316	18,847	23,281	26,266	8%	2%	4%
P/N bps (blended)	6.1	8.0	11.6	12.0	7.1	7.0	7.1	14%	64%	69%
Derivatives Turnover (ADTV)	34,753.90	1,01,135.50	82,898.64	91,556.20	1,06,462.92	1,33,500.26	1,48,956.17	-5%	-38%	-39%
Premium Turnover (ADTV)	21.33	81.41	95.82	110.15	75.09	93.87	105.91	8%	2%	4%
BSE Notional Turnover (INR bn)										
SENSEX	68,21,342	1,99,96,854	2,06,32,494	2,26,95,744	1,97,40,349	2,96,10,524	3,31,63,786	1%	-30%	-32%
BANKEX	12,10,939	51,99,120	9,266	10,193	69,95,080	34,97,540	37,77,343	-26%	-100%	-100%
BSE Notional ADTV (INR bn)										
SENSEX	29,529.62	80,308.65	82,861.42	91,515.10	78,646.81	1,19,397.27	1,33,724.95	2%	-31%	-32%
BANKEX	5,242.16	20,880.00	37.21	41.10	27,868.84	14,102.98	15,231.22	-25%	-100%	-100%
Premium/Notional (bps)										
SENSEX	6.0	8.3	11.5	12.0	6.7	7.0	7.1	2	5	5
BANKEX	7.0	7.3	80.0	80.0	8.1	7.3	7.2	-1	73	73
Premium Turnover (INR bn)										
SENSEX	4,073	16,500	23,785	27,235	13,173	20,727	23,546	25%	15%	16%
BANKEX	847	3,770	74	82	5,674	2,553	2,720	-34%	-97%	-97%
Premium Turnover (INR bn)	4,920	20,270	23,860	27,316	18,847	23,281	26,266	8%	2%	4%
Premium ADTV (INR bn)										
SENSEX	17.63	66.26	95.52	109.82	52.48	83.58	94.94	26%	14%	16%
BANKEX	3.67	15.14	0.30	0.33	22.60	10.30	10.97	-33%	-97%	-97%
Premium ADTV (INR bn)	21.30	81.40	95.82	110.15	75.09	93.87	105.91	8%	2%	4%
Derivative Revenue (INR mn)										
SENSEX	1,749	10,514	15,461	17,703	8,352	13,473	15,305	26%	15%	16%
BANKEX	2	2,287	48	53	3,525	1,660	1,768	-35%	-97%	-97%
Total	1,752	12,801	15,509	17,756	11,876	15,132	17,073	8%	2%	4%
Options Pricing (INR/cr)	1,780	3,158	3,250	3,250	3,151	3,250	3,250			
Notional Market Share %	9.6%	24.6%	29.2%	29.6%	23.6%	29.3%	29.0%			
Premium Market share %	3.3%	11.4%	14.5%	15.0%	10.7%	13.8%	14.0%			

Source: BSE, HSIE Research

The notional turnover has come down by ~40% post the regulatory impact which has led to decline in the regulatory cost for BSE. The shift of volumes from expiry to non-expiry days has led to rise in P/N ratio as the P/N% on non-expiry is ~5x of expiry. The notional comes down by ~40% and the rise in P/N% leads to higher premium. The decline in regulatory cost (linked to notional) and clearing cost (linked to no of contracts traded) leads to higher EBITDA margin for the same contract. This shift has led to ~1000bps expansion in BSE's EBITDA margin.

Exhibit 3: Contract level profitability

BSE contract level profitability (Old scenario)	
INR cr	Sensex
Notional	4,00,00,000
Premium	28,000
P/N (bps)	7.0
Revenue	18.2
SEBI Charges (@0.000012% on Notional)	4.8
Clearing (INR 1400/cr)	4.2
Contract EBITDA	9.2
Contract EBITDA %	51%

Source: HSIE Research

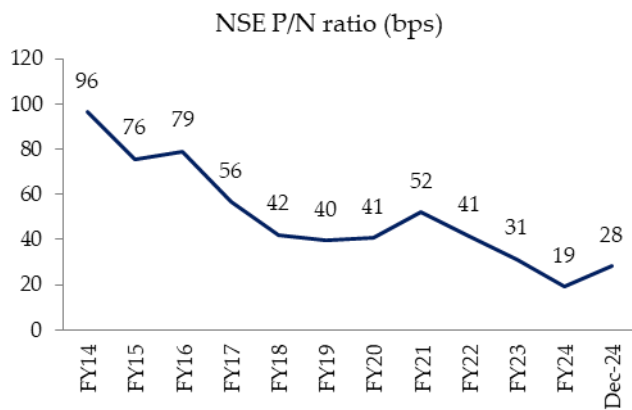
BSE contract level profitability post Regulatory Impact		
INR cr	Sensex	Change %
Notional	2,40,00,000	-40%
Premium	28,800	3%
P/N%	12.0	71%
Revenue	18.7	3%
SEBI Charges (@0.000012% on Notional)	2.9	-40%
Clearing (INR 1000/cr)	2.9	-31%
Contract EBITDA	13.0	41%
Contract EBITDA %	69%	

