PL Capital
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Company Update

BSE (BSE IN)

August 21, 2026

☑ Estimate Change | ☑ Target | ■ Reco.

Regulatory pressure to weigh on growth

Quick Pointers

- CAS, BG norms and higher STT to constrain growth
- Expect 23%/ 20% YoY growth for index options
- Expect 1%-2% PAT impact if NSE does not list on BSE

Industry derivative volumes for Aug'26 have contracted by ~6% MoM due to the implementation of CAS. Moreover, stricter bank guarantee norms and the hike on STT in the F&O segment has slowed down overall industry growth. While BSE continues to maintain a strong market share in index options at 35%, it is seeing a lower run-rate. We factor the same into our FY27/ FY28E growth estimates (at 23%/ 20% YoY) for index options. We cut our FY27/ FY28E PAT estimates by 2%-6% and reduce our multiple to 43x on FY28E PAT vs. 49x earlier. Sensitivity analysis shows an impact of 1%-2% on FY27/ FY28E PAT if NSE does not list on BSE. Stock has corrected ~12% over the past month on the impact of regulatory headwinds. Maintain BUY with a TP of INR4,025.

Industry volumes facing regulatory headwinds: With the implementation of Closing Auction Session (CAS), industry derivative volumes have contracted by ~6% MoM in the month of Aug'26. Moreover, tighter collateral requirements from bank guarantee norms and the recent STT hike in the F&O segment is likely to weigh on overall growth. We expect the overall market to slow down as participation from proprietary/ high-frequency traders is down to 60% (from 65% in YTD Aug-25).

Expect FY27E index option volume to grow 23%: While BSE continues to maintain a strong market share at 35% (YTD), index option volumes have contracted by 27% MoM in Aug-26 due to the implementation of CAS. Assuming a similar run-rate for the rest of FY27E due to regulatory pressure (CAS, STT hike and prop trading norms), we build a lower growth of 23%/ 20% YoY in index options in FY27/ FY28E. We cut our FY27/ FY28E PAT estimates by 2%-6%. However, BSE can explore measures such as raising options fees and messaging fees for its co-location facility to boost profitability. Moreover, new products such as MSCI-linked F&O to support growth.

Impact of 1%-2% on PAT if NSE does not list on BSE: While the current regulations do not provide for the self-listing of a stock exchange, NSE would need approval from SEBI to allow its shares to trade on its own platform. NSE shares could also trade in the "permitted to trade" category even though they would formally list on BSE. Our sensitivity analysis shows a 1%-2% impact on FY27/ FY28E PAT, assuming cash market share does not improve further.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	4,025		4,850	
Revenue from Op. (INR mn)	58,806	71,407	59,637	74,718
% Chng.	*(1.4)*	*(4.4)*		
EBITDA (INR mn)	43,318	52,770	44,116	55,949
% Chng.	*(1.8)*	*(5.7)*		
EPS (INR)	76.1	92.4	77.6	98.1
% Chng.	*(1.9)*	*(5.8)*		

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	77,541 / 24,252
Market Cap	INR 1,322 bn / $ 13,812 mn
Shares Outstanding	407.88 mn
3M Avg. Daily Value	INR 13,618.34 mn

Shareholding Pattern (%)

Promoters	-
FIIs	21.32
Mutual Funds	11.69
Domestic Institutions	12.46
Public & Others	54.53
Promoter's Pledge	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(11.5)	(22.6)	18.3	39.0
Relative	(11.6)	(24.9)	26.4	47.0

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Revenue from Op. (INR mn)	29,573	48,340	58,806	71,407
Total Income (INR mn)	32,363	51,481	63,090	76,239
Operating Exp. (INR mn)	13,676	16,785	19,772	23,470
EBITDA (INR mn)	18,687	34,696	43,318	52,770
PBT (INR mn)	17,483	32,991	41,409	50,270
Total Tax Exp. (INR mn)	4,312	8,238	10,352	12,568
PAT (INR mn)	13,171	24,753	31,056	37,703
EPS (INR)	32.1	60.3	76.1	92.4
EBITDA Margin (%)	*57.7*	*67.4*	*68.7*	*69.2*
PAT Margin (%)	*40.7*	*48.1*	*49.2*	*49.5*
RoAE (%)	*32.8*	*43.5*	*39.8*	*38.0*
PE (x)	101.1	53.7	42.6	35.1

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Exhibit 1: Change in Estimates

(INR mn)	Revised Estimate		Earlier Estimate		*% Revision*	
	FY27E	FY28E	FY27E	FY28E	*FY27E*	*FY28E*
Revenue from operations	58,806	71,407	59,637	74,718	*-1.4*	*-4.4*
EBITDA	43,318	52,770	44,116	55,949	*-1.8*	*-5.7*
EBITDA margin (%)	*68.7*	*69.2*	*69.0*	*70.3*	*-36bps*	*-111bps*
PAT	31,056	37,703	31,639	40,014	*-1.8*	*-5.8*
EPS (INR)	76.1	92.4	77.6	98.1	*-1.8*	*-5.8*

