



**PL Capital**  
PRABHUDAS LILLADHER

INSTITUTIONAL  
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INITIATING COVERAGE  
June 2026

# BSE (BSE IN)

Rising to the Challenge

Rating: BUY | CMP: INR 3,999 | TP: INR 4,850

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# BSE (BSE IN)

Initiating  
Coverage

June 18, 2026

## Rising to the Challenge

### Quick Pointers

- Strong growth in index options to continue with steady contribution from cash/ diversified revenue streams
- Expect FY28E RoA/ RoE to sustain at 23%/ 41%
- We value BSE using the residual income framework with a TP of INR4,850 (50x FY28E P/E)

BSE has seen a rapid scale-up in its derivatives business over FY23-26 with premium market share expanding to ~28% in FY26 (vs. nil in FY23). We expect it to increase further with the introduction of new indices. Moreover, steady growth in cash equity/ StAR MF flows and diversification to high-margin segments like colocation, listing and data services are likely to lead to operating revenue CAGR of ~25% over FY26-28E. We expect BSE to maintain superior return metrics, with EBITDA margin/ core RoE of 71%/37% by FY28E, underpinned by strong operating leverage and disciplined capital management. We value BSE using the residual income framework to arrive at a TP of INR4,850 (FY28E P/E of 50x). Initiate with 'BUY'.

**Rapidly gaining market share in cash/ derivatives:** BSE has emerged as a strong player in equity derivatives post the relaunch of Sensex/Bankex weekly contracts. During FY23-26, BSE saw a jump in operating revenue (80%+ CAGR) led by the ramping up of index options. Improved liquidity, expiry positioning, and higher participation translated into premium market share of 28% and premium-to-notional of ~10bps in FY26. Further, initiatives such as smart order routing (SOR) and common contract note (CCN) are likely to boost market share in the cash segment (~7%).

**Diversifying revenue streams to improve earning profile:** While transaction income contributes 79% of operating revenue (FY26), BSE is focusing on building a diversified mix with multiple recurring streams. BSE StAR MF (87% market share) continues to benefit from structural flows, while listing fees provide stable revenue linked to market capitalization. High-margin segments such as colocation, data dissemination and index licensing are in the nascent stage (<10% share) but offer strong growth visibility. We expect operating revenue to clock ~25% CAGR over FY26-28E, with continued traction in cash/ index options and growing contribution from new segments.

**Operating leverage to sustain margins at 71%:** Operating leverage remains a key driver, with EBITDA margin expanding from ~29% in FY21 to 69%/ 71% in FY27E/FY28E (vs. 67% in FY26). PAT is expected to grow at ~27% CAGR over FY26-28E with FY28E RoE of ~41%, supported by a capital-light, high-margin business model. Key risk to our estimates would be a shift to fortnightly/ monthly expiry; our sensitivity analysis highlights a corresponding impact of 17%/ 27% on FY27E PAT, in case of a shift. However, we expect the hit on profitability to be temporary (as seen during the shift of expiry days in Sep'25).

**Initiate with BUY at a TP of INR4,850 (50x FY28E P/E):** Over the past five years, BSE has undergone a continuous re-rating, supported by market share gains and improving profitability, trading at >49x 1-year forward P/E (BBG). We expect valuation to sustain at these levels, supported by structural factors such as (1) duopolistic market structure with high entry barriers (2) healthy profit growth (~27% CAGR over FY26-FY28E) and (3) optionality from new derivative products/ colocation revenues. We value BSE using a Residual Income framework, with a TP of INR4,850 (50x FY28E P/E).

| Key Data            | BSE.BO   BSE IN             |
|---------------------|-----------------------------|
| BSE Code            | NA                          |
| NSE Code            | BSE                         |
| 52-W High / Low     | INR 4,446 / INR 2,021       |
| Face Value          | 2                           |
| Sensex / Nifty      | 77,156 / 24,086             |
| Market Cap          | INR 1,631 bn / \$ 17,256 mn |
| Shares Outstanding  | 407.88 mn                   |
| 3M Avg. Daily Value | INR 15,619.03 mn            |

### Shareholding Pattern (%)

|                       |       |
|-----------------------|-------|
| Promoters             | -     |
| FIs                   | 19.42 |
| Mutual Funds          | 12.52 |
| Domestic Institutions | 12.57 |
| Public & Others       | 55.49 |
| Promoter's Pledge     | -     |

### Stock Performance (%)

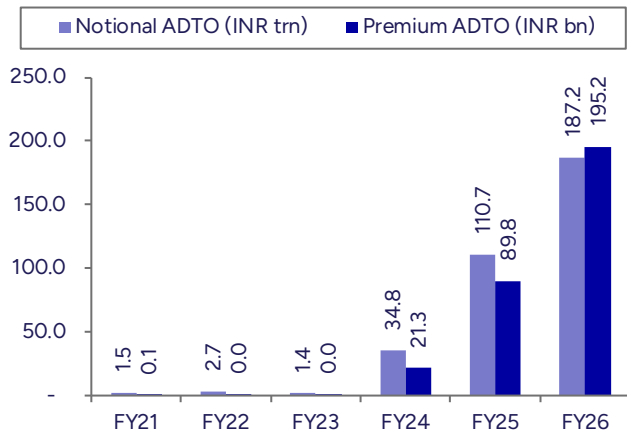
|          | 1M    | 3M   | 6M   | 12M  |
|----------|-------|------|------|------|
| Absolute | -     | 34.5 | 52.0 | 50.1 |
| Relative | (2.5) | 32.6 | 66.6 | 58.7 |

### Key Financials - Consolidated

| Y/e Mar                   | FY25   | FY26   | FY27E  | FY28E  |
|---------------------------|--------|--------|--------|--------|
| Revenue from Op. (INR mn) | 29,573 | 48,340 | 60,099 | 75,285 |
| Total Income (INR mn)     | 32,363 | 51,481 | 63,719 | 79,357 |
| Operating Exp. (INR mn)   | 13,676 | 16,785 | 19,507 | 23,086 |
| EBITDA (INR mn)           | 18,687 | 34,696 | 44,213 | 56,272 |
| PBT (INR mn)              | 17,483 | 32,991 | 41,678 | 52,969 |
| Total Tax Exp. (INR mn)   | 4,312  | 8,238  | 10,419 | 13,242 |
| PAT (INR mn)              | 13,171 | 24,753 | 31,258 | 39,727 |
| EPS (INR)                 | 32.1   | 60.3   | 76.6   | 97.4   |
| EBITDA Margin (%)         | 57.7   | 67.4   | 69.4   | 70.9   |
| PAT Margin (%)            | 40.7   | 48.1   | 49.1   | 50.1   |
| RoAE (%)                  | 32.8   | 43.5   | 40.5   | 40.5   |
| PE (x)                    | 124.7  | 66.3   | 52.2   | 41.1   |

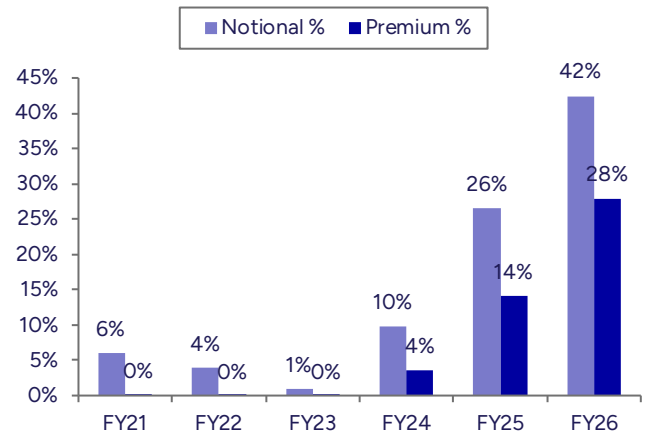
## Story in Charts

Exhibit 1 : BSE's index option ADTO has grown multi-fold...



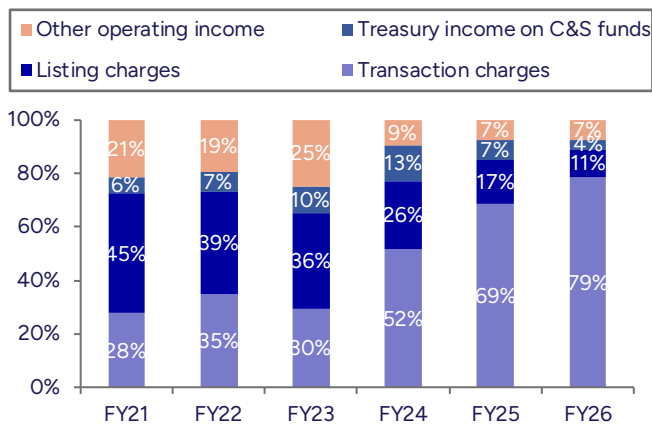
Source: Company, PL

Exhibit 2 : ...with notional/ premium market share increasing to 42%/28%



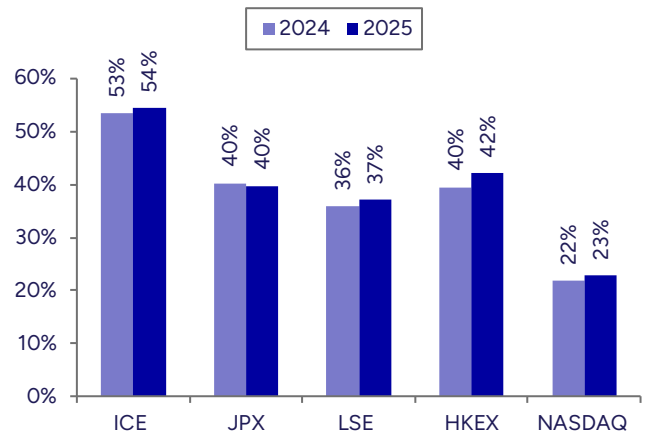
Source: Company, PL

Exhibit 3 : Transaction income forms 79% of BSE's operating revenue...



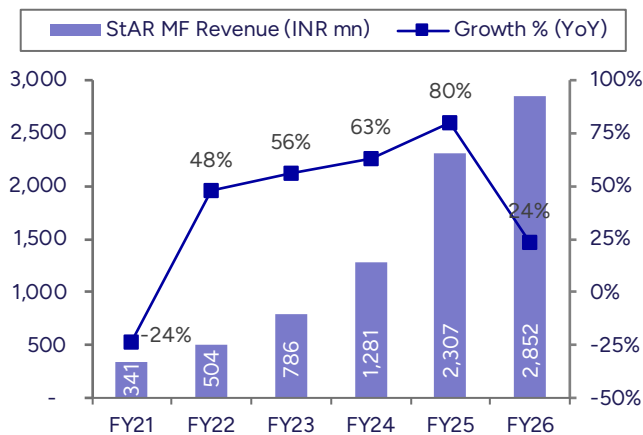
Source: Company, PL

Exhibit 4 : ..... vs. 20-60% for global peers



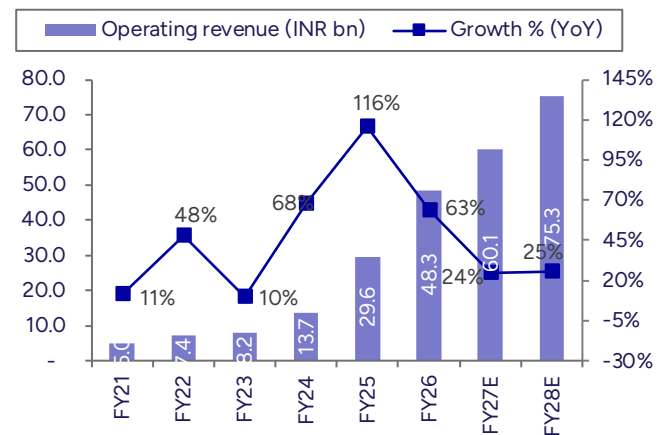
Source: Company, PL

Exhibit 5 : StAR MF has seen strong growth in revenue...



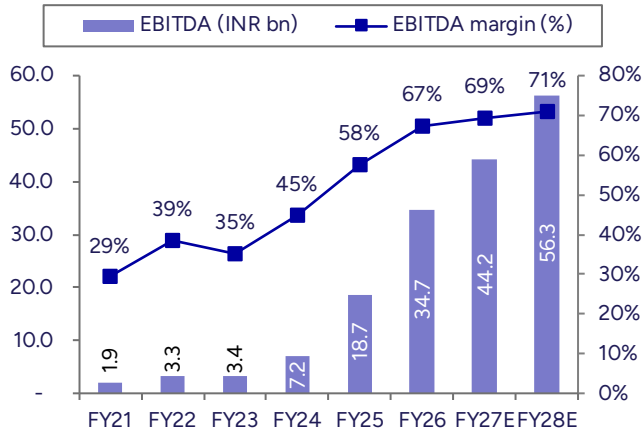
Source: Company, PL

Exhibit 6 : Expect operating revenue CAGR of 25% over FY26-28E



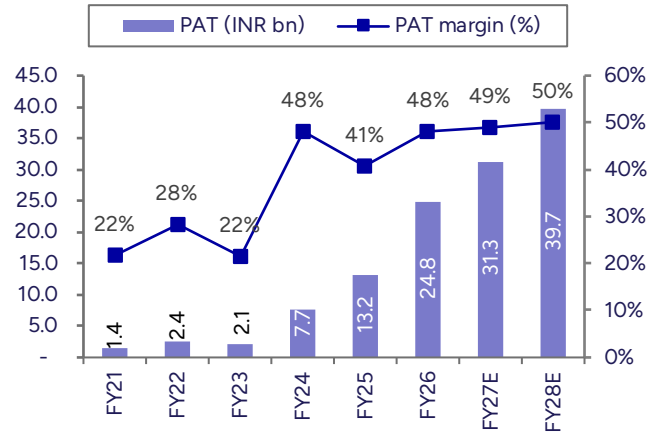
Source: Company, PL

Exhibit 7 : Expect EBITDA to grow at CAGR of 27% over FY26-28E



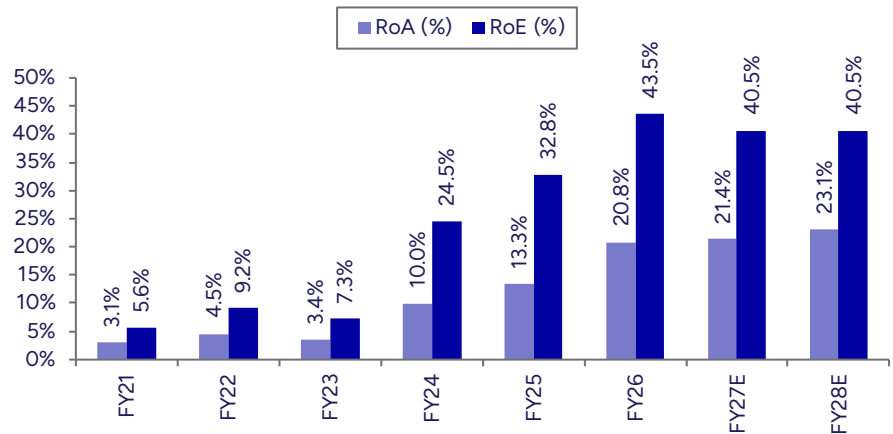
Source: Company, PL

Exhibit 8 : PAT to grow at CAGR of 27% over FY26-28E



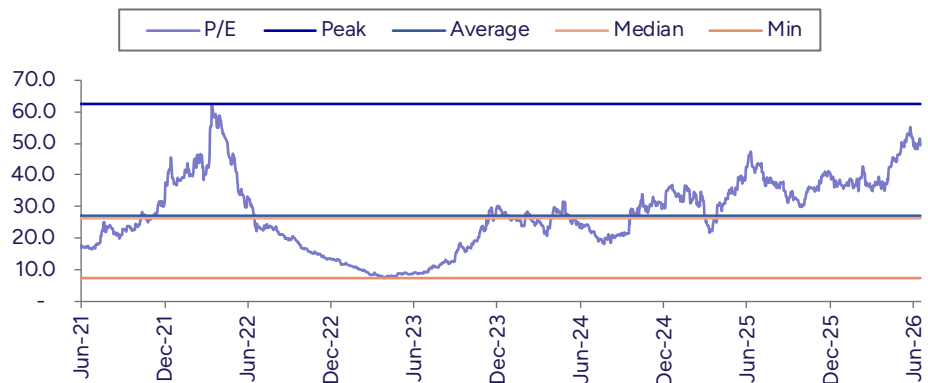
Source: Company, PL

Exhibit 9 : RoA/RoE to reach ~23%/41% by FY28E



Source: Company, PL

Exhibit 10 : Stock is trading at 49x on FY28E



Source: Company, PL

## Industry Overview

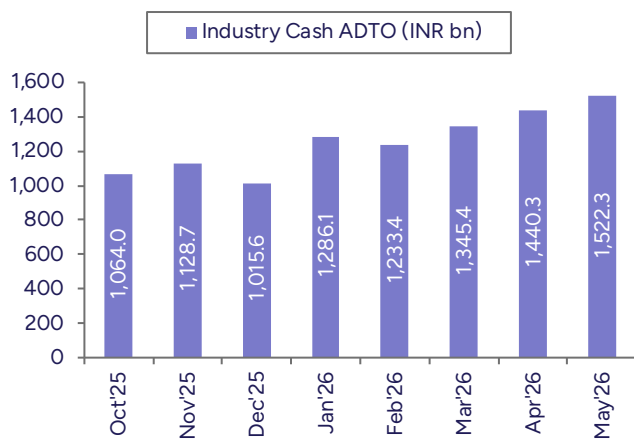
- India’s stock exchange ecosystem functions within a tight regulatory framework governed by SEBI.
- The industry operates as a near-duopoly, with NSE and BSE together accounting for the entire share of equity cash, derivatives, and debt market turnover. Both exchanges run fully electronic, high-throughput platforms across equities, debt instruments, and derivatives.
- The broader ecosystem includes commodity exchanges: the Multi Commodity Exchange of India (MCX), which dominates bullion, energy, and base metals derivatives, and the National Commodity and Derivatives Exchange (NCDEX), focused on agricultural commodities. Both operate under SEBI oversight but remain non-competing with NSE/BSE within equity markets.
- The Metropolitan Stock Exchange of India, despite holding a national exchange license and offering equity, equity derivatives, and currency derivatives trading, has not achieved scale in liquidity or participation and remains operationally marginal with negligible volumes.

*Growth opportunity to be intact driven by rising retail participation, adoption of electronic trading and improved liquidity across segments*

The multi-fold expansion in equity markets over FY20-26 (cash +19% CAGR, index options +58% CAGR and futures +10% CAGR) has been driven by strong participation from both retail and institutional participants. The adoption of electronic trading, rise of discount brokerages, improved liquidity depth across cash and derivatives segments, and a growing culture of SIPs, ETFs and equity derivatives have made market access more seamless for investors. At the same time, India’s IPO market has witnessed robust growth. Over the last 5/10 years, domestic equity market capitalization has clocked 17% CAGR each, reaching US\$ 4.7trn as of Mar’26.