Exhibit 4: BSE revenue Estimates

BSE Revenue Estimates	Revised Estimates				Old Estimates			Change %		
	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Transaction Revenue (INR mn)										
Cash non-exclusive	1,190	1,471	1,636	1,800	1,628	1,723	1,896	-10%	-5%	-5%
Cash exclusive	1,405	1,955	1,368	1,504	1,789	1,254	1,380	9%	9%	9%
Equity Derivatives	1,752	12,801	15,509	17,756	11,876	15,132	17,073	8%	2%	4%
Currency Derivatives	134	22	17	14	22	17	14	0%	0%	0%
StAR MF	1,281	2,254	2,930	3,810	2,254	2,930	3,810	0%	0%	0%
Others	401	561	589	618	561	589	618	0%	0%	0%
Total transition revenue	6,162	19,064	22,049	25,502	18,130	21,647	24,790	5%	2%	3%
BSE Revenue Segments (INR mn)										
Transaction Charges (A1)	6,162	19,064	22,049	25,502	18,130	21,647	24,790	5%	2%	3%
Treasury Income (A2)	1840	2484	2732	3006	2484	2732	3006	0%	0%	0%
Other Income (A3)	1,352	NA	NA	NA	NA	NA	NA			
A. Total Security Services (A1+A2=A3)	9,354	21,548	24,782	28,507	20,614	24,379	27,796	5%	2%	3%
Annual listing (B1)	1,928	2,335	2,458	2,587	2,335	2,458	2,587	0%	0%	0%
Other Listing Fees (B2)	865	822	887	958	822	887	958	0%	0%	0%
Book building (B3)	476	762	609	670	762	609	670	0%	0%	0%
Other Services (B4)	226	373	410	451	373	410	451	0%	0%	0%
B. Total Services to corporate (B1+B2+B3+B4)	3,495	4,291	4,365	4,667	4,291	4,365	4,667	0%	0%	0%
C. Data Feed (C)	1,051	2,313	2,660	3,059	2,313	2,660	3,059	0%	0%	0%
	17.4%	120.0%	15.0%	15.0%	120.0%	15.0%	15.0%	0%	0%	0%
Total Revenue (A+B+C)	13,900	28,152	31,806	36,233	27,218	31,404	35,522	3%	1%	2%
BSE Costing (INR mn)										
Employee Benefits Expense	2,047	2,375	2,612	2,873	2,375	2,612	2,873	0%	0%	0%
Technology Expenses	1,374	1,512	1,663	1,829	1,512	1,663	1,829	0%	0%	0%
Administration and Other Expenses	2,391	2,032	2,256	2,504	2,032	2,256	2,504	0%	0%	0%
Clearing Cost (linked to contracts cleared)	1,331	3,551	2,386	2,732	3,583	3,492	3,940	-1%	-32%	-31%
SEBI Regulatory Fees (linked to Notional)		3,624	2,890	3,179	3,839	4,635	5,172	-6%	-38%	-39%
Total Cost	7,144	13,093	11,807	13,117	13,341	14,658	16,318	-2%	-19%	-20%
EBITDA	6,757	15,058	19,999	23,116	13,877	16,746	19,203	9%	19%	20%
EBITDA %	49%	53%	63%	64%	51%	53%	54%	251	956	974

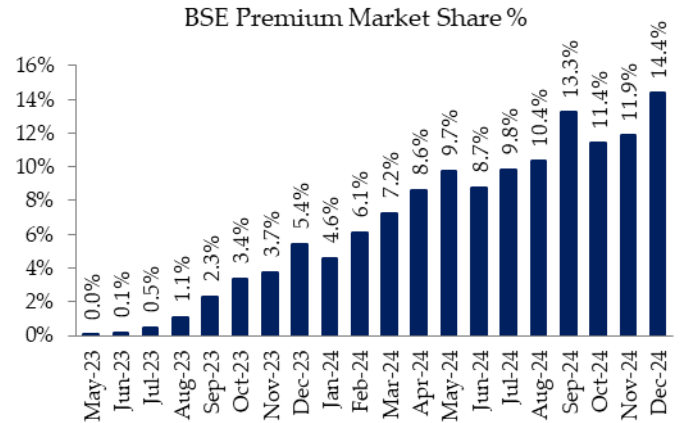
Source: BSE, HSIE Research

Exhibit 5: NSE P/N ratio is increasing post the regulatory impact, pre covid the ratio was ~40-45bps