Source: PL

Exhibit 2: Cash market share sensitivity indicates limited PAT downside

Particulars	FY27E	FY28E
Base case	9.0%	12.0%
Bear case	7.0%	7.5%
Decline in PAT (INR mn)	-347	-917
% decline	***-1.1%***	***-2.4%***

Source: PL

Quarterly Financials

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Income statement (INR mn)								
Revenue from Operations	**7,407**	**7,681**	**8,466**	**9,580**	**10,684**	**12,441**	**15,635**	**15,660**
Other Income	719	613	797	865	711	899	667	1,407
Total Income	**8,126**	**8,294**	**9,264**	**10,445**	**11,395**	**13,340**	**16,302**	**17,067**
Regulatory Fees	1,127	982	1,048	1,163	1,467	1,870	1,997	1,928
Employee Benefit Expenses	561	572	666	700	709	934	635	871
Technology Expenses	410	399	459	499	478	538	516	608
Clearing & Settlement Expenses	1,083	825	843	555	633	743	873	903
Other Expenses	343	555	609	408	489	578	1,000	632
Total Operating Expenses	**3,524**	**3,334**	**3,624**	**3,325**	**3,775**	**4,663**	**5,022**	**4,941**
EBITDA	**4,602**	**4,960**	**5,640**	**7,120**	**7,620**	**8,676**	**11,280**	**12,126**
Contribution to Core SGF	2	1,992	(1,094)	-	106	456	207	259
PBT	4,553	2,865	6,591	7,014	7,390	7,953	10,635	11,637
Tax	1,108	694	1,661	1,752	1,819	1,987	2,680	2,910
PAT	**3,444.8**	**2,171.3**	**4,930.4**	**5,262.2**	**5,570.2**	**5,965.9**	**7,954.7**	**8,726.6**
Growth (%)								
Revenue from Operations	**135.5**	**106.7**	**74.9**	**57.6**	**44.2**	**62.0**	**84.7**	**63.5**
Total Income	**121.4**	**92.3**	**70.5**	**54.9**	**40.2**	**60.8**	**76.0**	**63.4**
Total Operating Expenses	**94.3**	**77.4**	**(6.7)**	**2.7**	**7.1**	**39.9**	**38.6**	**48.6**
EBITDA	**147.9**	**103.8**	**263.8**	**103.1**	**65.6**	**74.9**	**100.0**	**70.3**
PAT	**190.9**	**104.3**	**364.4**	**99.1**	**61.7**	**174.8**	**61.3**	**65.8**
Revenue Split (%)								
Equity Cash	12.1	9.2	5.5	5.2	5.9	4.8	3.9	3.8
Equity Derivatives	42.5	42.6	51.3	57.3	54.8	58.8	69.2	67.7
StAR MF	7.2	7.7	6.5	5.9	6.1	5.4	5.0	4.3
Treasury Income on C&S Funds	7.8	5.8	4.8	4.3	3.8	3.2	2.5	2.3
Service to Corporates	14.7	18.1	13.5	10.1	12.2	11.7	7.3	5.9
Investment & Other Income	8.8	7.4	8.6	8.3	6.2	6.7	4.1	8.2
Operating Metrics								
Equity Cash ADTO (INR mn)	97.7	68.0	54.5	71.8	79.7	76.4	90.3	99.6
EQD ADTO (INR tr)	82.0	87.6	117.8	150.8	150.0	194.6	289.2	296.2
Mutual Fund Order Value (INR tr)	5.0	2.6	2.6	2.4	2.9	2.9	3.3	3.0
EBITDA Margin (%)	56.6	59.8	60.9	68.2	66.9	65.0	69.2	71.1
PBT Margin (%)	56.0	34.5	71.1	67.2	64.8	59.6	65.2	68.2
PAT Margin (%)	42.4	26.2	53.2	50.4	48.9	44.7	48.8	51.1