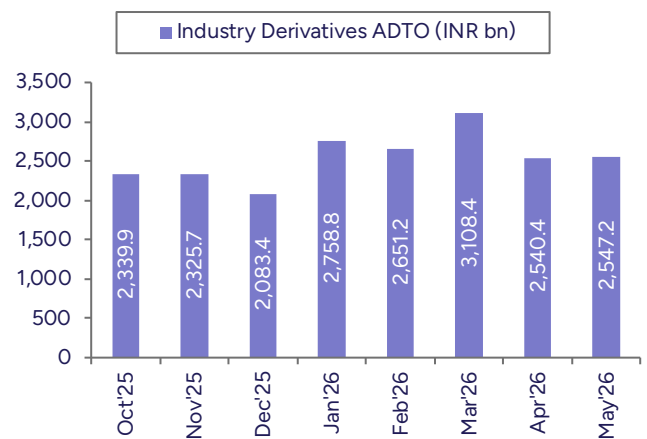
Despite heightened global uncertainty over the past few months, cash market turnover has remained steady. Derivatives activity remains resilient as well, reflecting elevated hedging demand and trading velocity. Retail participation remains structurally resilient, supported by steady SIP inflows and increasing penetration of passive investment vehicles.

Exhibit 11 : Cash ADTO has moderated over the past few months...



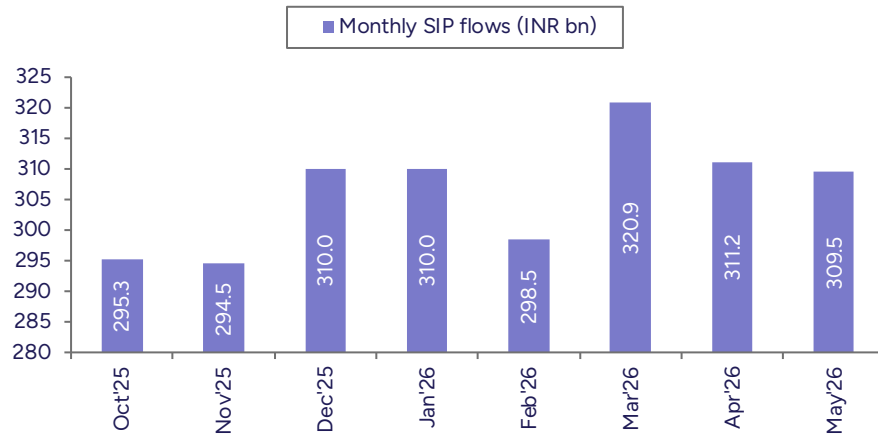
Source: Company, PL

Exhibit 12 : ...whereas derivatives activity remains resilient



Source: Company, PL

**Exhibit 13 : Retail participation supported by steady SIP inflows**



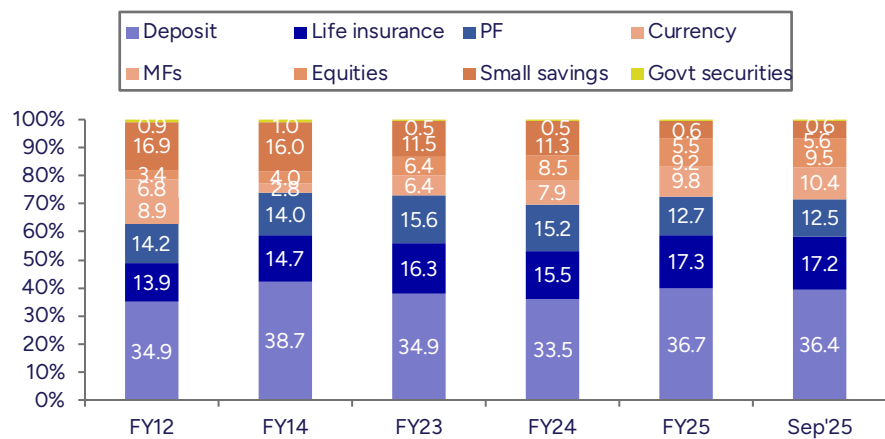
Source: AMFI, PL

The increase in securities transaction tax (STT) on select derivatives contracts and stricter rules on bank funding to capital market intermediaries may exert near-term pressure on volumes, particularly in high-frequency strategies. However, we believe the long-term growth opportunity will remain intact. Despite regulatory challenges and market-driven volatility, the industry continues to exhibit strong operating leverage characteristics, with a diversified revenue pool and structural tailwinds, including rising financialization of household savings and steady macro growth.

**Surge in retail participation**

Rising retail participation is one of the key pillars of the stock market ecosystem. Retail investors, through direct and indirect investments (such as MFs), hold ~18.7% of the market (INR78trn as of FY26). The share of MFs and stocks in household financial savings has grown to ~20% as of Sep'25 (vs. 10% in FY12). We expect this trend to continue.

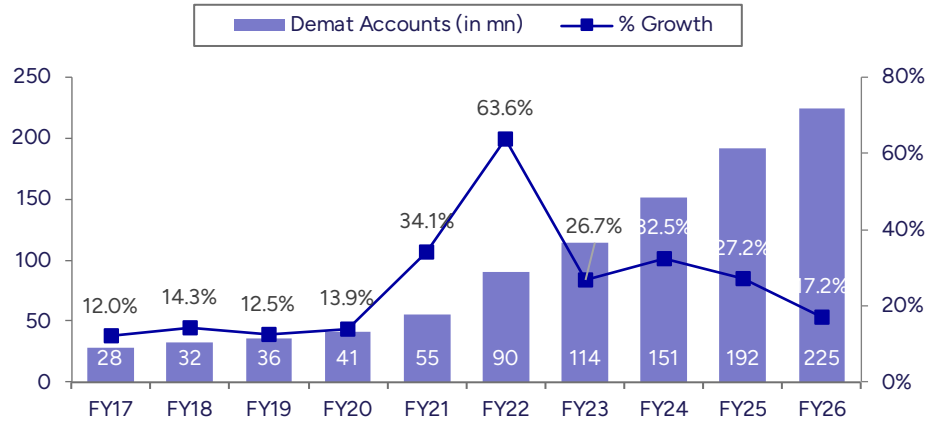
**Exhibit 14 : Share of MF and stocks in household financial assets increasing**



Source: ARWL Presentation, PL

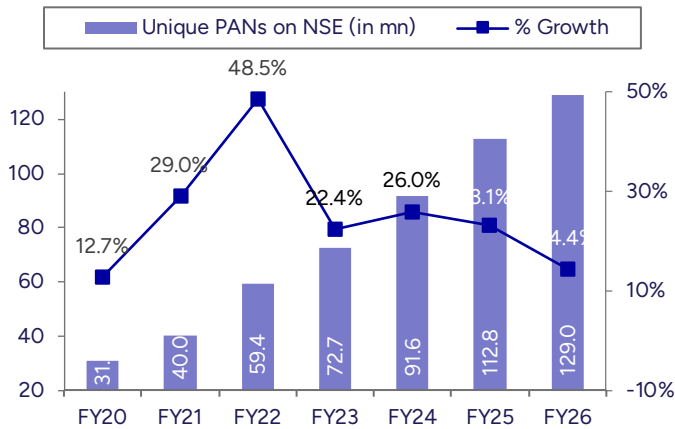
Prior to Covid, the number of demat accounts in India was ~40mn, growing at a pace of 12-14% over FY17-20. However, between FY20 and FY26, the number went up by more than 5x to 225mn. This was due to a strong influx of retail customers – number of unique PANs registered with NSE reached ~129mn in FY26 from ~31mn in FY20. However, penetration of demat accounts in India stood at 13% in FY25, which is lower than China and the US. Thus, the untapped market provides a long runway of growth.

**Exhibit 15 : Demat account numbers jump by more than 5x over FY20-26**



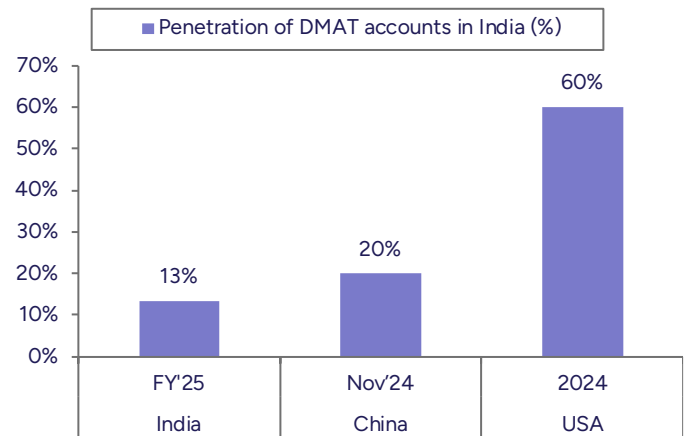
Source: SEBI, PL

**Exhibit 16 : Unique PANs have reached ~129mn as of FY26**



Source: NSE Market Pulse, PL

**Exhibit 17 : Penetration of demat accounts in India low vs. China & US**



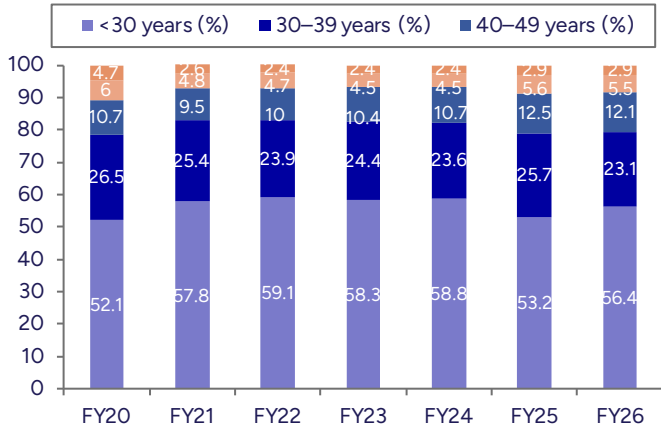
Source: Axis MF, PL

### Younger customers dominate the customer base

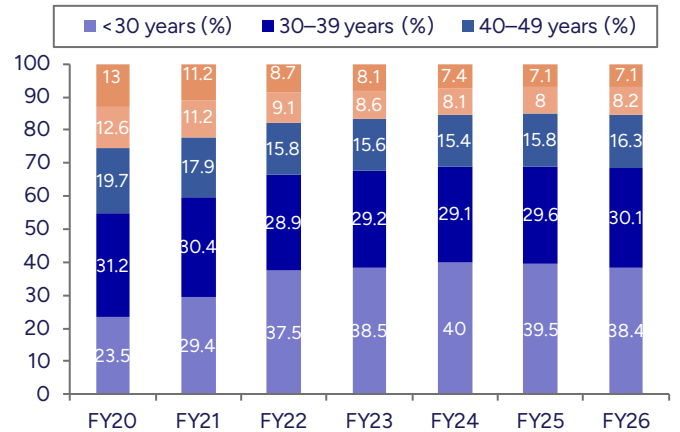
Since FY20, the mix of new customers has been skewed toward individuals under the age of 30 years. Ease of access through technology (mobile apps of brokers, Aadhaar-enabled KYC and digital methods of fund transfer) has enabled younger customers to participate, with 56% of the new investors added and 38% of the existing investor base under the age of 30 years. We believe the sustained influx of younger investors will support a longer investment lifecycle and structural deepening of India's equity markets.

Exhibit 18 : 56% of new customers added are under 30 years...

Exhibit 19 : ...and comprise 38% of existing user base



Source: NSE Market Pulse, PL

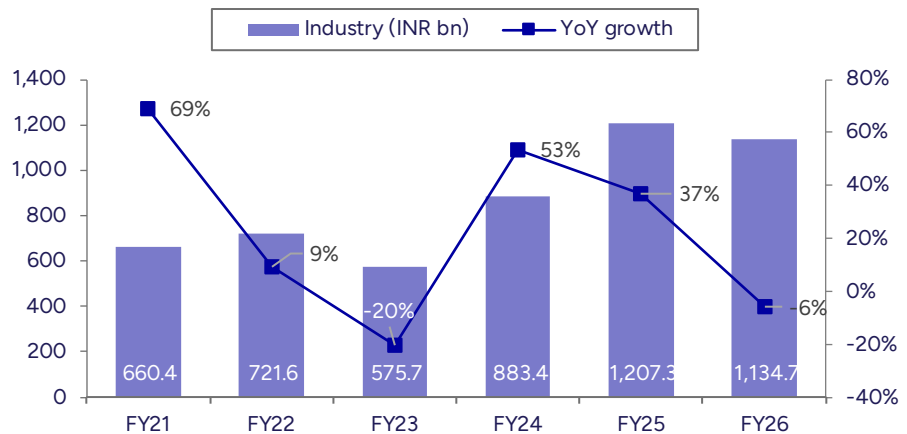


Source: NSE Market Pulse, PL

**NSE dominates the cash market; BSE holds ~7%**

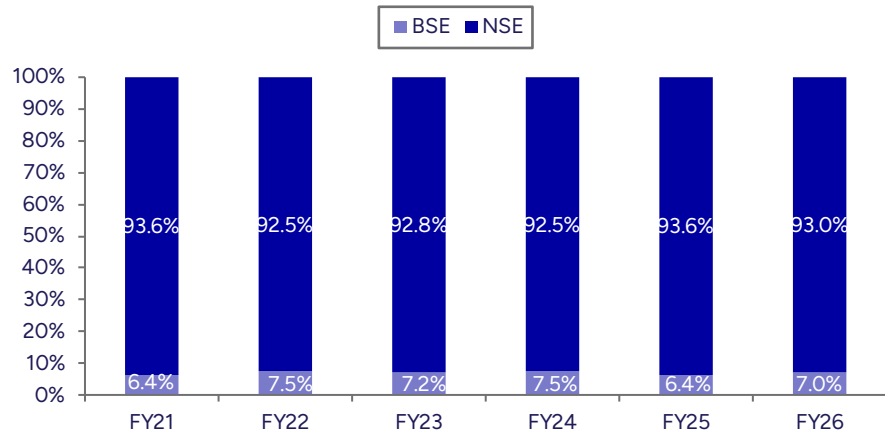
- Cash market average daily turnover (ADTO) witnessed strong growth from FY14-26, rising from ~INR133bn to INR1.1trn, reflecting deeper market penetration and increased investor participation.
- Increase in mobile-based trading highlights the dominance of retail investors, while colocation along with an increase in algo-trading is a noticeable trend in this segment, highlighting participation of institutional investors/traders.
- BSE and NSE have grown at a CAGR of 14% and 11%, respectively, over FY21-26 in the cash segment. However, NSE has maintained its dominance with a market share of 93.0%, while BSE holds 7.0%.

Exhibit 20 : Cash segment ADTO has moved in tandem with market cycles



Source: Company, PL

**Exhibit 21 : Cash segment comparison: NSE dominates at 93%, while BSE holds 7% as of FY26**

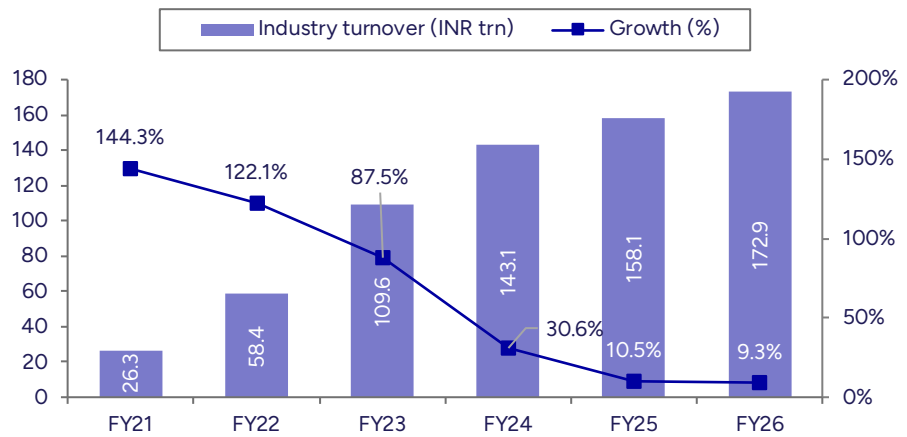


Source: Company, PL

**BSE has rapidly gained share in index options**

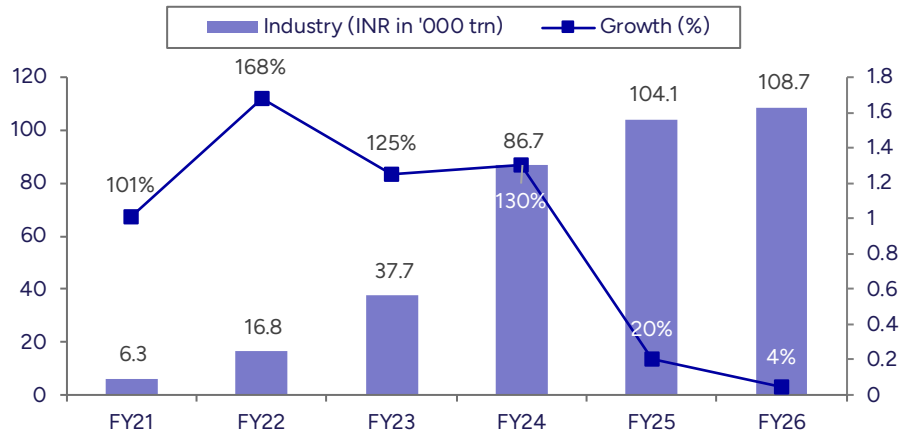
- The index equity derivatives segment has seen robust growth over FY21-26 (+46% CAGR) expanding from ~INR26trn in FY21 to INR173trn in FY26.
- Easing of digital onboarding practices for brokerage accounts led to an influx of retail customers, and the introduction of products such as weekly options helped aid growth in the segment.
- However, recent regulatory changes, such as a shift to one weekly expiry per exchange and fixed expiries (Tuesday/Thursday), have led to moderation in the growth of premium turnover in FY26. In addition, market performance and sustained FPI selling have weighed on volumes. However, absolute premium turnover increased 9% YoY in FY26 to INR173trn, indicating a persistent shift in investor activity levels.
- Total notional turnover in equity derivatives has risen sharply, from ~INR500trn in FY16 to ~INR108,697trn in FY26, reflecting the post-Covid surge in retail participation. While growth has moderated recently due to regulatory changes, market volatility and FPI outflows, turnover remains intact.