Source: NSE, HSIE Research

Exhibit 6: BSE premium market share has increased to ~14% led by rise in SENSEX volume



Source: BSE, NSE, HSIE Research

Impact of regulations on exchange volumes

Exhibit 7: Industry Notional volume and premium collection – Impact on notional volume is higher vs premium.

Month	Notional ADTV (INR trn)	Premium ADTV (INR bn)	P/N (bps)	% Change Notional - Industry	% Change Premium - Industry
Jan-24	460	799	17		
Feb-24	483	850	18	5%	6%
Mar-24	460	712	15	-5%	-16%
Apr-24	445	679	15	-3%	-5%
May-24	432	741	17	-3%	9%
Jun-24	497	968	19	15%	31%
Jul-24	497	761	15	0%	-21%
Aug-24	501	734	15	1%	-4%
Sep-24	537	720	13	7%	-2%
Oct-24	519	790	15	-3%	10%
Nov-24	442	692	16	-15%	-12%
Dec-24	280	638	23	-37%	-8%

Source: NSE, BSE, HSIE Research

Exhibit 8: The impact on notional volume for NSE is higher vs BSE

Month	NSE Notional ADTV (INR trn)	BSE Notional ADTV (INR trn)	% Change NSE	% Change BSE
Jan-24	403	57		
Feb-24	409	74	2%	29%
Mar-24	380	80	-7%	8%
Apr-24	361	85	-5%	6%
May-24	332	100	-8%	18%
Jun-24	389	109	17%	9%
Jul-24	381	116	-2%	6%
Aug-24	377	124	-1%	7%
Sep-24	394	144	4%	16%
Oct-24	399	120	1%	-16%
Nov-24	335	107	-16%	-11%
Dec-24	193	87	-42%	-19%

Source: NSE, BSE, HSIE Research

Exhibit 9: BSE - no impact on premium volume as the P/N% is rising

Month	NSE Premium ADTV (INR bn)	BSE Premium ADTV (INR bn)	% Change NSE	% Change BSE
Jan-24	763	37		
Feb-24	799	52	5%	40%
Mar-24	660	52	-17%	0%
Apr-24	620	59	-6%	14%
May-24	669	72	8%	23%
Jun-24	883	85	32%	17%
Jul-24	686	75	-22%	-12%
Aug-24	657	76	-4%	2%
Sep-24	624	96	-5%	25%
Oct-24	700	90	12%	-5%
Nov-24	610	82	-13%	-9%
Dec-24	546	92	-10%	12%

Source: NSE, BSE, HSIE Research

Exhibit 10: BSE the P/N% is rising as the volume on non-expiry day is rising

Month	NSE P/N (BPS)	BSE P/N (BPS)	% Change NSE	% Change BSE
Jan-24	19	6		
Feb-24	20	7	3%	9%
Mar-24	17	6	-11%	-8%
Apr-24	17	7	-1%	7%
May-24	20	7	17%	4%
Jun-24	23	8	13%	8%
Jul-24	18	6	-21%	-17%
Aug-24	17	6	-3%	-5%
Sep-24	16	7	-9%	8%
Oct-24	18	8	11%	13%
Nov-24	18	8	4%	2%
Dec-24	28	11	55%	38%

Source: NSE, BSE, HSIE Research

Exhibit 11: The contracts traded is also impact, the real impact will be visible in Jan 2025 when the revised contract sized will be applicable

Month	NSE average no of contracts traded daily (mn)	BSE average no of contracts traded daily (mn)	% Change NSE	% Change BSE
Jan-24	488	78		
Feb-24	487	100	0%	29%
Mar-24	448	107	-8%	6%
Apr-24	425	111	-5%	4%
May-24	493	132	16%	18%
Jun-24	544	136	10%	4%
Jul-24	520	139	-4%	2%
Aug-24	571	151	10%	9%
Sep-24	573	169	0%	12%
Oct-24	588	145	3%	-14%
Nov-24	515	131	-13%	-10%
Dec-24	307	106	-40%	-19%