Source: Company, PL

Financials

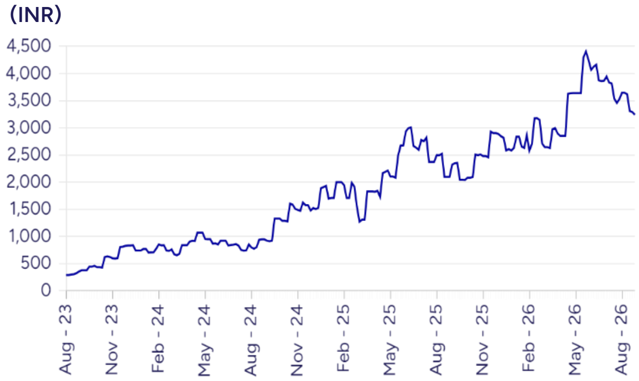
Y/e Mar	FY25	FY26	FY27E	FY28E
Profit & Loss (INR mn)				
Revenue from Op.	**29,573**	**48,340**	**58,806**	**71,407**
Other Income	2,790	3,142	4,284	4,832
Total Income	**32,363**	**51,481**	**63,090**	**76,239**
Total Operating Exp.	13,676	16,785	19,772	23,470
EBITDA	**18,687**	**34,696**	**43,318**	**52,770**
Contribution to Core SGF	900	770	1,034	1,445
PBT	**17,483**	**32,991**	**41,409**	**50,270**
Tax	4,312	8,238	10,352	12,568
Tax Rate (%)	*24.7*	*25.0*	*25.0*	*25.0*
PAT	**13,171**	**24,753**	**31,056**	**37,703**
Growth ratios (%)				
Revenue from Op.	115.7	63.5	21.7	21.4
Total Income	102.8	59.1	22.5	20.8
Total Operating Exp.	55.3	22.7	17.8	18.7
EBITDA	161.2	85.7	24.8	21.8
PAT	71.3	87.9	25.5	21.4
Total Assets	9.4	30.0	18.0	17.0
Operating Ratios (%)				
Op. Exp / Avg. Assets	13.8	14.1	13.5	13.6
Emp. Cost / Avg. Assets	2.4	2.5	2.3	2.2
EBITDA Margin	57.7	67.4	68.7	69.2
PBT Margin	54.0	64.1	65.6	65.9
PAT Margin	40.7	48.1	49.2	49.5
RoAA	13.3	20.8	21.2	21.9
RoAE	32.8	43.5	39.8	38.0
Core RoAE	27.6	39.4	35.7	34.4
Dividend Yield	0.2	0.3	0.8	1.1
DuPont analysis (%)				
Rev. from Op. / Avg. Assets	29.9	40.6	40.1	41.5
Other Inc. / Avg. Assets	2.8	2.6	2.9	2.8
Op. Exp. / Avg. Assets	13.8	14.1	13.5	13.6
Non Op. Exp. / Avg. Assets	1.1	1.3	1.1	1.1
Tax / Avg. Assets	4.4	6.9	7.1	7.3
RoAA	13.3	20.8	21.2	21.9
Avg. Assets / Avg. Equity (x)	2.5	2.1	1.9	1.7
RoAE	32.8	43.5	39.8	38.0

Source: Company, PL

Y/e Mar	FY25	FY26	FY27E	FY28E
Balance sheet (INR mn)				
Cash & Bank Balance	51,839	51,728	65,515	81,507
Investments	23,449	33,004	37,477	41,449
Other Assets	28,129	49,729	55,649	62,690
Total Assets	**103,417**	**134,461**	**158,641**	**185,645**
Other Liabilities	46,334	54,038	57,410	61,017
Settlement Guarantee Fund	11,326	12,468	13,244	14,328
Total Liabilities	57,660	66,506	70,654	75,345
Equity Share Capital	271	816	816	816
Other Equity	43,967	65,914	85,946	108,260
Non Controlling Interest	1,520	1,225	1,225	1,225
Total Equity	1,520	1,225	1,225	1,225
Total Liabilities & Equity	**103,417**	**134,461**	**158,641**	**185,645**
Per share (INR)				
EPS	32.1	60.3	76.1	92.4
Core EPS	27.3	54.9	68.3	83.5
BVPS	112.7	166.6	215.7	270.4
DPS	7.8	10.0	25.1	37.0
Valuation (x)				
P/E	101.1	53.7	42.6	35.1
P/Core EPS	118.9	59.0	47.5	38.8
P/BV	28.8	19.5	15.0	12.0

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	05-Aug-26	Buy	4850	3618
2	07-Jul-26	BUY	4850	3803
3	18-Jun-26	BUY	4850	3999

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	AAVAS Financiers	Accumulate	1675	1522
2	Bajaj Finance	Accumulate	1125	1054
3	BSE	Buy	4850	3618
4	Can Fin Homes	BUY	1075	857
5	Cholamandalam Investment and Finance Company	Accumulate	1950	1753
6	HDFC Life Insurance Company	BUY	765	569
7	Home First Finance Company India	BUY	1385	1181
8	ICICI Prudential Life Insurance Company	BUY	715	525
9	LIC Housing Finance	HOLD	550	523
10	Mahindra & Mahindra Financial Services	Accumulate	380	350
11	Max Financial Services	BUY	2025	1512
12	SBI Life Insurance Company	BUY	2200	1859
13	Shriram Finance	BUY	1250	1005
14	Sundaram Finance	Accumulate	5070	4829

PL's Recommendation Nomenclature (Absolute Performance)

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

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