**Exhibit 22 : Index options premium turnover logs 46% CAGR over FY21-26**



Source: Company, PL

Exhibit 23 : Notional turnover clocks 77% CAGR over FY21-26

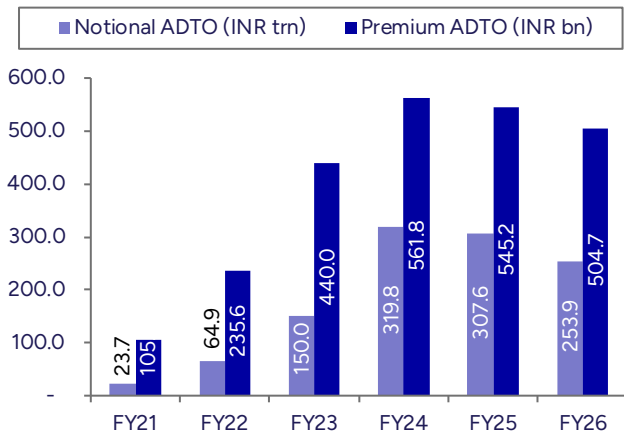


Source: Company, PL

Index options market share surged due to introduction of new products and shifting of expiry days

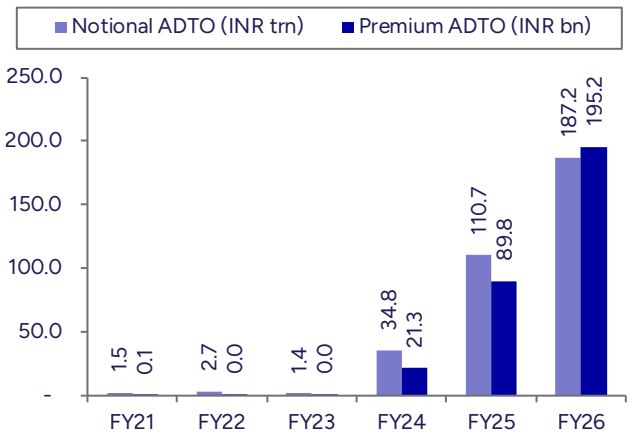
- NSE has seen options notional ADTO growing at a CAGR of 61% and premium ADTO at a CAGR of 37% over FY21-26.
- For BSE, on the other hand, options notional ADTO has grown at CAGR of 162% and premium ADTO at a CAGR of 392% over FY21-26.
- BSE has been aggressively accruing market share, rising from ~6% of options notional turnover in FY21 to 42%+ in FY26. While BSE held a negligible share in options premium ADTO until recently, it jumped to 28% in FY26. Introduction of new products (Sensex and Bankex contracts) and shifting of the expiry day, yielded positive results for BSE.

Exhibit 24 : NSE premium/notional ADTO logs 37%/61% CAGR over FY21-26...



Source: Company, PL

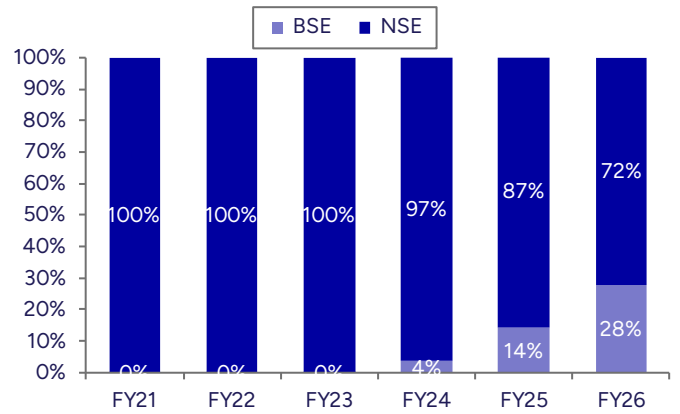
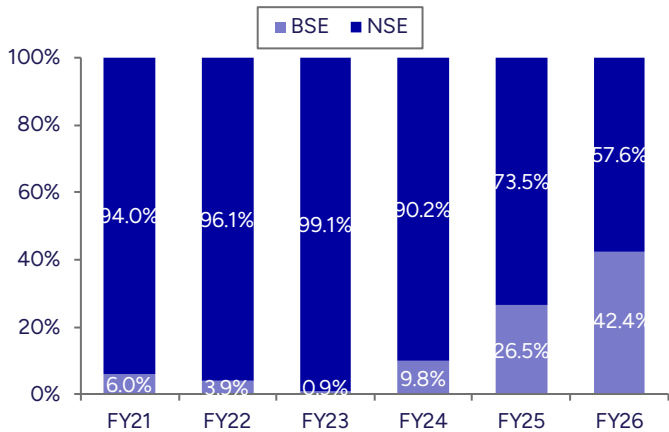
Exhibit 25 : ...while BSE has grown multi-fold



Source: Company, PL

Exhibit 26 : BSE market share in notional ADTO increases to 42%...

Exhibit 27 : ...and market share in premium ADTO rises to 28%



Source: Company, PL

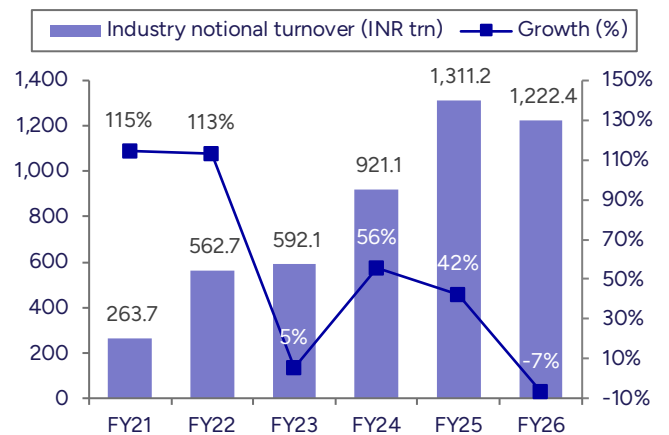
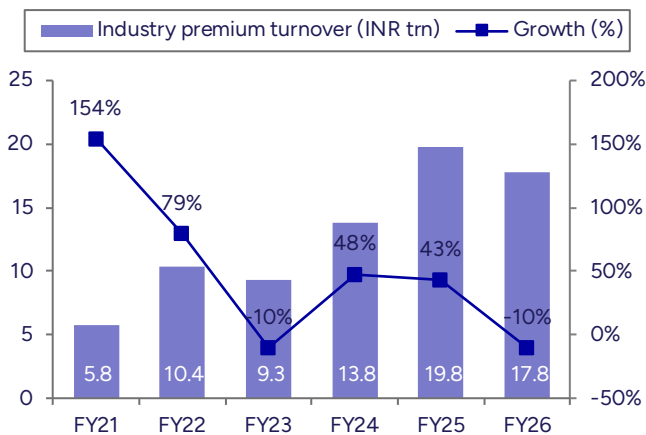
Source: Company, PL

### Limited scale in stock options

- Compared to index derivatives, stock derivatives are smaller in scale. Premium turnover in stock options rose from INR1trn in FY17 to ~INR18trn in FY26, while notional turnover increased from INR61trn to ~INR1,220trn+.
- After a sharp surge during FY21-22, activity moderated in FY23, due to tighter regulatory measures such as adoption of 100% peak margin requirements and the rollout of the T+1 settlement cycle. These measures led to a decline in trading volumes, particularly in leveraged and intraday strategies.
- Subsequently, activity recovered and remains structurally well above pre-Covid levels, highlighting the importance of derivatives as a key growth driver for exchanges.

Exhibit 28 : Stock options premium turnover logs 25% CAGR in FY21-26

Exhibit 29 : Stock options notional turnover logs 36% CAGR in FY21-26



Source: Company, PL

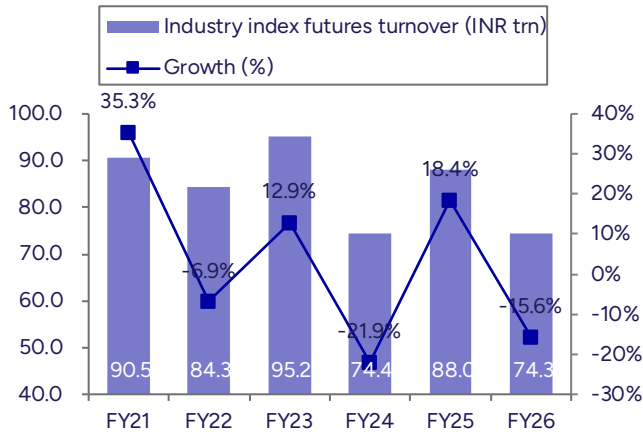
Source: Company, PL

### BSE share still negligible in index and stock futures

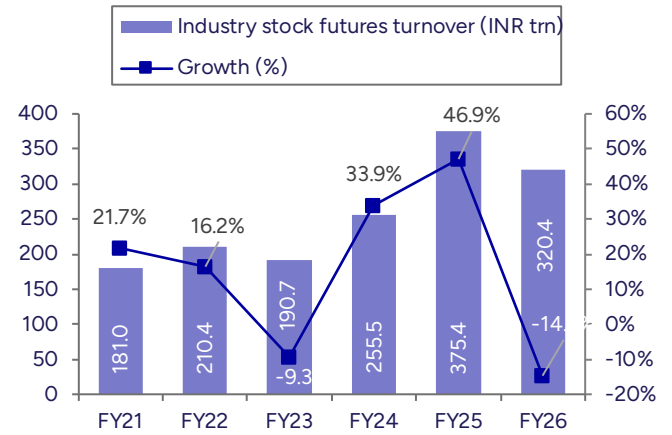
- Index and stock futures turnover scaled up materially pre-Covid, peaking around FY23, and has remained broadly range-bound thereafter. This reflects a structural shift in derivatives usage, with activity shifting toward options.
- From a market share perspective, BSE's presence remains negligible in futures, despite recent traction in the options segment.

**Exhibit 30 : Index futures turnover peaks in FY23, range-bound thereafter**

**Exhibit 31 : Stock futures turnover logs 12% CAGR over past 5 years**

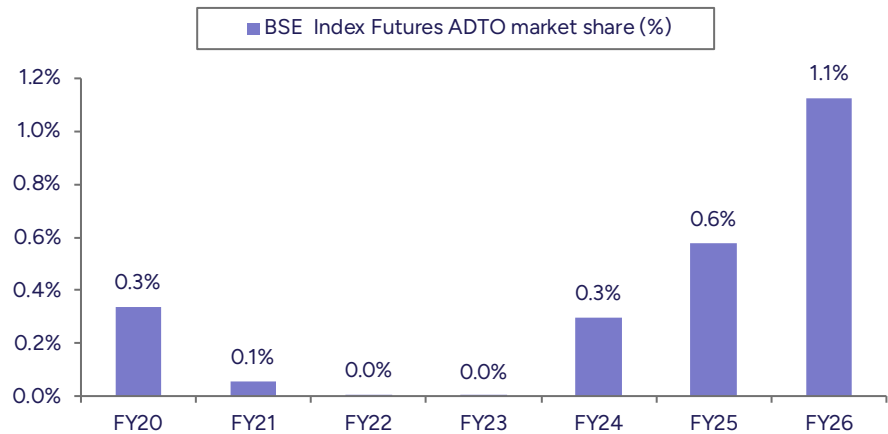


Source: Company, PL



Source: Company, PL

**Exhibit 32 : BSE's presence in index futures remains subdued**

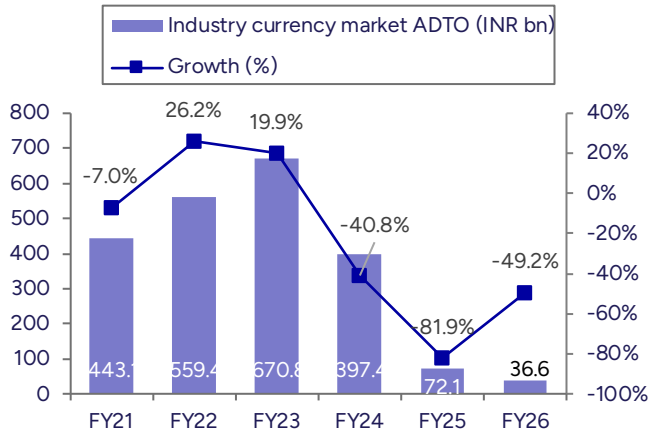


Source: Company, PL

**Currency derivatives – Strict environment hampers growth**

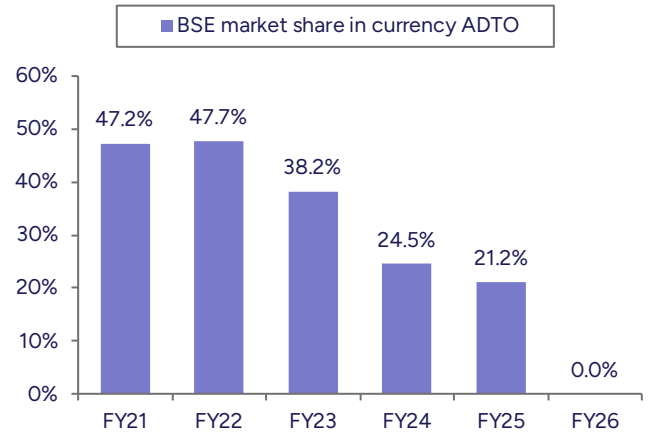
- The currency derivatives market saw a steady build-up in activity over FY14-23, with rising participation from corporates, banks, and proprietary traders, amid increased volatility in global currency markets.
- However, from FY24, activity declined sharply due to regulatory tightening by RBI, requiring exchange-traded currency derivative positions to be backed by genuine underlying exposure (Apr'24). Consequently, currency derivatives volumes corrected sharply in FY25-26.

Exhibit 33 : Industry currency market ADTO peaks in FY23



Source: Company, PL

Exhibit 34 : BSE market share in currency segment declining

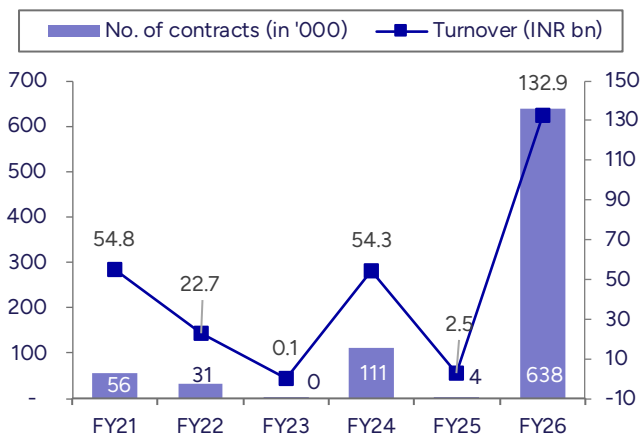


Source: Company, PL

### Commodity derivatives – New-age products to drive growth

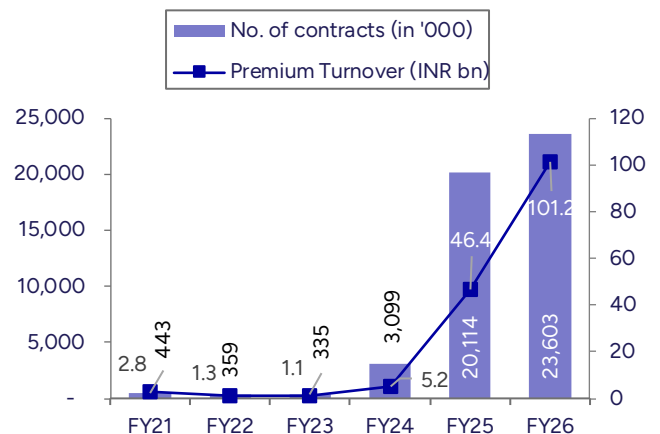
- The commodities segment comprises electricity futures, WTI crude oil, natural gas, base metals (copper, aluminum, lead, zinc, nickel), and precious metals (gold, silver).
- Commodity futures volumes declined to ~3.8k contracts in FY25 (vs. 0.14mn contracts in FY20), with turnover also subdued at INR2.5bn. However, following the introduction of electricity futures in NSE in Jul'25, activity picked up and turnover reached INR132.9bn in FY26.
- In contrast, commodity options have gained meaningful traction, with contracts increasing from 0.33mn in FY23 to ~23.6mn till FY26. Premium turnover rose sharply from INR1.1bn in FY23 to INR101.2bn in FY26.
- Overall, the segment is seeing a transition from traditional futures to options and new-age products such as electricity derivatives.

Exhibit 35 : Commodity futures contracts/ turnover soaring



Source: Company, PL

Exhibit 36 : Commodity premium turnover rises by 36x



Source: Company, PL

### Capital markets navigate a challenging regulatory environment

The sector has seen multiple regulatory changes from H2FY25, especially in the derivatives market, as regulators are focused on protecting retail investors. The regulator's move to restrict all exchanges to a single weekly expiry contract per benchmark index has impacted NSE more, as it previously had four weekly expiries compared to two for BSE.