Source: NSE, BSE, HSIE Research

Contract level impact – the highest impact is on Bankex, Bank nifty and Fin Nifty contracts. Sensex and Nifty 50 contracts has witnessed higher traction

Exhibit 12: SENSEX contract weekly expiry is available and has witnessed minimum impact

Years	Month	Avg No of Contracts Traded SENSEX (In Mn)	SENSEX Notional ADTV (INR trn)	SENSEX Premium ADTV (INR bn)	P/N (bps)	% Increase Notional	% Increase Premium
2023	Jun	1	1	0.50	5		
2023	Jul	5	4	3.00	7	337%	504%
2023	Aug	18	11	6.11	6	142%	103%
2023	Sep	32	26	14.26	5	150%	133%
2023	Oct	44	33	18.33	6	23%	29%
2023	Nov	63	33	16.79	5	2%	-8%
2023	Dec	73	62	34.20	5	88%	104%
2024	Jan	75	43	27.06	6	-31%	-21%
2024	Feb	57	58	39.45	7	35%	46%
2024	Mar	71	62	39.60	6	6%	0%
2024	Apr	92	59	41.46	7	-5%	5%
2024	May	82	78	56.46	7	33%	36%
2024	Jun	103	80	62.96	8	4%	12%
2024	Jul	98	78	48.05	6	-3%	-24%
2024	Aug	117	95	55.14	6	22%	15%
2024	Sep	119	99	66.59	7	5%	21%
2024	Oct	112	91	63.08	7	-8%	-5%
2024	Nov	94	74	60.92	8	-18%	-3%
2024	Dec	66	88	63.36	7	18%	4%

Source: BSE, HSIE Research

Exhibit 13: BANKEX contract weekly expiry is not available, and the volumes have crashed

Years	Month	Avg No of Contracts Traded BANKEX (In mn)	BANKEX Notional ADTV INR trn	BANKEX Premium ADTV INR bn	P/N	% Increase Notional	% Increase Premium
2023	Oct	0	0	0.20	7		
2023	Nov	3	2	1.27	6		
2023	Dec	10	8	6.11	7		
2024	Jan	18	15	9.65	7	72%	58%
2024	Feb	20	16	12.12	8	7%	26%
2024	Mar	23	18	11.99	7	17%	-1%
2024	Apr	22	26	17.24	7	44%	44%
2024	May	36	23	15.75	7	-14%	-9%
2024	Jun	32	28	21.57	8	25%	37%
2024	Jul	42	38	26.69	7	34%	24%
2024	Aug	34	29	21.06	7	-23%	-21%
2024	Sep	41	44	28.93	7	52%	37%
2024	Oct	42	29	27.30	9	-34%	-6%
2024	Nov	37	33	21.27	7	12%	-22%
2024	Dec	0	0	0.31	114	-100%	-99%

Source: BSE, HSIE Research

Exhibit 14: NSE's NIFTY 50 contract weekly expiry is available, and premium collection has improved led by higher notional and better P/N%

Years	Month	Avg No of Contracts Traded NIFTY50 (In mn)	NIFTY50 Notional ADTV (INR trn)	NIFTY50 Premium ADTV (INR bn)	P/N (bps)	% Increase Notional	% Increase Premium
2023	Sep	109	109	175.72	16	19%	6%
2023	Oct	110	108	176.42	16	-1%	0%
2023	Nov	115	113	149.11	13	5%	-15%
2023	Dec	122	129	217.73	17	15%	46%
2024	Jan	118	128	236.69	19	-1%	9%
2024	Feb	141	155	260.66	17	21%	10%
2024	Mar	125	138	223.21	16	-11%	-14%
2024	Apr	121	127	215.10	17	-8%	-4%
2024	May	226	127	231.34	18	0%	8%
2024	Jun	216	126	271.14	21	-1%	17%
2024	Jul	184	113	181.07	16	-11%	-33%
2024	Aug	210	130	204.77	16	15%	13%
2024	Sep	202	128	200.27	16	-1%	-2%
2024	Oct	213	133	213.24	16	3%	6%
2024	Nov	225	135	244.99	18	2%	15%
2024	Dec	260	159	356.24	22	18%	45%

Source: NSE, HSIE Research

Exhibit 15: NSE's BANKNIFTY has witnessed impact, the premium collection is down ~46% in December

Years	Month	Avg No of Contracts Traded BANKNIFTY (In mn)	BANKNIFTY Notional ADTV (INR trn)	BANKNIFTY Premium ADTV (INR bn)	P/N (bps)	% Increase Notional	% Increase Premium
2023	Sep	217	147	303.20	21	4%	5%
2023	Oct	194	128	237.05	19	-13%	-22%
2023	Nov	204	134	217.38	16	5%	-8%
2023	Dec	227	162	322.20	20	20%	48%
2024	Jan	248	174	347.04	20	8%	8%
2024	Feb	231	160	358.63	22	-8%	3%
2024	Mar	215	152	282.22	19	-5%	-21%
2024	Apr	201	145	247.75	17	-4%	-12%
2024	May	176	127	271.83	21	-12%	10%
2024	Jun	221	168	381.79	23	32%	40%
2024	Jul	206	161	295.72	18	-4%	-23%
2024	Aug	191	145	262.07	18	-10%	-11%
2024	Sep	199	156	236.75	15	8%	-10%
2024	Oct	208	162	283.80	18	4%	20%
2024	Nov	146	114	210.53	19	-30%	-26%
2024	Dec	19	15	113.81	76	-87%	-46%

Source: NSE, HSIE Research

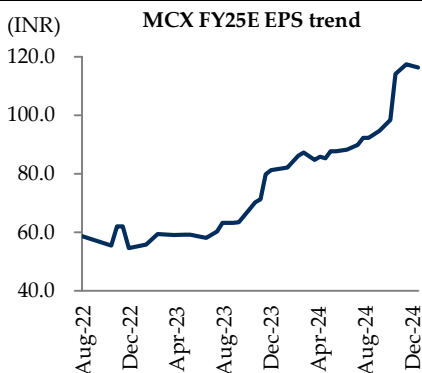
Exhibit 16: Peer Valuation

Company	MCap (INR bn)	CMP (INR)	TP (INR)	RECO	EPS (INR)				P/E (x)				ROE (%)				Rev CAGR% FY24-27E	EPS CAGR% FY24-27E
					FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E		
MCX	342	6,698	7,000	BUY	64.8	118.2	158.1	184.7	103.3	56.6	42.4	36.3	23.1	41.0	47.5	47.3	34.9%	41.8%
CDSL	407	1,949	1,650	BUY	20.1	28.9	34.3	40.9	97.2	67.4	56.8	47.7	31.3	38.1	38.8	39.5	25.1%	26.8%
BSE	763	5,632	5,000	REDUCE	39.6	91.5	118.0	135.2	142.1	61.6	47.7	41.7	25.9	34.8	38.4	34.7	37.6%	50.5%

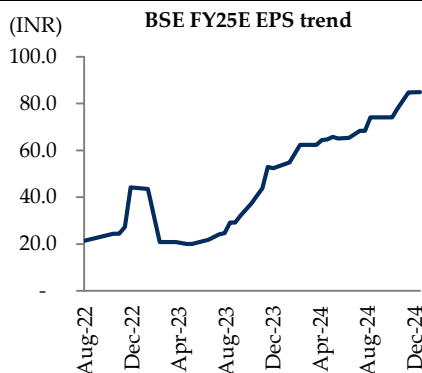
Source: Company, HSIE research. CMP as of 18th Dec 2024