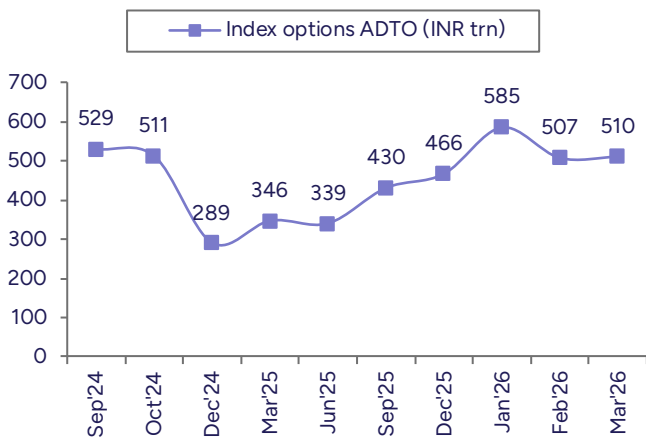
**Exhibit 37 : Key regulatory changes**

| Date    | Regulation                    | Change   |
|---------|-------------------------------|--|
| Jan'23  | Commodity derivatives         | Stock exchanges may launch multiple contracts in the same commodity  |
| May'23  | Investor Protection Fund      | Guidelines introduced for Investor Protection Fund and Investor Services Fund  |
| Aug'23  | Faster IPO listing            | Listing timeline reduced from T+6 to T+3 working days after issue closure  |
| Jan'24  | Short selling                 | Institutions disclose upfront; retail by end of day. Brokers report scrip-wise positions; exchanges publish weekly     |
| Apr '24 | Cross margin benefits         | Spread margins extended: 40%/30% for correlated indices, 35%/25% for index vs. constituents (different/same expiry)    |
| May'24  | Dynamic price bands           | Raised trade/UCC thresholds, graded cooling-off periods, and sliding bands to curb extreme volatility in derivatives   |
| May'24  | Options on commodity futures  | Options allowed on qualifying futures: min avg daily turnover of INR1bn (agri) or INR100bn (others)                    |
| Jul'24  | MII charges                   | 'True to label' framework: charges to clients must exactly match what MIIs receive – no slab-wise arbitrage            |
| Sep'24  | Margin trading facility       | Cash-collateral-funded securities can count as maintenance margin under MTF  |
| Oct'24  | Equity index derivatives      | Upfront option premium collection mandated; calendar spread benefits removed on expiry day                             |
| Oct'24  | Position limits – Derivatives | Trading member limits set to higher of INR75bn or 15% of open interest, applied separately to futures and options      |
| Apr'25  | Margin collection timelines   | Non-upfront margins (excl. VaR/ELM) in cash segment must be collected by settlement day, aligned to T+1                |
| May'25  | Derivatives expiry days       | Expiry days limited to Tuesday or Thursday; one weekly benchmark index per exchange; others shifted to monthly         |
| Jul'25  | SIF min investment threshold  | Unit freezing + 30-day rebalancing window for breaches of INR1mn minimum; auto-redemption if not resolved              |
| Sep'25  | Intraday position limits      | Entity level intraday limits for equity index options: INR50bn net, INR100bn gross                                     |
| Feb'26  | Calendar spread – Expiry day  | Calendar spread margin benefits removed for single-stock derivatives on expiry day, aligned with index derivatives     |
| Feb'26  | RBI bank guarantee norms      | Tightened collateral requirements for bank guarantees issued to exchanges/clearing corporations for margin obligations |
| Apr'26  | STT                           | STT on options increased from 0.05% to 0.0625% on premium, while STT on futures raised from 0.0125% to 0.02%           |

Source: SEBI, PL

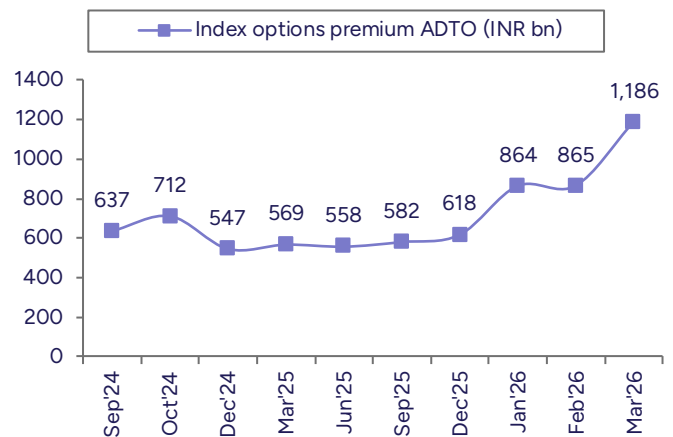
The regulatory tightening on the F&O segment led to a significant reduction in index option volumes. Between Oct'24 and Dec'24, notional index option turnover dropped by ~43%. Index option premium turnover, however, saw a drop of 23%. Weak market conditions and regulatory changes resulted in a drop in retail participation in the market, particularly at smaller ticket sizes.

**Exhibit 38 : Index option notional turnover improves post decline...**



Source: Company, PL

**Exhibit 39 : Index option premium turnover remains resilient**



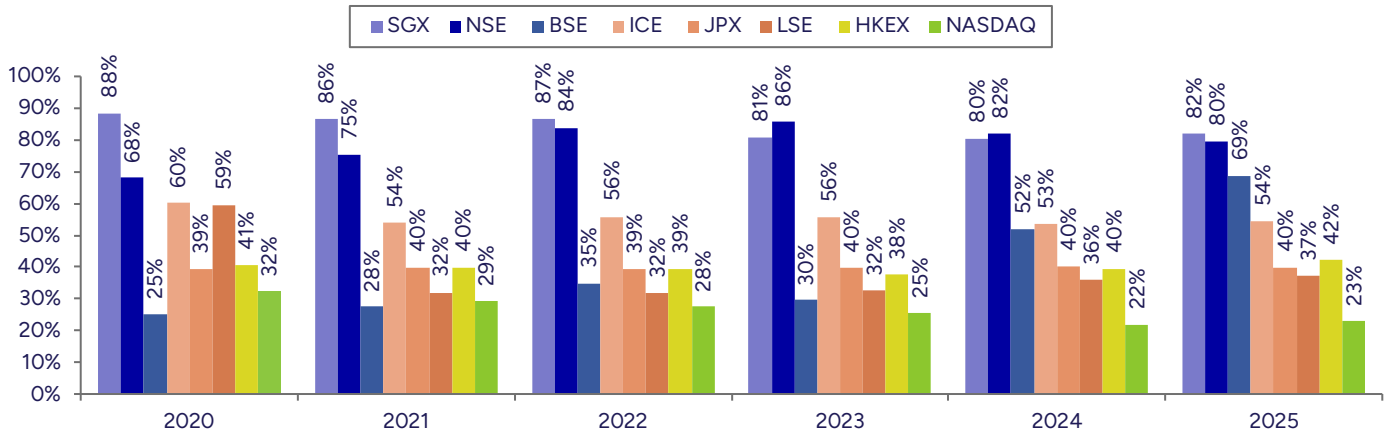
Source: Company, PL

**Comparison with global peers**

Global peers have diversified toward annuity-like revenue streams, resulting in a more stable earning profile

Indian exchanges like BSE and NSE have a significant proportion of operating revenue coming from transaction income (~79% for both BSE and NSE in FY26). This attributes higher sensitivity to market volumes and trading cycles. In contrast, global peers like ICE, NASDAQ, LSE, JPX and HKEX have diversified toward annuity-like revenue streams; 20%-60% of their revenue comes from transaction income and 50%-80% from data, technology and information services. This results in a more stable earning profile compared to volume-driven Indian exchanges.

**Exhibit 40 : Global exchanges earn 20-60% of operating revenue from transaction income vs. ~79% for BSE and NSE**



Source: Bloomberg, Company, PL Note: ICE, NASDAQ, LSE & HKEX are as per calendar year, BSE & NSE are as per financial year, and SGX is as of Jun end

Data, technology and colocation services contribute to ~10% of NSE’s revenue, while their contribution is negligible for BSE. However, both exchanges are taking steps to diversify. For example, they are ramping up colocation services with capex plans (Exhibit 66). We expect colocation income to provide an additional revenue stream for both. Other areas to focus on include index data services and electricity derivatives/ futures.

**Indian exchanges trade at a premium**

*BSE well-placed to benefit from the deepening of India’s capital markets*

Exchanges have demonstrated steady growth above market cycles with strong topline growth of ~12% on average over 2015-25. In addition, exchanges have gradually increased their EBITDA margin. When we compare consensus estimates of Indian exchanges with that of listed global peers, we see significantly higher growth expectations, along with superior return ratios. This implies that Indian exchanges trade at higher multiples due to disproportionately higher growth expectations compared to their global counterparts. In our view, a high valuation multiple captures this premium.

**Exhibit 41 : Indian exchanges trade at a premium to global peers**

| Exchange    | P/E (x) |       | P/B (x) |       | RoE (%) |       | RoA (%) |       |
|-------------|---------|-------|---------|-------|---------|-------|---------|-------|
|             | FY27E   | FY28E | FY27E   | FY28E | FY27E   | FY28E | FY27E   | FY28E |
| ICE (US)    | 16.0    | 14.5  | 2.5     | 2.4   | 14.1    | 14.4  | 2.7     | 2.9   |
| NASDAQ (US) | 20.1    | 17.5  | 3.9     | 3.6   | 18.5    | 20.2  | 7.6     | 8.5   |
| LSE (UK)    | 17.0    | 15.1  | 2.4     | 2.3   | 12.5    | 13.9  | 0.2     | 0.3   |
| HKEX (Asia) | 24.2    | 22.5  | 7.8     | 7.4   | 33.6    | 35.1  | 3.4     | 3.5   |
| SGX (Asia)  | 33.0    | 30.4  | 9.6     | 8.6   | 30.9    | 30.0  | 17.2    | 17.2  |
| BSE (Asia)  | 52.2    | 41.1  | 18.9    | 14.9  | 40.5    | 40.5  | 21.4    | 23.1  |

Source: Bloomberg, Company, PL

## Company Overview

### BSE: Asia's oldest stock exchange

Established in 1875, BSE Ltd (formerly Bombay Stock Exchange) is a diversified market infrastructure institution operating across equity cash, equity derivatives, currency derivatives, debt instruments, SME listings, MF distribution and clearing services. Its wholly owned subsidiary, Indian Clearing Corporation Ltd (ICCL) provides clearing and settlement services, enabling vertical integration and enhanced revenue capture across the trading value chain.

A key strength for BSE is StAR MF, India's largest MF transaction platform by volume, which benefits structurally from rising SIP flows and distributor digitalization. It is a corporatized entity, with a broad shareholder base. At the end Mar'26, the company had 10.4mn Unique Client Codes (UCC) on its platform with a market cap of INR1.1trn.

#### Exhibit 42 : Key milestones

| Year | Milestone  |
|------|--|
| 1875 | Founded by Premchand Roychand as Native Share & Stockbrokers Association                                       |
| 1921 | Centralized operations at Dalal Street   |
| 1957 | Got permanent recognition under SCRA for legal framework of operations   |
| 1986 | Launched Sensex, India's first stock market index and economic barometer                                       |
| 1987 | Set up Investor Protection Fund  |
| 1990 | Touched 4-digit figure for the first time; closes at 1,001 points  |
| 1993 | Withstood the Mumbai bomb blasts; resumed trading the next working day after the blasts                        |
| 1995 | Launched BOLT, India's first online trading system   |
| 1999 | Crossed 5,000 points mark in Oct   |
| 2001 | Launched BSEWEBX.com, world's first centralized internet trading system  |
| 2005 | Exchange got corporatized and demutualized   |
| 2006 | Closed above 10,000-mark for the first time  |
| 2009 | Introduced StAR MF platform  |
| 2010 | First exchange in India to enable mobile-based trading   |
| 2012 | Launched BSE SME platform  |
| 2013 | Launched currency derivatives  |
| 2014 | Crossed 25,000 points mark in Oct  |
| 2017 | Launched India INX at GIFT City and became the country's first listed stock exchange                           |
| 2021 | Sensex breached the 50,000 mark  |
| 2023 | Relaunched Sensex & Bankex derivatives   |
| 2024 | Asia Index Pvt Ltd became a wholly owned subsidiary of BSE   |
| 2025 | Shifted Sensex weekly expiry to Thursday and Bankex monthly expiry to Thursday                                 |
| 2026 | Signed MoU with Department of Posts for distributing MFs; launched BSE StAR NPS and BSE-focused IT derivatives |

Source: Company, PL

### Diversified business model with distinct growth drivers

BSE operates across 6 business lines, each having different revenue drivers and cost structures:

- **Transaction charges** such as those linked to cash markets, equity derivatives and BSE StAR MF:
  - **Cash equity:** Transaction charges on delivery and intraday trades, with a flat pricing structure (~INR375 per INR10mn of turnover). BSE held ~7% market share in cash equities in FY26

- **Equity derivatives:** Transaction charges on index options/futures (weekly and monthly expiries), primarily linked to Sensex contracts. Revenue is a function of premium ADTO × charge rate (~INR3,250 per INR10mn of premium turnover as of Mar'26). This segment accounted for ~83% of transaction income in FY26
- **BSE StAR MF:** India's largest MF transaction platform with 87% market share, charging ~INR3.5 per order processed to AMCs. The platform processed ~841mn orders in FY26
- **Services to corporates:** Annual listing fees, IPO/book-building fees and company reinstatement fees
- **Data dissemination fees and colocation services:** Rack rental (INR1.2mn per annum for 6kVA; INR2.5mn per annum for 15kVA) and throttle/MPS charges (introduced in Jun'25)
- **Treasury & investment income:** Returns on the clearing and settlement fund corpus (ICCL), and BSE's proprietary investment book

**Exhibit 43 : Integrated business model**

| Revenue stream                                   | Nature                    | Key details   |
|--|---------------------------|---|
| Transaction charges                              | Linked to market activity | - Linked to market activity to an extent - Linked to market activity levels and household savings and investments   |
| Treasury income on clearing and settlement funds | Linked to market activity | - Linked to market activity to an extent - Linked to interest rates and, to an extent, market activity since higher activity leads to more margin deposits by members   |
| Other securities services                        | Recurring                 | - Primarily consists of charges recovered from members for network connectivity   |
| Services to corporates                           | Recurring                 | - Mostly derived from listing income that is not impacted by market activity - Dependent on number of listed entities and hence is a recurring revenue stream - Potential for increase if amount charged is increased |
| Data dissemination fees                          | Recurring                 | - Impacted primarily due to level of subscriptions and revision in pricing policies - Contributes only 4–5% in India compared to 10–25% in developed markets  |
| Income from investments and deposits             | Recurring                 | - Linked to investment yields   |
| Other income                                     | Recurring                 | - Mostly derived from rent, training institute, etc., which are stable sources of income  |

Source: Company, PL

**Best-in-class, real-time platform for execution**

BSE conducts its trading operations primarily through the BSE On-Line Trading (BOLT) system and BOLT+ On Web (BOW) platform. Both are fully electronic systems designed to facilitate fast, efficient and transparent trading.

- **BOLT:** BOLT employs a 2-tier architecture, where trader workstations connect directly to the backend server, which functions as both a communication hub and the central trading engine (CTE). The system also provides a test and simulation environment (BOLT+ test environment) for equities, equity derivatives, and currency derivatives. Members can connect via high-performance messaging interfaces such as ETI and FIX with advanced trading strategies and automated systems.
- **BOW:** The front-end platform delivers real-time market data, views, analytics, order management and risk management functions.

## Investment Arguments

### Gaining traction in the cash segment

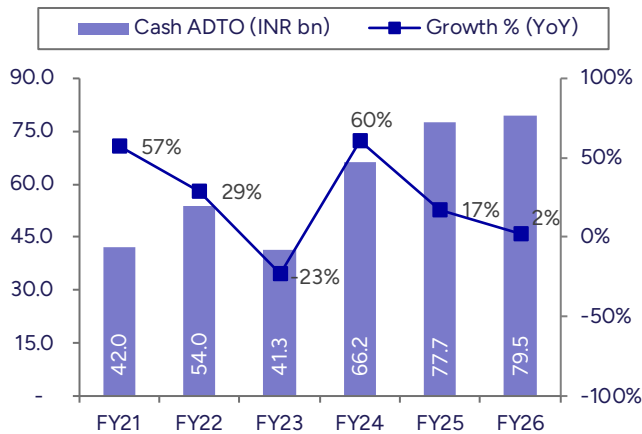
*BSE's cash market share is poised to benefit from SOR and CCN implementation.*

The cash segment has been dominated by NSE (93% share in FY26). However, BSE has recently gained traction – its share has improved from 5.6% in Jan'25 to 7.0% in Mar'26. We expect BSE's market share to expand further with the implementation of SOR and CCN.

- **SOR** enables automated routing of client orders across trading venues/ exchanges to secure the best possible execution based on price, liquidity, speed, and cost.
- **CCN** replaces multiple contract notes with a single consolidated document, reflecting the volume weighted average price across venues/ exchanges.

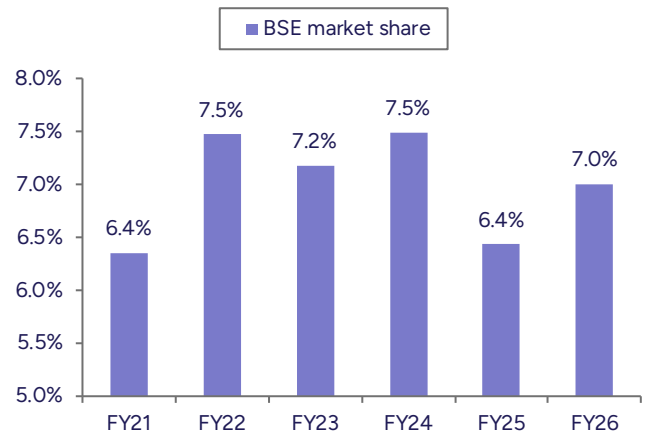
With SOR and CCN in place, brokers and trading apps (such as Zerodha) are likely to execute orders purely on liquidity and execution quality, rather than preference for a particular exchange. This framework levels the playing field, allowing BSE's liquidity pool to be accessed at par with NSE's. The shift is expected to drive higher volumes on BSE.

Exhibit 44 : Cash ADTO clocks 14% CAGR over FY21-26



Source: Company, PL

Exhibit 45 : BSE market share sustaining at 7% in FY26

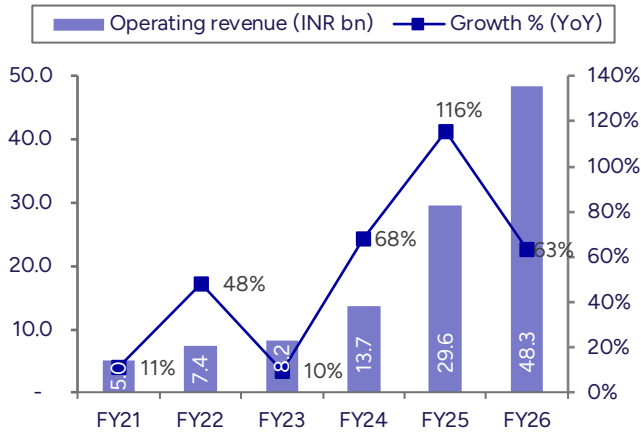


Source: Company, PL

### Rapid scale-up in equity derivatives

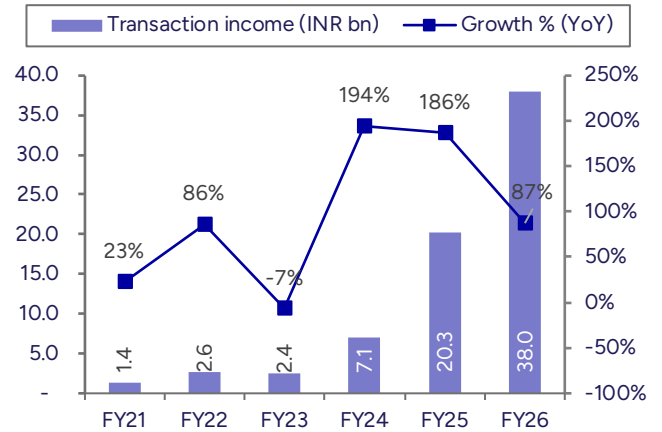
Over FY23-26, BSE saw a jump in operating revenue (80%+ CAGR) led by the ramp-up of its equity derivatives business. Further, the relaunch of its Sensex and Bankex derivatives contracts in May'23, with lower lot sizes and new expiry days (Sensex on Friday, Bankex on Monday), resulted in ~16x growth in transaction income.

Exhibit 46 : Jump in operating revenue over FY23-26...



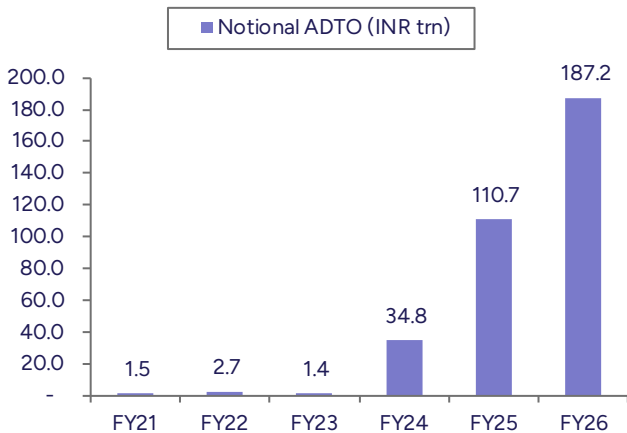
Source: Company, PL

Exhibit 47 : ...led by ramp-up in transaction income



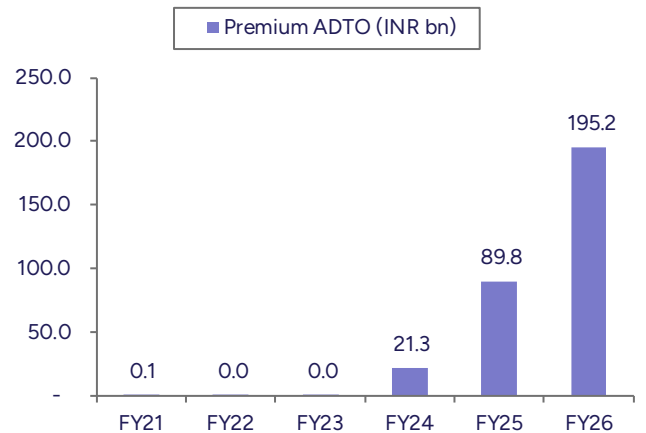
Source: Company, PL

Exhibit 48 : Index options notional ADTO surges 123x over FY21-26...



Source: Company, PL

Exhibit 49 : ...with strong ramp-up in index options premium ADTO

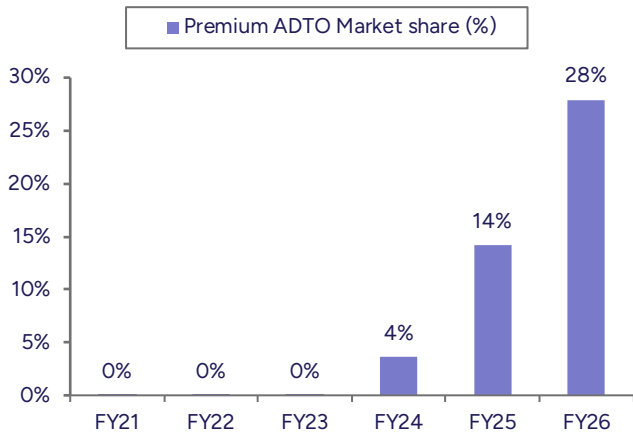


Source: Company, PL

*Sensex/Bankex revamp fuelled strong derivatives traction, with options market share reaching ~28% in FY26.*

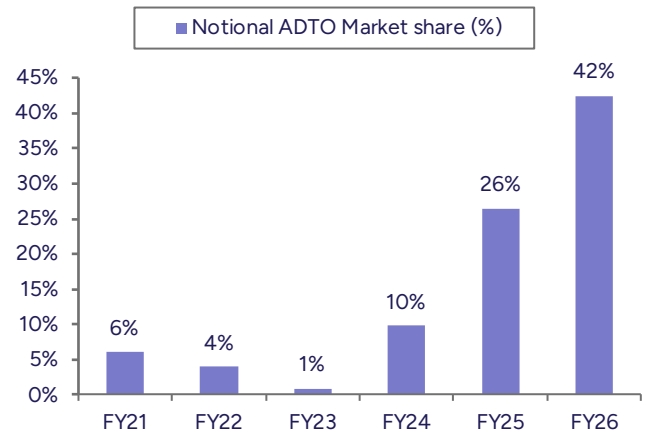
BSE's index options premium turnover market share grew from 3.7% in FY24 to 14.1% in FY25 and further to ~28% at end-FY26. Its market share in notional turnover, which averaged ~24% during Apr-Nov'24, rose sharply to 30% in Dec'24 and 42.4% in FY26. As of FY26, BSE's equity derivatives segment saw ~10.4mn UCCs with 586 members trading. Apart from this, the minimum lot size has increased for all the products, resulting in higher revenue depending on the volume and client interest.

Exhibit 50 : Index options premium turnover mkt share expands to 28%...



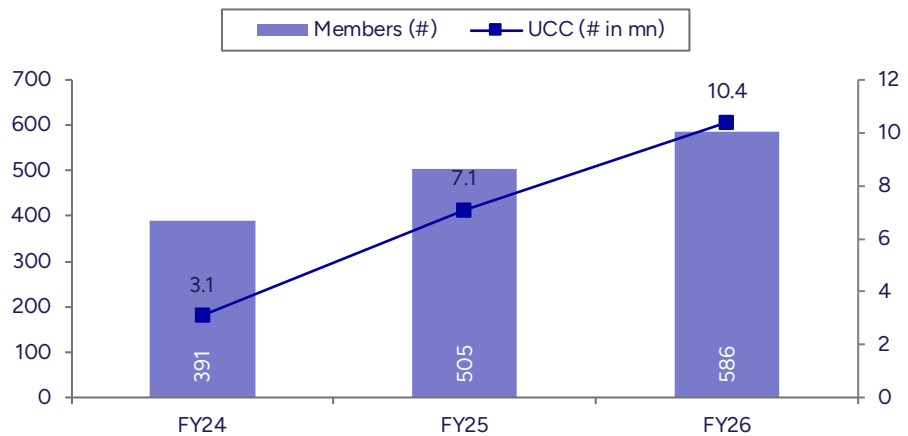
Source: Company, PL

Exhibit 51 : ...while market share in notional turnover improves to 42%



Source: Company, PL

Exhibit 52 : Strong growth in UCC/ members trading in equity derivatives



Source: Company, PL

**Single weekly expiry framework changes the game:** In Nov'24, SEBI introduced a regulation restricting exchanges to weekly expiry contracts for only one benchmark index. Prior to this, BSE had 3 weekly expiries – Sensex, Bankex, and Sensex 50 – while NSE offered 5 – Nifty 50, Bank Nifty, Nifty Financial Services, Nifty Midcap Select, and Nifty Next 50. Following the new guidelines, BSE retained Sensex as its weekly expiry product, while Bankex and Sensex 50 were shifted to a monthly cycle. Similarly, NSE chose Nifty as its weekly contract, with the remaining indices moving to monthly expiry.

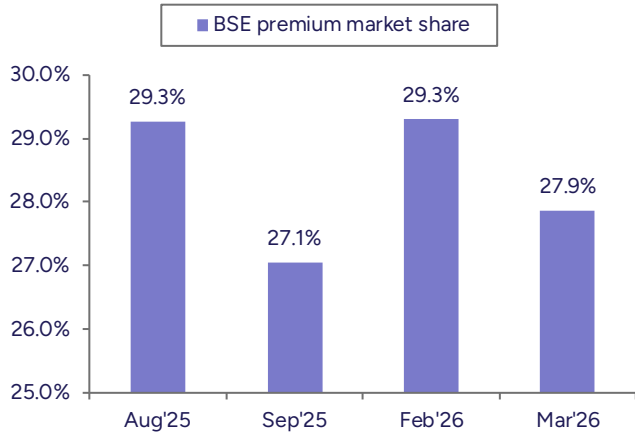
Exhibit 53 : Change in expiry day

| Index        | Particulars                          | Period  | Old expiry                          | New expiry                        |
|--------------|--------------------------------------|---------|-------------------------------------|-----------------------------------|
| BSE SENSEX   | SENSEX weekly contracts              | Weekly  | Tuesday                             | Thursday                          |
|              | SENSEX monthly, long-dated contracts | Others  | Last Tuesday of the expiry month    | Last Thursday of the expiry month |
| BSE BANKEX   | BANKEX monthly contracts             | Monthly | Last Tuesday of the expiry month    | Last Thursday of the expiry month |
| BSE SENSEX50 | SENSEX50 monthly contracts           | Monthly | Last Tuesday of the expiry month    | Last Thursday of the expiry month |
| BSE Stocks   | Monthly contracts                    | Monthly | Second Thursday of the expiry month | Last Thursday of the expiry month |

Source: PL

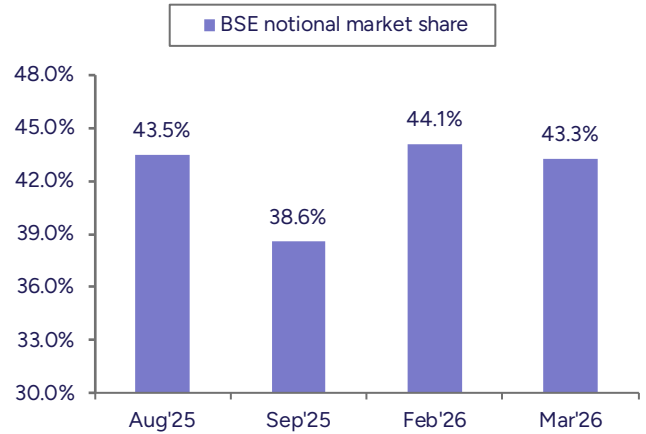
BSE's index options weekly expiry was on Tuesday from 1<sup>st</sup> Jan'25 to 31<sup>st</sup> Aug'25. This was changed to Thursday from 1<sup>st</sup> Sep'25. There were initial concerns that BSE's market share in index options would decline post the shift – eliminating its earlier first-mover advantage. On the contrary, the exchange has managed to retain its market share. As of Mar'26, its market share in index options premium/ notional turnover was stable at 28%/ 43%.

**Exhibit 54 : BSE retains premium mkt share in index options...**



Source: Company, PL

**Exhibit 55 : ...with stable mkt share in notional turnover post expiry shift**



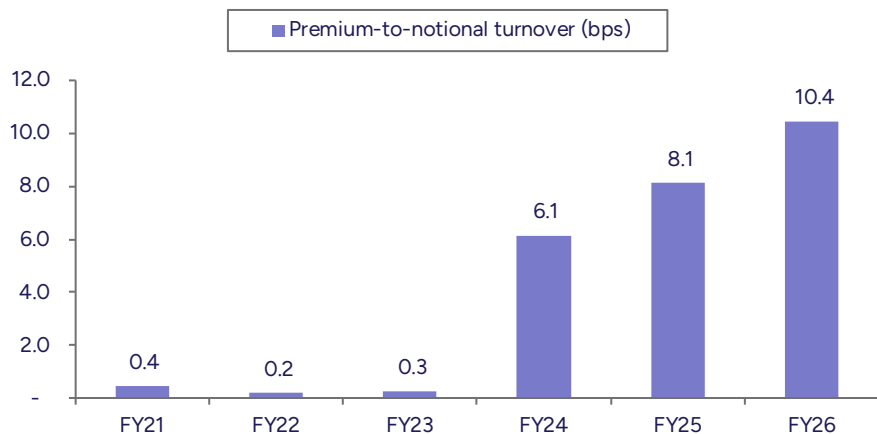
Source: Company, PL

While notional volume and turnover were impacted by the new F&O regulations, BSE saw its premium turnover stabilizing with increasing volumes on non-expiry days. By promoting trading in longer dated contracts and on non-expiry days, the company focused on enhancing overall profitability, as higher premium per contract reduces the impact of direct costs like clearing and regulatory fees. This is because clearing charges are based on the number of contracts, while regulatory fees depend on notional turnover.

*Premium-to-notional turnover improved reflecting better monetization and healthier trading activity.*

This can be seen in the improvement in premium-to-notional turnover (from ~6bps in FY23 to ~10bps in FY26), reflecting stronger monetization per unit of volume. This shift is linked to reduced concentration on expiry days, with trading activity increasingly distributed across the week.

**Exhibit 56 : Premium-to-notional turnover improves to ~10bps in FY26**

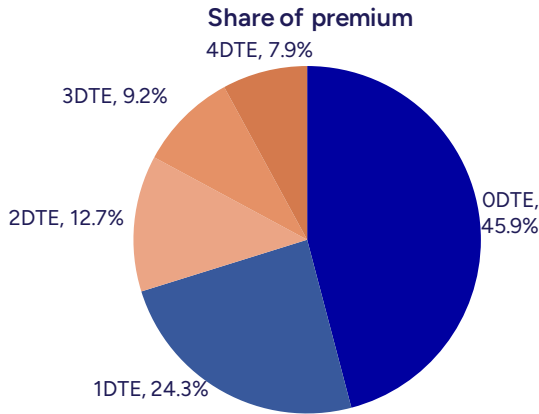


Source: Company, PL

*Improving liquidity beyond expiry days is supporting sustainable market share gains and premium realization.*

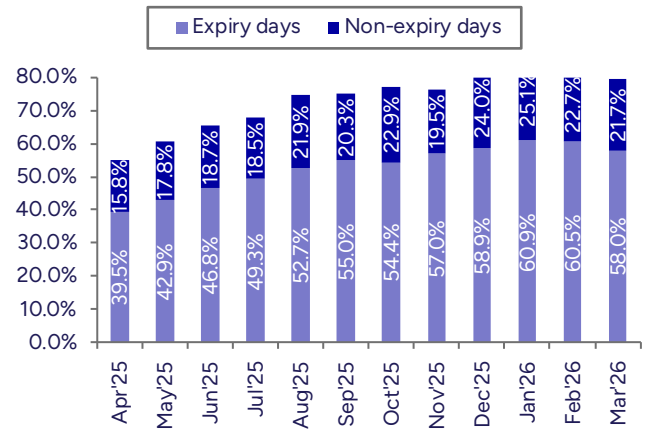
In FY26, ~70% of premium turnover was concentrated in ODTE and 1DTE buckets. Further, BSE captures ~58% share on its own expiry day (up from ~40% in Apr'25). Its market share across non-expiry days has also increased. Improving liquidity and higher participation from institutional and algorithmic players are likely to further boost market share.

Exhibit 57 : ~70% of premium t/o concentrated in ODTE/ 1DTE buckets



Source: Company, PL

Exhibit 58 : BSE share increases across non-expiry days



Source: Company, PL

BSE initially charged INR50 per mn of premium turnover, but later moved to a slab-based structure in Nov'23 to cover clearing and settlement costs and support Bankex growth, and subsequently revised the structure in May'24. Post implementation of the 'true to label' framework in Oct'24, BSE shifted to a flat fee of INR325 per mn of premium turnover.

Exhibit 59 : Transaction charges – Index options at INR325 per mn; cash at INR37.5 per mn

| Charges (INR per mn)    | BSE   | NSE   |
|-------------------------|-------|-------|
| Equity cash             | 37.5  | 29.7  |
| Equity futures          | -     | 17.3  |
| Equity index options    | 325.0 | 350.3 |
| Currency futures        | 4.5   | 3.5   |
| Currency options        | 10.0  | 311   |
| Commodity futures       | -     | 1.0   |
| Commodity options       | -     | 10.0  |
| Sensex 50/stock options | 50.0  | -     |

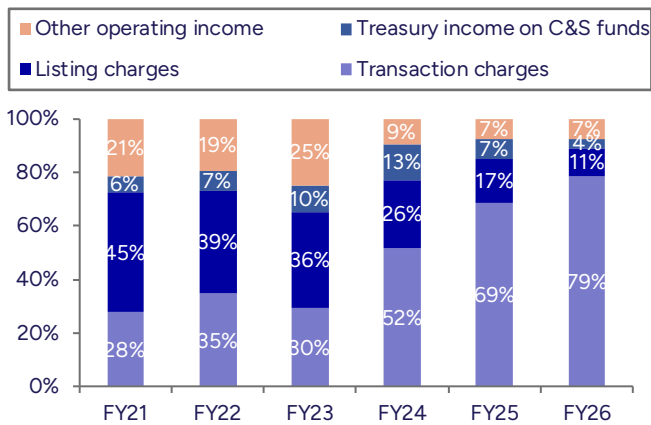
Source: Company, PL

Recently, BSE has launched a new Focused IT Index (May'26) and received approval to launch 2 additional indices (BSE Focused MidCap and Sensex Next 30) with monthly expiries. While BSE offers single-stock derivatives, it continues to focus on scaling index derivatives, where traction is visible.

### Diversifying sources of revenue

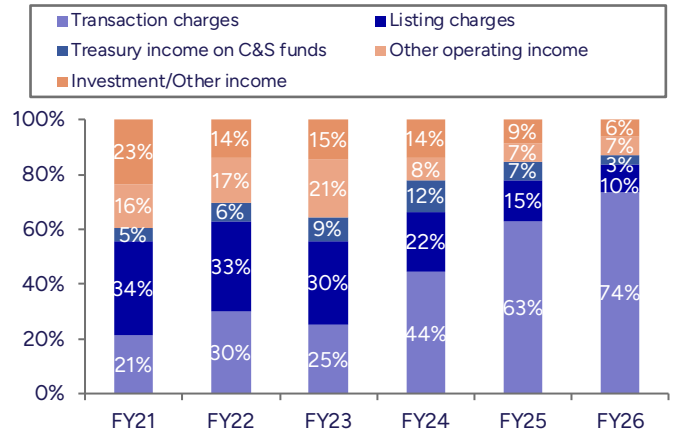
BSE's revenue streams include trading and transaction fees, clearing and settlement charges, listing fees, colocation charges, MF transactions (StAR MF), indices licensing and data services, etc. While some lines are directly linked to market activity/ trading volumes and are susceptible to market cycles, company is diversifying to steady, recurring revenue streams.

Exhibit 60 : Transaction income forms 79% of operating revenue...



Source: Company, PL

Exhibit 61 : ...while it covers 74% of total revenue in FY26



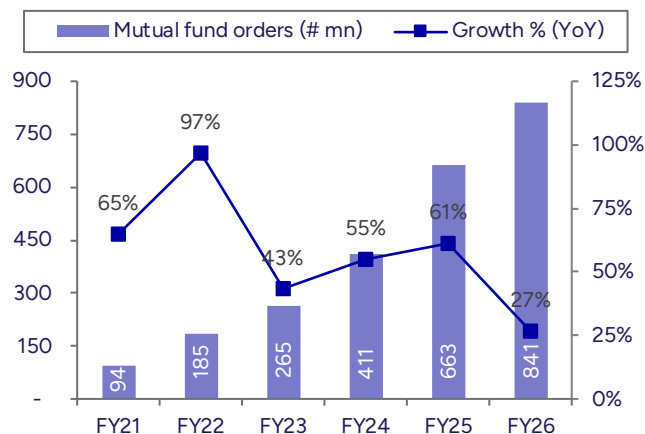
Source: Company, PL

**Strong growth from StAR MF platform**

- BSE StAR MF (stock exchange platform for allotment and redemption of MF units) is a browser-based, fully automated transaction processing system for MFs. The platform is mostly used by MF intermediaries (distributors and advisors) to process transactions for their clients.
- The ecosystem was supported by 50 AMCs, ~83,280 MFDs, and ~281mn registered investors as of FY26.
- Distributors carry out administrative tasks such as mandate registration, order placement, and execution follow-ups, while funds are debited directly from the client’s account. BSE dominates this segment with a market share of ~87% in FY26.
- The platform has seen steady growth in participation, with registered investors expanding from ~51mn in FY21 to 281mn in FY26 and order volumes from 94mn to 841mn. Revenue per order has been maintained at INR3.4 at end FY26 vs. INR3.6 in FY21.
- Unlike transaction charges, this revenue stream is linked to SIP mandates and redemption activity, which remain relatively stickier across market cycles. With rising popularity of SIPs, we expect the momentum to sustain.