Exhibit 17: EPS upgrades for FY25E

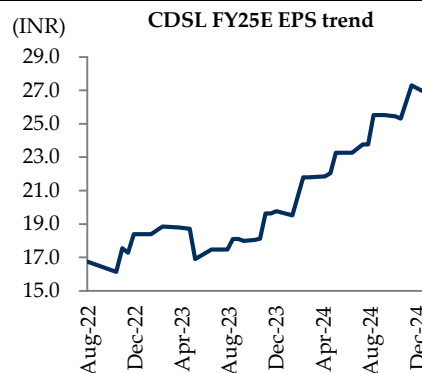
MCX FY25E EPS



BSE FY25E EPS



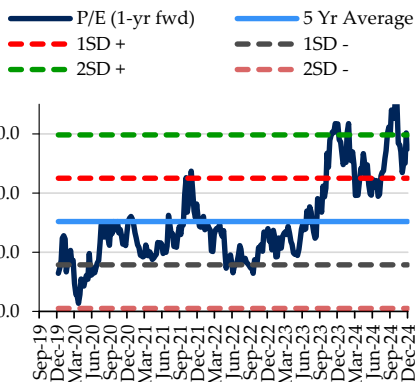
CDSL FY25E EPS



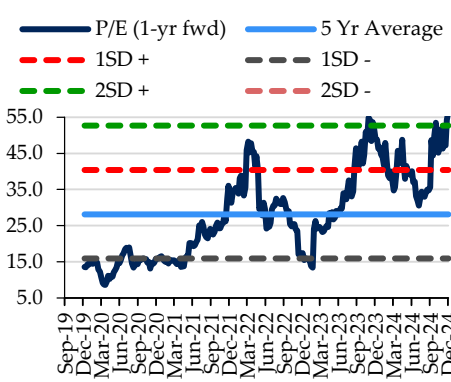
Source: Bloomberg, HSIE research

Exhibit 18: Valuation charts

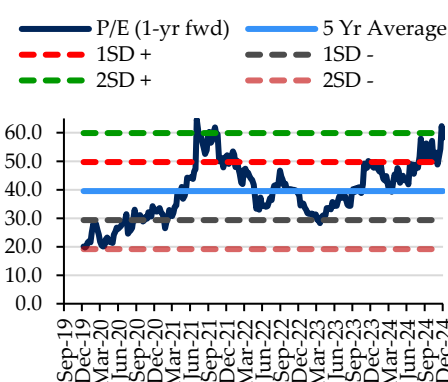
MCX P/E (1-yr fwd) trend



BSE P/E (1-yr fwd) trend



CDSL P/E (1-yr fwd) trend



Source: Bloomberg, HSIE research

Income Statement (Consolidated)

YE March (INR mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Revenues (INR mn)	4,503	4,505	5,014	7,432	8,155	13,900	28,152	31,806	36,233
<i>Growth (%)</i>	<i>(11.2)</i>	<i>0.0</i>	<i>11.3</i>	<i>48.2</i>	<i>9.7</i>	<i>70.4</i>	<i>102.5</i>	<i>13.0</i>	<i>13.9</i>
Employee Expenses	1,392	1,512	1,487	1,773	1,802	2,047	2,375	2,612	2,873
Technology Expenses	1,134	1,176	948	969	1,239	1,374	1,512	1,663	1,829
Other operating Expenses	1,666	1,736	1,854	1,918	2,227	2,391	2,032	2,256	2,504
Clearing & Settlement charges	0	0	0	0	0	1,331	3,551	2,386	2,732
Sebi turnover fees	0	0	0	0	0	279	3,624	2,890	3,179
EBITDA	311	81	725	2,772	2,887	6,477	15,058	19,999	23,116
<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>46.6</i>	<i>53.5</i>	<i>62.9</i>	<i>63.8</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>124.3</i>	<i>132.5</i>	<i>32.8</i>	<i>15.6</i>
Depreciation	511	510	579	483	603	954	1,492	1,686	1,957
EBIT	-200	-429	146	2,289	2,284	5,523	13,566	18,314	21,160
Other Income (Including EO Items)	2,271	1,795	1,533	854	1,021	4,270	2,487	2,481	2,665
SGF contribution	129	188	301	291	550	917	825	990	1,188
Interest	9	24	103	222	275	0	0	0	0
PBT	1,934	1,154	1,275	2,631	2,480	8,876	15,228	19,804	22,636
Tax (Incl Deferred)	234	215	290	823	916	1,878	3,883	5,050	5,772
Minority Interest	0	-17	-32	-94	-150	-67	-67	-67	-67
Share of profit / (Loss) of associate	292	267	432	642	492	718	967	1,147	1,367
RPAT	1,993	1,223	1,449	2,543	2,207	7,784	12,379	15,968	18,298
EO (Loss) / Profit (Net Of Tax)	0	0	0	263	272	-2,420	0	0	0
APAT	1,993	1,223	1,449	2,806	2,479	5,364	12,379	15,968	18,298
<i>APAT Growth (%)</i>	<i>(16.9)</i>	<i>(38.6)</i>	<i>18.5</i>	<i>93.6</i>	<i>(11.6)</i>	<i>116.4</i>	<i>130.8</i>	<i>29.0</i>	<i>14.6</i>
Adjusted EPS (Rs)	14.7	9.0	10.7	20.7	18.3	39.6	91.5	118.0	135.2
<i>EPS Growth (%)</i>	<i>(16.9)</i>	<i>(38.6)</i>	<i>18.5</i>	<i>93.6</i>	<i>(11.8)</i>	<i>116.5</i>	<i>130.8</i>	<i>29.0</i>	<i>14.6</i>