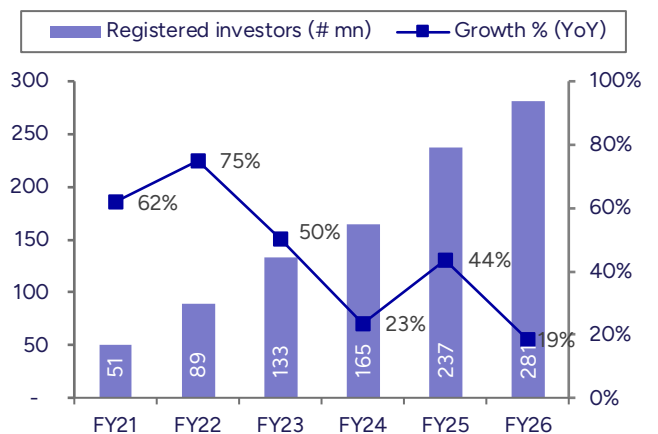
*StAR MF remains a sticky, revenue stream benefiting from rising SIP penetration*

Exhibit 62 : MF orders see steady growth



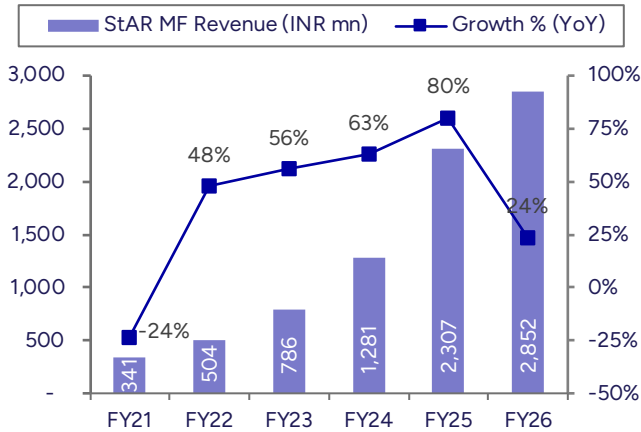
Source: Company, PL

Exhibit 63 : Registered investors/ MFs expand



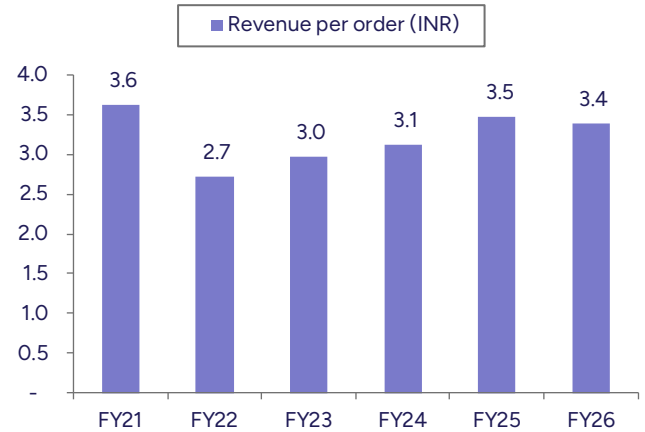
Source: Company, PL

Exhibit 64 : StAR MF seeing strong growth in revenue...



Source: Company, PL

Exhibit 65 : ...with stable realization

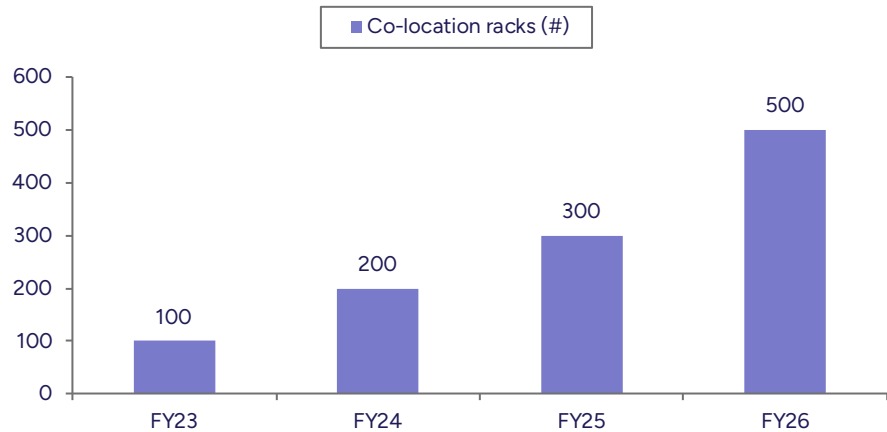


Source: Company, PL

**Colocation revenue to drive other income**

- Colocation attracts high-frequency/ algorithmic traders and institutional investors, driving volumes for long-dated options, with higher realizations at lower costs.
- Colocation services revenue comprise two parts: (1) rental income (INR1.2mn per annum for renting a 6kVA rack and INR2.5mn for a 15kVA rack) and (2) throttle charges based on messages per second.
- As of FY26, the company had ~500 racks (vs. 300 in FY25). We expect the colocation business (contributed ~3% of FY26 revenue) to grow over FY26-28E.

Exhibit 66 : BSE focusing on continued capex in colocation racks



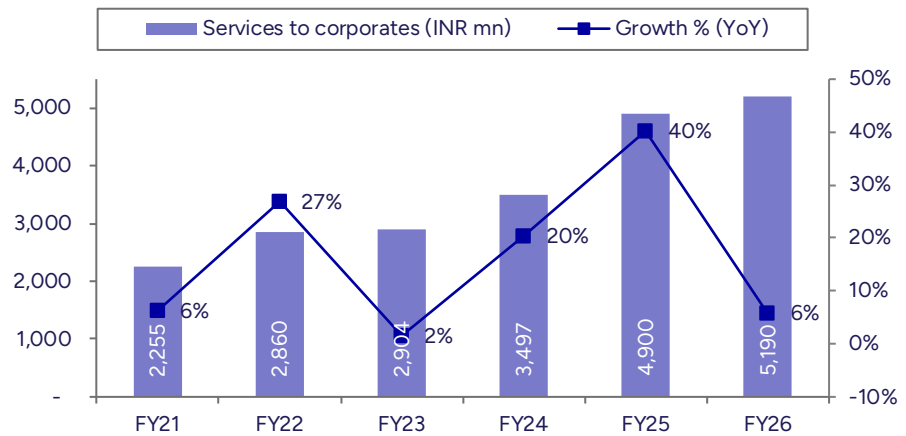
Source: Company, PL

**Listing business – Decent pipeline for FY26-28E**

- BSE's services to corporates segment grew at 18% CAGR over FY21-26. The segment's revenue consists of (1) stable annual listing fees and (2) variable component linked to capital market activity (listing processing, book building, and related services).

- The listing business saw steady growth of ~10% CAGR over FY21-26, contributing to ~5% of overall revenue. In FY26, BSE hosted 255 new equity listings across its main and SME boards, raising INR1.8trn. As of Mar'26, more than 5,500 companies were listed on BSE.
- The more dynamic component (listing processing and book building fees) grew at 30% CAGR over FY21-26, reflecting strong primary market activity.
- However, near-term geopolitical developments are likely to delay primary issuance activity in FY27. We expect segment revenue to see stable growth over FY26-28E, supported by a strong IPO pipeline - Reliance Jio Platforms and SBI AMC.

**Exhibit 67 : Services to corporates grow at 18% CAGR over FY21-26**



Source: Company, PL

**Exhibit 68 : Tariff structure for listing fees based on paid-up capital**

| Charges (INR per mn)      | BSE  | NSE  |
|---------------------------|--|--|
| Initial listing fees      | 20,000   | 50,000   |
| Up to INR1bn              | 285,000  | 300,000  |
| >INR1bn and up to INR2bn  | 360,000  | 380,000  |
| >INR2bn and up to INR3bn  | 465,000  | 490,000  |
| >INR3bn and up to INR4bn  | 565,000  | 595,000  |
| >INR4bn and up to INR5bn  | 695,000  | 730,000  |
| >INR5bn and up to INR10bn | 700,000 + 4,560 for every increase of INR50mn or part thereof above INR5bn in the paid-up share capital    | 735,000 + 4,800 for every increase of INR50mn or part thereof above INR5bn in the paid-up share capital    |
| Above INR10bn             | 11,60,000 + 4,870 for every increase of INR50mn or part thereof above INR10bn in the paid-up share capital | 12,20,000 + 5,125 for every increase of INR50mn or part thereof above INR10bn in the paid-up share capital |

Source: Company, PL

**Exhibit 69 : IPOs in the pipeline**

| Company                    | Sector              | Expected size               | Status               | Est window       |
|----------------------------|---------------------|-----------------------------|----------------------|------------------|
| Jio Platforms              | Telecom / Digital   | ~INR350bn                   | Preparing DRHP       | FY27             |
| NSE                        | Exchange            | ~INR220bn                   | Preparing DRHP       | FY28             |
| SBI Funds Management       | Asset management    | ~INR130bn                   | Filed DRHP in Mar'26 | FY27             |
| PhonePe                    | Fintech             | ~INR120bn                   | Preparing DRHP       | NA               |
| Zepto                      | Quick commerce      | ~INR110bn                   | DRHP confidential    | Jul-Sep'26       |
| Manipal Health Enterprises | Healthcare          | ~INR80bn                    | Filed DRHP in Mar'26 | H2FY27           |
| OYO (Prism)                | Hospitality         | ~INR66.5bn                  | Filed DRHP           | FY27             |
| Flipkart                   | E-commerce          | TBD (US\$40-70bn valuation) | Filing DRHP          | Late FY27 / FY28 |
| Zetwerk                    | B2B manufacturing   | ~INR42bn                    | DRHP confidential    | FY27             |
| Hero FinCorp               | NBFC                | ~INR37bn                    | Filed DRHP           | FY27             |
| InCred Holdings            | Financial services  | INR30-40bn                  | Filed updated DRHP   | FY27             |
| Garuda Aerospace           | Defense/ Drone tech | ~INR10bn                    | Filed DRHP           | FY27             |

Source: Company, PL

**Index services- spread across categories**

- BSE Index Services Pvt Ltd (BISPL), formerly Asia Index Pvt Ltd, became a wholly owned subsidiary of BSE in Jun'24. The Sensex remains one of India's oldest and most widely recognized equity indices.
- Beyond Sensex, BISPL manages 200+ indices across broad market, sectoral, thematic, strategic equity, and fixed income categories, with ~INR9.2trn of AUM (FY26) tracked across passive products and benchmarking mandates.
- BISPL also provides iNAV calculation services for ETFs, with 100 passive products tracking 34 indices and ~INR2.5trn AUM (FY26).

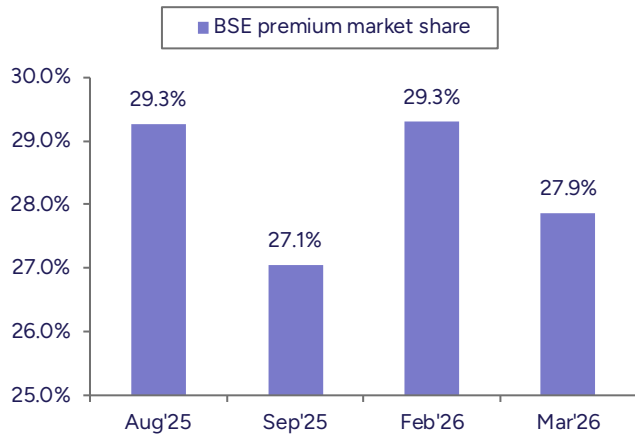
**Data services- slowly increasing offtake**

- BSE provides data such as trade prices, order book depth, indices, and reference data, to market participants, data vendors, media companies and third parties.
- BSE's global distribution is enabled through its partnership with Deutsche Börse (since Oct'13), which acts as the exclusive international licensor and sales agent for BSE market data products.
- Deutsche Börse is jointly involved in product development and innovation, including data solutions for IPOs, rights issues, OFS transactions, and other primary market events, while BSE continues to serve domestic clients directly.
- Increasing offtake of BSE products could enable it scale-up in the segment.

**BSE can skillfully navigate regulatory hurdles**

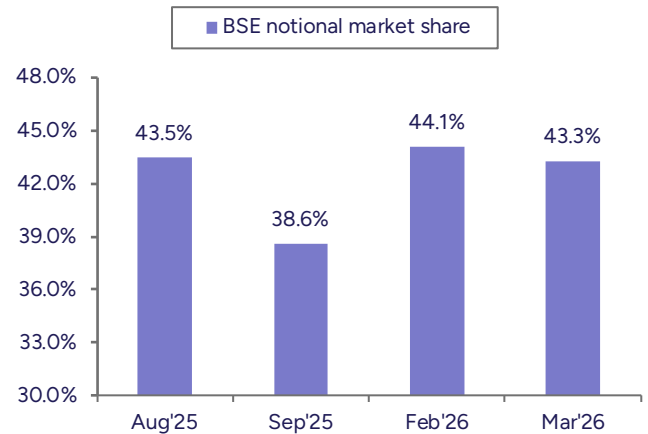
There were initial concerns that BSE's market share in index options would decline following the shift of its expiry day from Tuesday to Thursday – eliminating its earlier first-mover advantage. On the contrary, the exchange has managed to retain its market share.

Exhibit 70 : BSE retains premium mkt share in index options...



Source: Company, PL

Exhibit 71 : ...with stable mkt share in notional turnover post expiry shift



Source: Company, PL

**Shift to fortnightly/ monthly expiry to impact PAT:** Over the past year, the derivatives market in India, especially index options, have seen a significant increase in trading volumes. This has raised concerns about excessive speculative activity, heightened volatility and risks to retail investors with limited knowledge or experience. Recent news suggest that weekly options expiries may be shifted to a fortnightly or monthly cycle, to curb the surge in index options trading.

Our sensitivity analysis, taking FY26 as the base case, identifies two scenarios:

- **Shift to fortnightly expiry:** Premium ADTO is expected to decline by 25%, resulting in a decline of 16%/ 17% in FY27 total revenue/ PAT.
- **Shift to monthly expiry:** Premium ADTO is expected to decline by 40%, resulting in a decline of 26%/ 27% in FY27 total revenue/ PAT.

Exhibit 72 : Expect a dent of 17%/ 27% on FY27E PAT, in case of a shift in expiry

| (INR mn)                           | Shift to fortnightly expiry | Shift to monthly expiry    |
|------------------------------------|-----------------------------|----------------------------|
|                                    | FY27                        | FY27                       |
| <b>Base case</b>                   |                             |                            |
| Revenue from operations            | 60,099                      | 60,099                     |
| Net profit                         | 31,258                      | 31,258                     |
| <b>Bear case</b>                   |                             |                            |
|                                    | <b>ADTO reduces by 25%</b>  | <b>ADTO reduces by 40%</b> |
| Revenue from operations            | 50,239                      | 44,323                     |
| Decline in revenue from operations | 9,860                       | 15,777                     |
| % decline                          | 16.4%                       | 26.3%                      |
| Net profit                         | 25,941                      | 22,751                     |
| Decline in net profit              | 5,317                       | 8,507                      |
| % decline                          | 17.0%                       | 27.2%                      |

Source: Company, PL

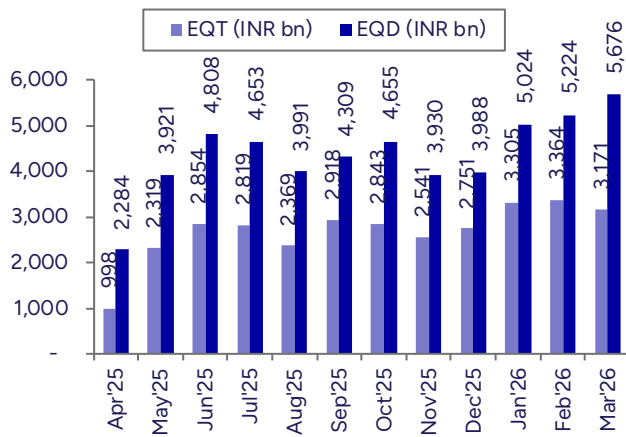
While this remains a key overhang on the stock and will likely impact near-term profitability, we believe that BSE can tactfully navigate regulatory changes (like in the past). We remain confident of the exchange's ability to deliver strong growth (revenue CAGR of 24% over FY26-28E) and profitability (PAT CAGR of 27%).

### Easy access to a clearing backbone

ICCL, a wholly owned subsidiary of BSE Ltd, was established in 2007 and acts as the central counterparty for trades executed on BSE. It performs clearing, settlement, collateral management and risk management functions across segments, including equity cash, equity derivatives, currency derivatives, commodity derivatives and debt markets. ICCL also settles transactions executed on BSE's StAR MF platform.

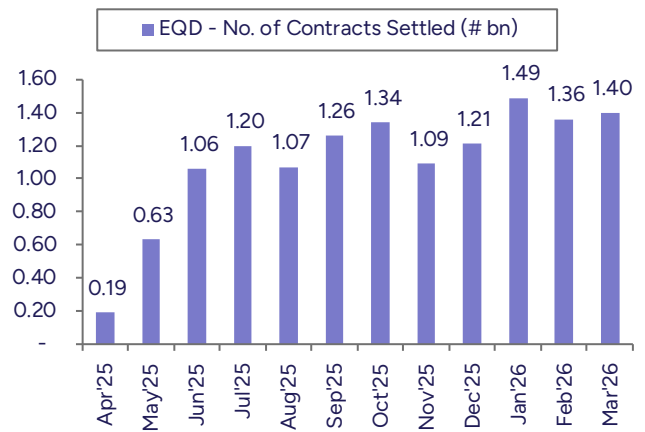
- With the introduction of interoperability, BSE has increasingly routed settlement of trades through its wholly owned subsidiary, ICCL. This has boosted revenue, i.e., settlement fees that was earlier paid to external clearing corporations are accruing to ICCL.
- Apart from clearing fees, ICCL also generates income from treasury operations on collateral and margin deposits maintained by clearing members (~3% of total revenue). With an increased share of trades settled through ICCL, the collateral base managed by the clearing corporation has also expanded, supporting higher treasury income.

Exhibit 73 : Healthy settlement activity continues...



Source: Company, PL

Exhibit 74 : ...with contract volumes maintaining momentum



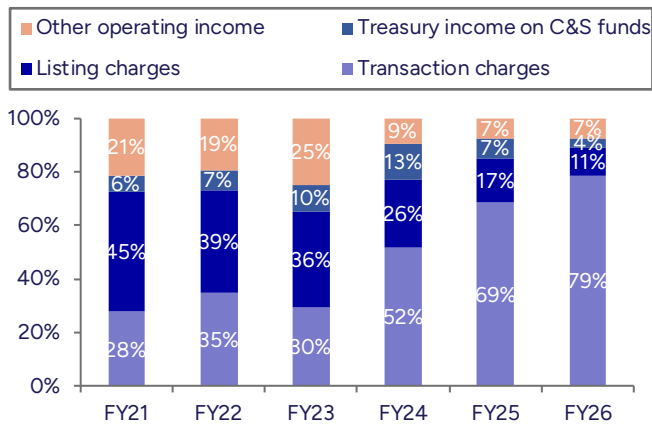
Source: Company, PL

## Valuation and Outlook

### Key assumptions

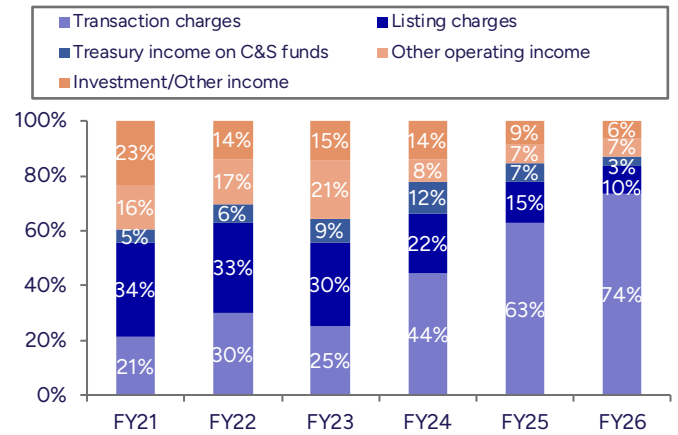
BSE's revenue grew at 51% CAGR over FY21-26 to INR51.5bn. Within this, the mix is largely skewed toward transaction income, contributing to 79%/ 74% of operating revenue/ total revenue.

Exhibit 75 : Transaction income forms 79% of operating revenue...



Source: Company, PL

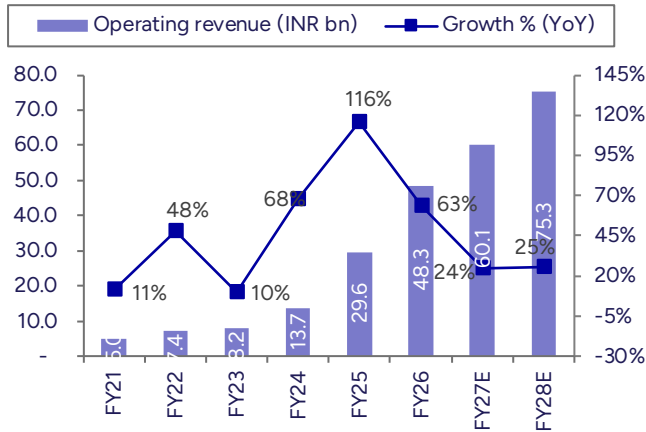
Exhibit 76 : ...while it covers 74% of total revenue in FY26



Source: Company, PL

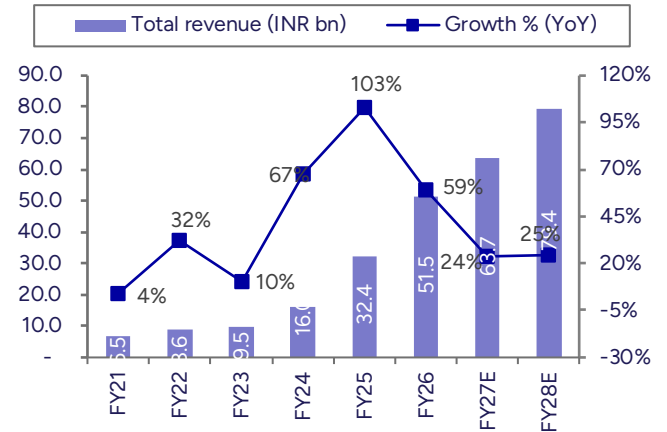
- We build in ~41% CAGR in cash transaction income over FY26-28E, factoring an increase in volume (NSE IPO) and market share.
- Within index options, we expect BSE's market share to improve to 32% by FY28 (vs. ~28% in FY26). We build in ~25% CAGR in notional volume and expect premium-to-notional of 10.6bps for FY27E/FY28E supported by gaining traction in non-expiry days, reflecting improving volume mix.
- We expect revenue from StAR MF to grow at 25% CAGR over FY26-28E led by the increase in transaction volume.
- We build in 25% CAGR in operating revenue over FY26-28E, led by index options.
- Regulatory fees (contributing to 35% of total expenses) is projected to grow at ~25% CAGR.
- On the opex front, we build a CAGR of ~17%, accounting for improving operating leverage. Employee cost (~16% of total opex) is expected to grow at 10% CAGR, while technology expenses (contributing 11% of total opex) is expected to grow at ~28% CAGR.
- Factoring in this cost trajectory, we expect EBITDA margin to expand to 71% by FY28E from 67% in FY26, translating into 27% CAGR in EBITDA.
- For the forecast period, we have assumed a dividend payout ratio of 33%/40% for FY27/28E respectively.
- We expect BSE to maintain superior return metrics, with RoE of ~41% by FY28E, underpinned by strong revenue growth, operating leverage and disciplined capital management.

**Exhibit 77 : Expect 25% CAGR in operating revenue over FY26-28E**



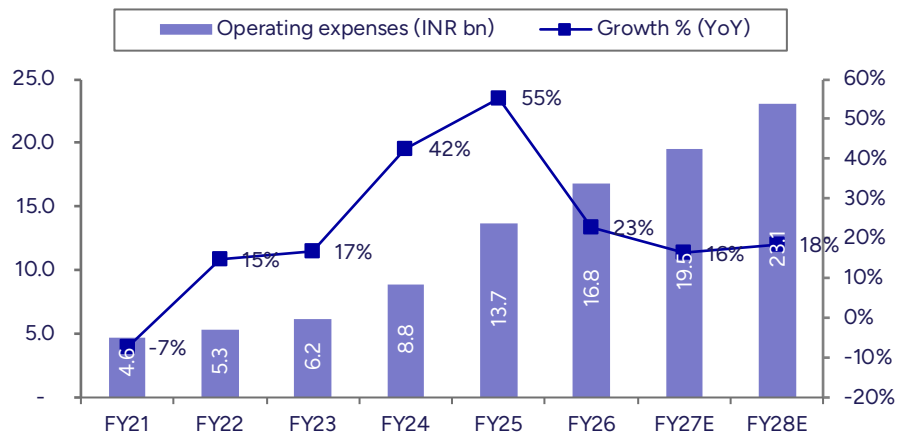
Source: Company, PL

**Exhibit 78 : ...resulting in total revenue CAGR of ~24%**



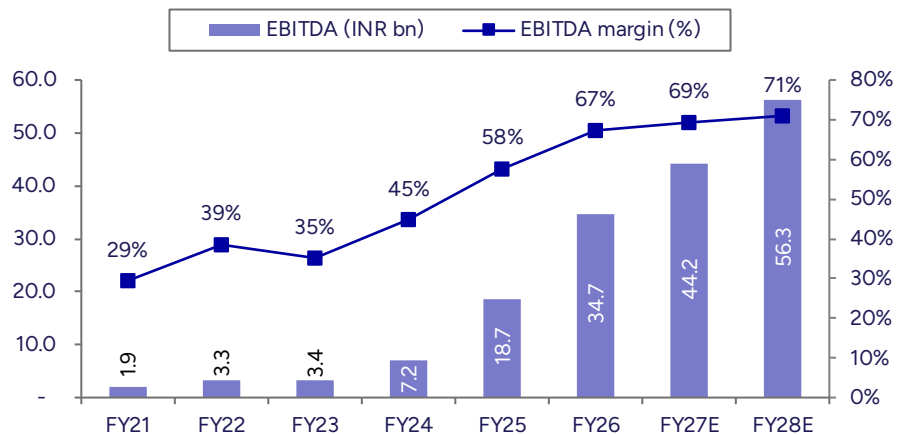
Source: Company, PL

**Exhibit 79 : Opex to grow at CAGR of ~17% over FY26-28E**



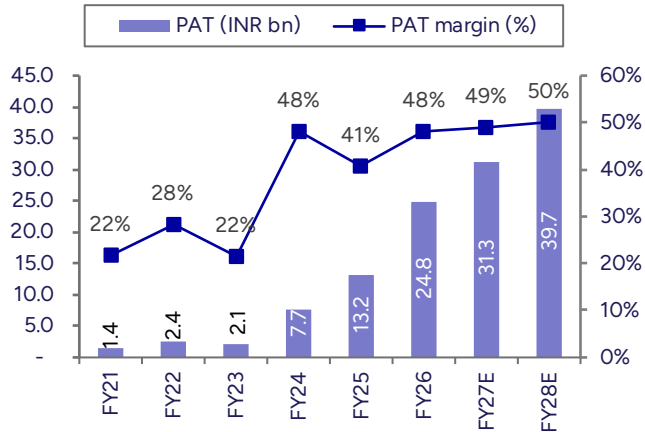
Source: Company, PL

**Exhibit 80 : EBITDA to grow at 27% CAGR over FY26-28E, margin to expand to ~71% by FY28E**



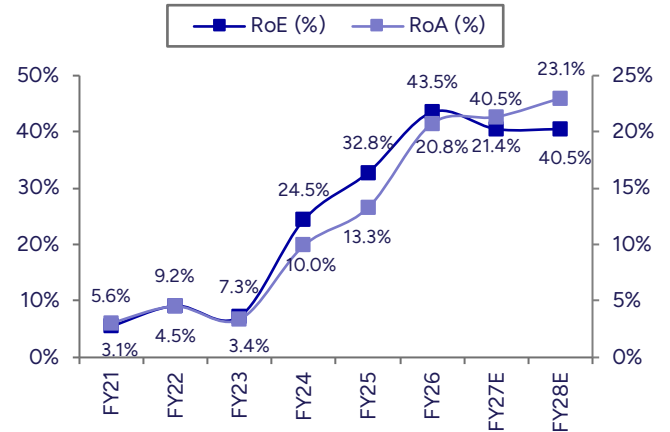
Source: Company, PL

Exhibit 81 : PAT to grow at CAGR of 27% over FY26-28E



Source: Company, PL

Exhibit 82 : RoA / RoE to reach 23%/41% by FY28E



Source: Company, PL

We believe exchanges are well-placed to benefit from the deepening of India’s capital markets, supported by rising retail participation. BSE has expanded its derivatives offerings along with steady growth across other segments (colocation, services to corporates, data services, etc.) Over the past 5 years, BSE has undergone continuous re-rating, supported by market share gains and improving profitability, trading at >49x 1-year forward P/E (BBG).

We expect valuation to sustain at these levels, supported by structural factors such as (1) the duopolistic market structure with high entry barriers, (2) healthy profit growth (~27% CAGR over FY26-28E), and (3) optionality from new derivative products/ colocation revenue.

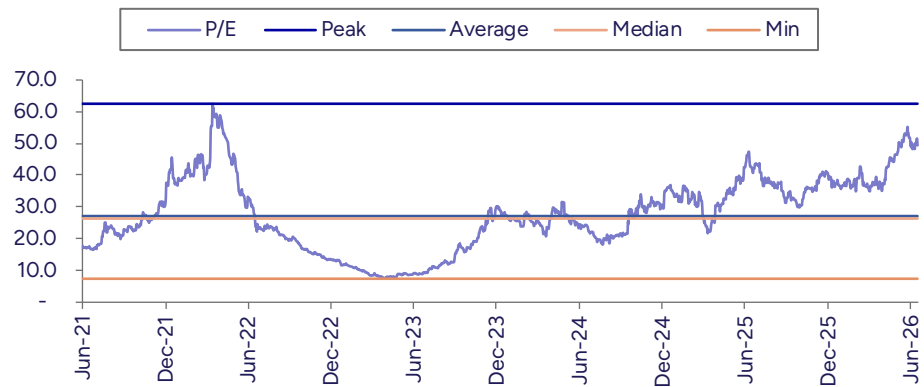
We value BSE using the residual income framework to arrive at target RoE of 33%, cost of equity of 12.3% and terminal growth rate of 10%. We initiate coverage with ‘BUY’ rating and Mar’28 TP of INR4,850.

**Exhibit 83 : Valuation snapshot**

| Particulars                                    | INR mn           |
|--|------------------|
| <b>Assumptions:</b>                            |                  |
| Risk free rate                                 | 7.0%             |
| Market return                                  | 12.3%            |
| Beta   | 1.0x             |
| Cost of equity                                 | 12.3%            |
| Terminal growth rate                           | 10.0%            |
| Target (industry) RoE                          | 33.0%            |
| <b>Valuation:</b>                              |                  |
| Forecasting period (FY27-28E) [A]              | 29,354           |
| Convergence period (FY29-35E) [B]              | 197,352          |
| Terminal value [C]                             | 1,684,987        |
| <b>PV of residual income [D = A + B + C]</b>   | <b>1,911,693</b> |
| Current book value [E]                         | 66,730           |
| <b>Estimated market value [F = D + E]</b>      | <b>1,978,423</b> |
| Shares (#) [G]                                 | 408              |
| <b>Estimated price per share (INR) [F / G]</b> | <b>4,850</b>     |

Source: Company, PL

Exhibit 84 : Stock is trading at 49x FY28 P/E



Source: PL

### Key Risks

- **Loss in derivatives market share:** Any loss in liquidity to other exchanges or inability to sustain depth in key contracts (Sensex/Bankex) could lead to a sharp moderation in volumes.
- **Regulatory overhang on derivatives segment:** Measures such as increase in lot sizes, restrictions on weekly expiries, or higher margin requirements have impacted retail participation and overall trading activity.
- **Impact of RBI norms on leverage:** Revised RBI norms (effective Jul'26) will tighten collateral requirements for broker funding and proprietary trading, increasing the cost of leverage. This could lead to moderation in prop-driven activity, impacting overall industry volumes.
- **High dependence on trading activity:** A significant portion of revenue is linked to trading volumes, making the business inherently cyclical. Periods of lower volatility, weaker retail participation, or subdued primary market activity could impact earnings.
- **Sustainability of premium realization:** Any reversal toward expiry-heavy trading or weaker participation across non-expiry days could impact monetization.

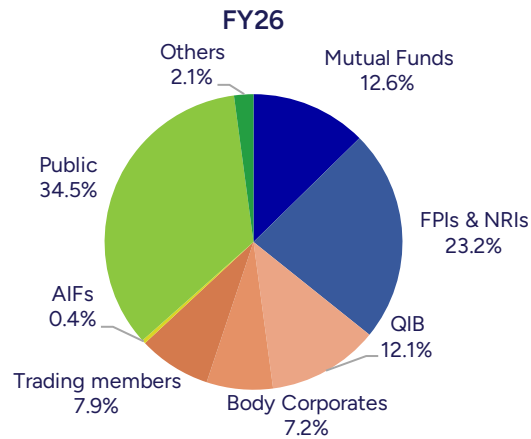
## Appendix

### Exhibit 85 : Management and KMP overview

| Name   | Designation                         | Description   |
|--|-------------------------------------|---|
| Mr. Sundararaman Ramamurthy                  | MD & CEO                            | - Associated with BSE since Jan'23 - Diverse experience of 40+ years in Indian capital markets and banking sectors - Prior to joining BSE, was the MD & COO of Indian arm of Bank of America - Previously served as a senior member of NSE since its inception, where he was responsible for significant transformation of Indian capital markets for over 20 years   |
| Mr. Gopalan S. Raghavan - Executive Director | Executive Director                  | - Over 30 years of experience in shaping, governing, and transforming critical Market Infrastructure Institutions (MIIs) - He is a Fellow Member of the ICAI and an Associate Member of the ICSI with a bachelor's degree in Corporate Secretaryship from the University of Madras. - He has previously served at NSDL, CLSA India, RCML, Credit Market Services Limited and OTC Exchange of India - He was part of the founding team at the SEBI and has served on the Boards and Committees of MCX, BSE and National e-Repository Ltd.  |
| Prof. Subhasis Chaudhuri                     | Chairman (Public Interest Director) | - Associated with BSE board since 2022 - Former Director of IIT Bombay and KN Bajaj Chair Professor, Dept of Electrical Engineering - Has 110 journal publications and over 240 conference presentations, authored 7 monographs and 13 national/international patents   |
| Justice (Retired) Shiavax Jal Vazifdar       | Public Interest Director            | - Associated with BSE board since 2022 - Retired as the Chief Justice of the Punjab & Haryana High Court - Practiced as an advocate in the Bombay High Court - Appointed Additional Judge of High Court in 2001   |
| Dr. Padmini Srinivasan                       | Public Interest Director            | - Associated with BSE board since 2023 - Faculty of Finance and Accounting at Indian Institute of Management Bangalore - Chairperson, Centre for Corporate Governance - PhD from the National Law School of India, Fellow Member of ICAI, and Associate Member of ICSI  |
| Mr. Shamanna Balasubramanya                  | Public Interest Director            | - Associated with BSE board since 2025 - Over 38 years of international experience with expertise in solution implementation and management - BE in mechanical engineering from University of Mysore and MTech in industrial management from IIT Madras - Previously worked with Tata Consultancy Services and PSI Data Systems   |
| Mr. Rajiv Bansal                             | Public Interest Director            | - Associated with BSE board since 2025 - Former Secretary, Ministry of Civil Aviation, with a distinguished career in key government ministries and regulatory bodies, including roles in petroleum, IT, energy, and heavy industries - Led major initiatives in M&A, disinvestment, digital transformation and public sector reforms - Served as CMD of Air India and held board positions in top PSEs like ONGC, GAIL and BHEL  |
| Mr. Jagannath Mukkavilli                     | Non-Independent Director            | - Associated with BSE board since 2024 - Former MD of Life Insurance Corporation of India - Under his stewardship, the South-Central Zone scripted newer heights in new business growth - Previously served as MD & CEO of LIC (Lanka) Ltd, Colombo, Sri Lanka, between 2009 and 2013   |
| Dr. Santanu Paul                             | Public Interest Director            | - Associated with BSE board since 2026 - Founding CEO of the digital upskilling platform TalentSprint between 2009 and 2024 - Currently serves on the board of various companies in diverse sectors such as financial services and design systems - BTech from IIT Madras and PhD in computer science from University of Michigan   |
| Ms. Geetha Gangadharan                       | Chief Regulatory Officer            | - Appointed as CRO w.e.f. 05 June, 2026, she brings over 30 years of experience in regulatory enforcement, policy advocacy & implementation, and litigation management across securities markets, banking and financial sector regulations. - She holds LL.M. and LL.B. degrees from the University of Calicut and has completed international regulatory programs at institutions including Harvard Law School, Indian Law Institute, and International Law Institute. - She has served as Chief General Manager and Head of Enforcement Department at the SEBI and has also worked with the RBI and served as Head of Enforcement at the Central Bank of the UAE. |
| Mr. Sunil Ramrakhiani                        | Chief Business Officer              | - Work experience of more than 25 years as Director & Chief Operating Officer, Managing Partner, and Head in various institutions of repute - Diverse experience in Indian financial markets across in exchanges, proprietary trading using low latency, wealth management and treasury in banking - Identified and built initial team for setting up stage for high-frequency trading in India - Extensive experience across various investment products including equities, derivatives, MFs, portfolio management services, commodities, currency and bullion  |
| Mr. Deepak Goel                              | CFO                                 | - Chartered accountant with over 23 years of experience working as CFO, part of leadership team and board member in group companies - Awarded CFO of the Year for 2024-25 by CII in BFSI segment - CFO100 awardee for 2019 for his contributions in the area of finance   |
| Mr. Viral Davda                              | CTO                                 | - Alumnus of SP Jain Institute of Management & Research and Indian School of Business - Has over 2 decades of experience in financial services and exchange technology, with deep understanding of building resilient, secure and future-ready systems - Spent more than 16 years at NCDEX as CTO, where he spearheaded large-scale digital transformation projects, modernized trading platforms, and enhanced risk management frameworks  |
| Mr. Sanjay Jain                              | Chief Risk Officer                  | - Skilled in investment banking trade surveillance, investigation, compliance and risk with a PGDBM focused in finance, marketing from FLAME - Previous roles at organizations like TCS, Morgan Stanley and NSE, dealing with non-market risk, electronic trading risk management and trade surveillance  |