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
SOURCES OF FUNDS									
Share Capital - Equity	104	90	90	271	271	271	271	271	271
Reserves	29,182	24,161	24,976	26,275	26,741	32,753	37,909	44,679	52,394
Total Shareholders Funds	29,286	24,251	25,066	26,545	27,012	33,024	38,180	44,950	52,664
Settlement guarantee fund	4,016	4,354	5,391	6,409	7,576	9,550	10,375	11,365	12,554
Minority Interest	0	186	235	1,352	1,278	1,524	2,490	3,637	5,004
Total Debt	0	0	0	0	0	0	0	0	0
Net Deferred Taxes (Net)	-1,025	-1,276	-1,454	-1,198	-846	-588	-588	-588	-588
Long Term Provisions & Others	117	111	124	109	145	136	515	542	561
TOTAL SOURCES OF FUNDS	32,393	27,626	29,363	33,216	35,166	43,646	50,973	59,906	70,196
APPLICATION OF FUNDS									
Net Block	1,662	1,527	1,464	1,238	2,149	2,479	3,239	4,098	5,040
CWIP	182	219	38	100	19	145	145	145	145
Goodwill	374	374	374	374	374	374	374	374	374
Investments	4,302	3,862	4,220	4,881	4,104	4,604	4,604	4,604	4,604
LT Loans & Advances & Others	798	881	1,008	1,294	1,512	1,212	2,393	2,704	3,080
Total Non-current Assets	7,318	6,863	7,105	7,888	8,158	8,814	10,755	11,925	13,243
Inventories	0	0	0	0	0	0	0	0	0
Debtors	490	700	873	634	909	2,109	4,242	4,793	5,460
Other Current Assets	311	321	899	370	492	585	1,239	1,399	1,594
Cash & Equivalents	35,894	35,597	35,941	51,763	49,534	82,407	88,083	97,290	1,09,501
Total Current Assets	36,696	36,618	37,712	52,767	50,935	85,101	93,564	1,03,482	1,16,555
Trading margin from members & deposits from clearing banks	4,220	7,245	5,853	15,299	10,960	24,958	39,262	38,738	42,276
Other Current Liabilities & Provns	7,401	8,611	9,602	12,140	12,967	25,312	14,086	16,764	17,327
Total Current Liabilities	11,621	15,856	15,455	27,439	23,927	50,270	53,348	55,502	59,603
Net Current Assets	25,075	20,762	22,258	25,328	27,008	34,831	40,217	47,980	56,952
TOTAL APPLICATION OF FUNDS	32,393	27,626	29,363	33,216	35,166	43,645	50,972	59,905	70,195

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Reported PBT	1,934	1,154	1,275	2,631	2,480	5,171	15,228	19,804	22,636
Non-operating & EO items	(1,318)	(1,179)	(185)	188	497	(3,714)	(1,662)	(1,491)	(1,476)
Interest expenses	9	24	-	-	-	-	-	-	-
Depreciation	511	510	579	483	603	954	1,492	1,686	1,957
Working Capital Change	(3,911)	3,948	(1,928)	11,943	(4,291)	24,048	456	2,305	4,251
Tax Paid	(408)	(491)	(416)	(827)	(660)	(1,739)	(3,883)	(5,050)	(5,772)
OPERATING CASH FLOW (a)	(3,183)	3,967	(676)	14,418	(1,371)	24,720	11,631	17,254	21,595
Capex	(617)	(376)	(382)	(318)	(1,434)	(1,313)	(2,252)	(2,544)	(2,899)
Free cash flow (FCF)	(3,801)	3,591	(1,057)	14,099	(2,805)	23,408	9,379	14,710	18,696
Investments	-	-	-	-	-	-	-	-	-
Non-operating Income	1,049	493	184	185	659	1,047	2,487	2,481	2,665
INVESTING CASH FLOW (b)	432	117	(198)	(134)	(775)	(266)	235	(64)	(234)
Debt Issuance/(Repaid)	-	-	-	-	-	-	-	-	-
Interest Expenses	(9)	(24)	-	-	-	-	-	-	-
FCFE	(3,809)	3,567	(1,057)	14,099	(2,805)	23,408	9,379	14,710	18,696
Share Capital Issuance/Buyback	(1,230)	(4,570)	85	1,051	-	159	-	-	-
Dividend	(2,281)	(1,584)	(779)	(962)	(1,855)	(1,649)	(6,190)	(7,984)	(9,149)
FINANCING CASH FLOW (c)	(3,520)	(6,178)	(694)	89	(1,855)	(1,491)	(6,190)	(7,984)	(9,149)
NET CASH FLOW (a+b+c)	(6,272)	(2,093)	(1,568)	14,373	(4,001)	22,964	5,677	9,206	12,212
EO Items, Others	812	1,796	1,911	1,449	1,773	9,909	-	-	-
Closing Cash & Equivalents	35,894	35,597	35,941	51,763	49,534	82,407	88,083	97,290	1,09,501

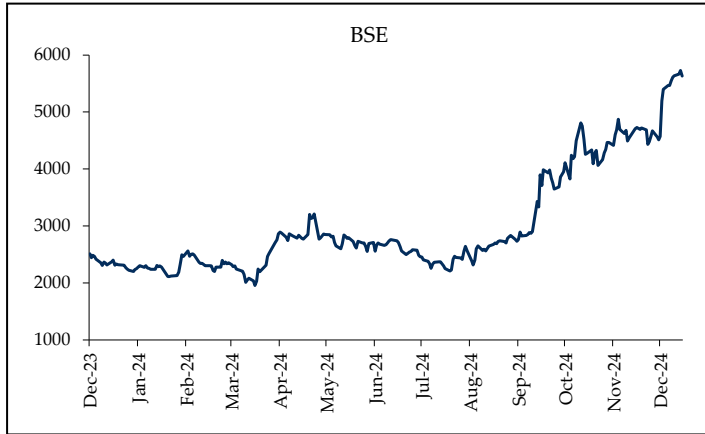
Source: Company, HSIE Research

Key Ratios

	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
PROFITABILITY (%)									
GPM	69.1	66.4	70.3	76.1	77.9	85.3	91.6	91.8	92.1
EBITDA Margin	6.9	1.8	14.5	37.3	35.4	46.6	53.5	62.9	63.8
APAT Margin	44.3	27.1	28.9	37.8	30.4	38.6	44.0	50.2	50.5
RoE	6.6	4.6	5.9	9.9	8.2	25.9	34.8	38.4	34.7
RoIC (or Core RoCE)	(1.5)	(2.9)	0.9	10.6	8.9	22.8	42.4	48.6	50.6
RoCE	6.1	4.1	5.4	9.5	7.8	13.6	26.2	28.8	28.1
EFFICIENCY									
Tax Rate (%)	12.1%	18.6%	22.7%	31.3%	36.9%	21.2%	25.5%	25.5%	25.5%
Fixed Asset Turnover (x)	1.3	1.2	1.1	1.7	1.4	2.0	3.0	2.7	2.5
Inventory (days)	0	0	0	0	0	0	0	0	0
Debtors (days)	40	57	64	31	41	55	55	55	55
Other Current Assets (days)	25	26	65	18	22	15	16	16	16
Payables (days)	342	587	426	751	491	655	509	445	426
Other Current Liab & Provns (days)	600	698	699	596	580	665	183	192	175
Cash Conversion Cycle (days)	-877	-1,202	-996	-1,298	-1,008	-1,249	-621	-566	-529
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)	-1.2	-1.5	-1.4	-1.9	-1.8	-2.5	-2.3	-2.2	-2.1
Interest Coverage (x)	-23	-18	1	10	8				
PER SHARE DATA (INR)									
EPS	14.7	9.0	10.7	20.7	18.3	39.6	91.5	118.0	135.2
CEPS	18.5	12.8	15.0	24.3	22.8	46.7	102.5	130.4	149.6
Dividend	16.9	11.7	5.8	7.1	13.7	12.2	45.7	59.0	67.6
Book Value	216.4	179.2	185.2	196.1	199.6	244.0	282.1	332.1	389.1
VALUATION									
P/E (x)	382.2	623.0	525.7	271.5	307.7	142.1	61.6	47.7	41.7
P/BV (x)	26.03	31.43	30.41	28.72	28.22	23.08	19.97	16.96	14.47
EV/EBITDA (x)	2,384.4	9,209.7	1,030.8	268.5	257.8	114.2	49.0	36.6	31.4
OCF/EV (%)	(0.4)	0.5	(0.1)	1.9	(0.2)	3.3	1.6	2.4	3.0
FCF/EV (%)	(0.5)	0.5	(0.1)	1.9	(0.4)	3.2	1.3	2.0	2.6
FCFE/Mkt Cap (%)	(0.5)	0.5	(0.1)	1.8	(0.4)	3.1	1.2	1.9	2.5
Dividend Yield (%)	0.3	0.2	0.1	0.1	0.2	0.2	0.8	1.0	1.2

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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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

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Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board: +91-22-6171-7330 www.hdfcsec.com