Source: Company, PL

**Exhibit 86 : Shareholding pattern**



Source: Company, PL

**Exhibit 87 : Peer comparison - BSE fares better than NSE in operating metrics**

| Particulars                     | BSE   |       |       | NSE   |       |       |
|---------------------------------|-------|-------|-------|-------|-------|-------|
|                                 | FY24  | FY25  | FY26  | FY24  | FY25  | FY26  |
| <b>5-Year CAGR (%)</b>          |       |       |       |       |       |       |
| Revenue                         | 19.0% | 38.7% | 51.1% | 36.1% | 37.5% | 24.7% |
| Operating revenue               | 24.9% | 45.7% | 57.3% | 37.6% | 37.3% | 24.2% |
| EBITDA                          | 23.6% | 59.9% | 78.4% | 37.3% | 40.7% | 23.1% |
| PAT                             | 31.0% | 61.3% | 77.2% | 37.2% | 45.3% | 23.6% |
| <b>Profitability (%)</b>        |       |       |       |       |       |       |
| RoA                             | 10.0% | 13.3% | 20.8% | 16.5% | 17.2% | 12.9% |
| RoE                             | 24.5% | 32.8% | 43.5% | 37.8% | 42.7% | 32.6% |
| <b>Revenue mix (%)</b>          |       |       |       |       |       |       |
| Transaction charges             | 44.4% | 62.7% | 73.7% | 73.8% | 71.1% | 69.8% |
| Service to corporates           | 21.9% | 15.1% | 11.3% | 1.4%  | 1.6%  | 1.9%  |
| Treasury income on C&S funds    | 11.5% | 6.7%  | 3.3%  | 0.8%  | 1.7%  | 1.3%  |
| Others                          | 22.1% | 15.4% | 11.6% | 24.1% | 25.6% | 27.0% |
| <b>Segment market share (%)</b> |       |       |       |       |       |       |
| Cash                            | 7.5%  | 6.4%  | 7.0%  | 92.5% | 93.6% | 93.0% |
| Index options (premium)         | 3.4%  | 14.1% | 27.9% | 96.6% | 85.9% | 72.1% |
| Futures                         | 0.1%  | 0.1%  | 0.2%  | 99.9% | 99.9% | 99.8% |

Source: Company, PL

**Exhibit 88 : Valuation summary**

| Exchange | CMP (INR) | P/E (x) |       | P/B (x) |       | RoE (%) |       | RoA (%) |       |
|----------|-----------|---------|-------|---------|-------|---------|-------|---------|-------|
|          |           | FY27E   | FY28E | FY27E   | FY28E | FY27E   | FY28E | FY27E   | FY28E |
| BSE      | 3,999     | 52.2    | 41.1  | 18.9    | 14.9  | 40.5    | 40.5  | 21.4    | 23.1  |
| MCX      | 2,856     | 41.6    | 35.8  | 18.7    | 14.2  | 51.1    | 45.5  | 23.2    | 22.4  |
| IEX      | 124       | 21.6    | 21.8  | 7.2     | 6.5   | 36.9    | 31.0  | NA      | NA    |

Source: Bloomberg, PL

## Quarterly Financials

| Y/e Mar                          | Q1FY25       | Q2FY25       | Q3FY25       | Q4FY25       | Q1FY26        | Q2FY26        | Q3FY26        | Q4FY26        |
|----------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| <b>Income statement (INR mn)</b> |              |              |              |              |               |               |               |               |
| Revenue from Operations          | 6,077        | 7,407        | 7,681        | 8,466        | 9,580         | 10,684        | 12,441        | 15,635        |
| Other Income                     | 666          | 719          | 613          | 797          | 865           | 711           | 899           | 667           |
| <b>Total Income</b>              | <b>6,743</b> | <b>8,126</b> | <b>8,294</b> | <b>9,264</b> | <b>10,445</b> | <b>11,395</b> | <b>13,340</b> | <b>16,302</b> |
| Regulatory Fees                  | 948          | 1,127        | 982          | 1,048        | 1,163         | 1,467         | 1,870         | 1,997         |
| Employee Benefit Expenses        | 580          | 561          | 572          | 666          | 700           | 709           | 934           | 635           |
| Technology Expenses              | 376          | 410          | 399          | 459          | 499           | 478           | 538           | 516           |
| Clearing & Settlement Expenses   | 806          | 1,083        | 825          | 843          | 555           | 633           | 743           | 873           |
| Other Expenses                   | 528          | 343          | 555          | 609          | 408           | 489           | 578           | 1,000         |
| <b>Total Operating Expenses</b>  | <b>3,238</b> | <b>3,524</b> | <b>3,334</b> | <b>3,624</b> | <b>3,325</b>  | <b>3,775</b>  | <b>4,663</b>  | <b>5,022</b>  |
| <b>EBITDA</b>                    | <b>3,506</b> | <b>4,602</b> | <b>4,960</b> | <b>5,640</b> | <b>7,120</b>  | <b>7,620</b>  | <b>8,676</b>  | <b>11,280</b> |
| Contribution to Core SGF         | -            | 2            | 1,992        | (1,094)      | -             | 106           | 456           | 207           |
| PBT                              | 3,494        | 4,553        | 2,865        | 6,591        | 7,014         | 7,390         | 7,953         | 10,635        |
| Tax                              | 851          | 1,108        | 694          | 1,661        | 1,752         | 1,819         | 1,987         | 2,680         |
| <b>PAT</b>                       | <b>2,643</b> | <b>3,445</b> | <b>2,172</b> | <b>4,931</b> | <b>5,263</b>  | <b>5,571</b>  | <b>5,966</b>  | <b>7,955</b>  |
| <b>Growth (%)</b>                |              |              |              |              |               |               |               |               |
| Revenue from Operations          | 181.8        | 135.5        | 106.7        | 74.9         | 57.6          | 44.2          | 62.0          | 84.7          |
| Total Income                     | 148.7        | 121.4        | 92.3         | 70.5         | 54.9          | 40.2          | 60.8          | 76.0          |
| Total Operating Expenses         | 113.0        | 94.3         | 77.4         | (6.7)        | 2.7           | 7.1           | 39.9          | 38.6          |
| EBITDA                           | 194.2        | 147.9        | 103.8        | 263.8        | 103.1         | 65.6          | 74.9          | 100.0         |
| PAT                              | (39.9)       | 190.9        | 104.3        | 364.4        | 99.1          | 61.7          | 174.8         | 61.3          |
| <b>Revenue Split (%)</b>         |              |              |              |              |               |               |               |               |
| Equity Cash                      | 11.2         | 12.1         | 9.2          | 5.5          | 5.2           | 5.9           | 4.8           | 3.9           |
| Equity Derivatives               | 35.9         | 42.5         | 42.6         | 51.3         | 57.3          | 54.8          | 58.8          | 69.2          |
| StAR MF                          | 7.1          | 7.2          | 7.7          | 6.5          | 5.9           | 6.1           | 5.4           | 5.0           |
| Treasury Income on C&S Funds     | 9.2          | 7.8          | 5.8          | 4.8          | 4.3           | 3.8           | 3.2           | 2.5           |
| Service to Corporates            | 14.1         | 14.7         | 18.1         | 13.5         | 10.1          | 12.2          | 11.7          | 7.3           |
| Investment & Other Income        | 9.9          | 8.8          | 7.4          | 8.6          | 8.3           | 6.2           | 6.7           | 4.1           |
| <b>Operating Metrics</b>         |              |              |              |              |               |               |               |               |
| Equity Cash ADTO (INR mn)        | 90.1         | 94.0         | 85.4         | 77.7         | 71.8          | 75.8          | 76.0          | 80.0          |
| EQD ADTO (INR tr)                | 97.6         | 128.0        | 105.0        | 112.0        | 131.0         | 148.0         | 169.0         | 187.0         |
| Mutual Fund Order Value (INR tr) | NA           | 5.0          | 7.6          | 10.2         | 2.4           | 5.3           | 8.2           | 12.0          |
| EBITDA Margin (%)                | 52.0         | 56.6         | 59.8         | 60.9         | 68.2          | 66.9          | 65.0          | 69.2          |
| PBT Margin (%)                   | 51.8         | 56.0         | 34.5         | 71.1         | 67.2          | 64.8          | 59.6          | 65.2          |
| PAT Margin (%)                   | 39.2         | 42.4         | 26.2         | 53.2         | 50.4          | 48.9          | 44.7          | 48.8          |

Source: Company, PL

## Financials

| Y/e Mar                           | FY25          | FY26          | FY27E         | FY28E         |
|-----------------------------------|---------------|---------------|---------------|---------------|
| <b>Profit &amp; Loss (INR mn)</b> |               |               |               |               |
| Revenue from Op.                  | 29,573        | 48,340        | 60,099        | 75,285        |
| Other Income                      | 2,790         | 3,142         | 3,620         | 4,072         |
| <b>Total Income</b>               | <b>32,363</b> | <b>51,481</b> | <b>63,719</b> | <b>79,357</b> |
| Total Operating Exp.              | 13,676        | 16,785        | 19,507        | 23,086        |
| <b>EBITDA</b>                     | <b>18,687</b> | <b>34,696</b> | <b>44,213</b> | <b>56,272</b> |
| Contribution to Core SGF          | 900           | 770           | 2,153         | 2,751         |
| <b>PBT</b>                        | <b>17,483</b> | <b>32,991</b> | <b>41,678</b> | <b>52,969</b> |
| Tax                               | 4,312         | 8,238         | 10,419        | 13,242        |
| <i>Tax Rate (%)</i>               | 24.7          | 25.0          | 25.0          | 25.0          |
| <b>PAT</b>                        | <b>13,171</b> | <b>24,753</b> | <b>31,258</b> | <b>39,727</b> |
| <b>Growth ratios (%)</b>          |               |               |               |               |
| Revenue from Op.                  | 115.7         | 63.5          | 24.3          | 25.3          |
| Total Income                      | 102.8         | 59.1          | 23.8          | 24.5          |
| Total Operating Exp.              | 55.3          | 22.7          | 16.2          | 18.3          |
| EBITDA                            | 161.2         | 85.7          | 27.4          | 27.3          |
| PAT                               | 71.3          | 87.9          | 26.3          | 27.1          |
| Total Assets                      | 9.4           | 30.0          | 17.4          | 18.4          |
| <b>Operating Ratios (%)</b>       |               |               |               |               |
| Op. Exp / Avg. Assets             | 13.8          | 14.1          | 13.3          | 13.4          |
| Emp. Cost / Avg. Assets           | 2.4           | 2.5           | 2.2           | 2.1           |
| EBITDA Margin                     | 57.7          | 67.4          | 69.4          | 70.9          |
| PBT Margin                        | 54.0          | 64.1          | 65.4          | 66.7          |
| PAT Margin                        | 40.7          | 48.1          | 49.1          | 50.1          |
| RoAA                              | 13.3          | 20.8          | 21.4          | 23.1          |
| RoAE                              | 32.8          | 43.5          | 40.5          | 40.5          |
| Core RoAE                         | 27.6          | 39.4          | 37.0          | 37.4          |
| Dividend Yield                    | 0.2           | 0.3           | 0.6           | 1.0           |
| <b>DuPont analysis (%)</b>        |               |               |               |               |
| Rev. from Op. / Avg. Assets       | 29.9          | 40.6          | 41.1          | 43.7          |
| Other Inc. / Avg. Assets          | 2.8           | 2.6           | 2.5           | 2.4           |
| Op. Exp. / Avg. Assets            | 13.8          | 14.1          | 13.3          | 13.4          |
| Non Op. Exp. / Avg. Assets        | 1.1           | 1.3           | 1.0           | 1.0           |
| Tax / Avg. Assets                 | 4.4           | 6.9           | 7.1           | 7.7           |
| RoAA                              | 13.3          | 20.8          | 21.4          | 23.1          |
| Avg. Assets / Avg. Equity (x)     | 2.5           | 2.1           | 1.9           | 1.8           |
| RoAE                              | 32.8          | 43.5          | 40.5          | 40.5          |

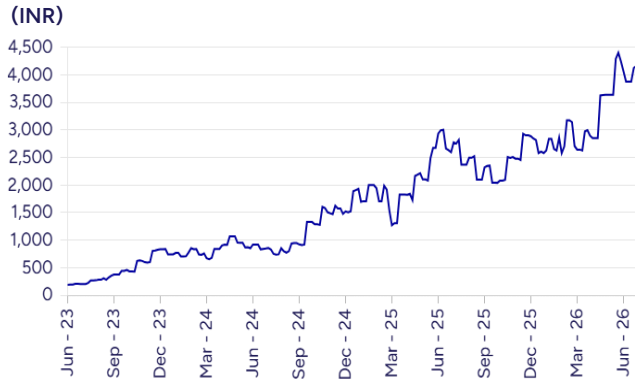
Source: Company, PL

| Y/e Mar                               | FY25           | FY26           | FY27E          | FY28E          |
|---------------------------------------|----------------|----------------|----------------|----------------|
| <b>Balance sheet (INR mn)</b>         |                |                |                |                |
| Cash & Bank Balance                   | 51,839         | 51,728         | 72,897         | 91,369         |
| Investments                           | 23,449         | 33,004         | 31,140         | 34,369         |
| Other Assets                          | 28,129         | 49,729         | 53,761         | 61,118         |
| <b>Total Assets</b>                   | <b>103,417</b> | <b>134,461</b> | <b>157,797</b> | <b>186,855</b> |
| Other Liabilities                     | 46,334         | 54,038         | 57,410         | 61,017         |
| Settlement Guarantee Fund             | 11,326         | 12,468         | 14,083         | 16,146         |
| Total Liabilities                     | 57,660         | 66,506         | 71,493         | 77,163         |
| Equity Share Capital                  | 271            | 816            | 816            | 816            |
| Other Equity                          | 43,967         | 65,914         | 83,969         | 107,356        |
| Non Controlling Interest              | 1,520          | 1,225          | 1,520          | 1,520          |
| Total Equity                          | 45,757         | 67,955         | 86,304         | 109,692        |
| <b>Total Liabilities &amp; Equity</b> | <b>103,417</b> | <b>134,461</b> | <b>157,797</b> | <b>186,855</b> |
| <b>Per share (INR)</b>                |                |                |                |                |
| EPS                                   | 32.1           | 60.3           | 76.6           | 97.4           |
| Core EPS                              | 27.3           | 54.9           | 70.0           | 89.9           |
| BVPS                                  | 112.7          | 166.6          | 211.6          | 268.9          |
| DPS                                   | 7.8            | 10.0           | 25.3           | 39.0           |
| <b>Valuation (x)</b>                  |                |                |                |                |
| P/E                                   | 124.7          | 66.3           | 52.2           | 41.1           |
| P/Core EPS                            | 146.7          | 72.8           | 57.2           | 44.5           |
| P/BV                                  | 35.5           | 24.0           | 18.9           | 14.9           |

Source: Company, PL

## Notes

**Price Chart**



**Analyst Coverage Universe**

| Sr. No. | Company Name                                 | Rating     | TP (INR) | Share Price (INR) |
|---------|--|------------|----------|-------------------|
| 1       | AAVAS Financiers                             | Accumulate | 1585     | 1446              |
| 2       | Bajaj Finance                                | BUY        | 1100     | 930               |
| 3       | Can Fin Homes                                | BUY        | 1075     | 915               |
| 4       | Cholamandalam Investment and Finance Company | Buy        | 1950     | 1640              |
| 5       | HDFC Life Insurance Company                  | Buy        | 835      | 632               |
| 6       | Home First Finance Company India             | Accumulate | 1350     | 1215              |
| 7       | ICICI Prudential Life Insurance Company      | Buy        | 700      | 547               |
| 8       | LIC Housing Finance                          | Hold       | 575      | 560               |
| 9       | Mahindra & Mahindra Financial Services       | Accumulate | 325      | 294               |
| 10      | Max Financial Services                       | Buy        | 2075     | 1654              |
| 11      | SBI Life Insurance Company                   | Buy        | 2200     | 1885              |
| 12      | Shriram Finance                              | BUY        | 1200     | 1011              |
| 13      | Sundaram Finance                             | Accumulate | 4900     | 4385              |

**PL's Recommendation Nomenclature (Absolute Performance)**

|                          |                                   |
|--------------------------|-----------------------------------|
| <b>BUY</b>               | : > 15%                           |
| <b>Accumulate</b>        | : 5% to 15%                       |
| <b>Hold</b>              | : +5% to -5%                      |
| <b>Reduce</b>            | : -5% to -15%                     |
| <b>Sell</b>              | : < -15%                          |
| <b>Not Rated (NR)</b>    | : No specific call on the stock   |
| <b>Under Review (UR)</b> | : Rating likely to change shortly |

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