

RATINGS

Business	★★★★★
Financial	★★★★☆
Valuation	★★★★☆
Management	★★★★☆



FIN2RESEARCH
Investment Advisor Pvt. Ltd.



Ranking 1 to 5, denoting lowest and 5 highest

BSE Limited

Sector: Financial Services

18 October, 2024

CMP: ₹4,274

Rating: BUY

Target: ₹4,915

Research Report

Key Info

Market cap (cr)	58,444
52W High	₹ 4,990
52W Low	₹ 1,405
No. of eq shares(cr)	13.5
Face Value	₹ 2
Nse Code	BSE
Free float (cr)	58,105

Source: Nse/Bse

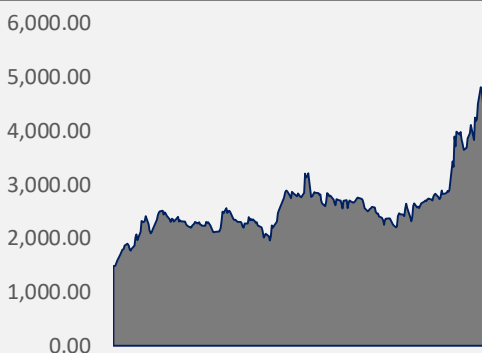
Particulars	2023	2024
P/E	9.23	100.00
P/B	1.97	18.10
EV/EBITDA	21.02	59.40
ROE (%)	7.8%	15.2%
ROCE (%)	3.8%	20.0%
D/E	0.00	0.00
BVPS	265.19	326.03
Dividend Yield (%)	2.62%	0.33%

Source: Company, Fin2research

Particulars	% of total share
DII's	11.59%
FII's	11.09%
Retail	54.56%
Others	22.75%
Total	100%

Source: Nse/Bse

1Y Price Chart



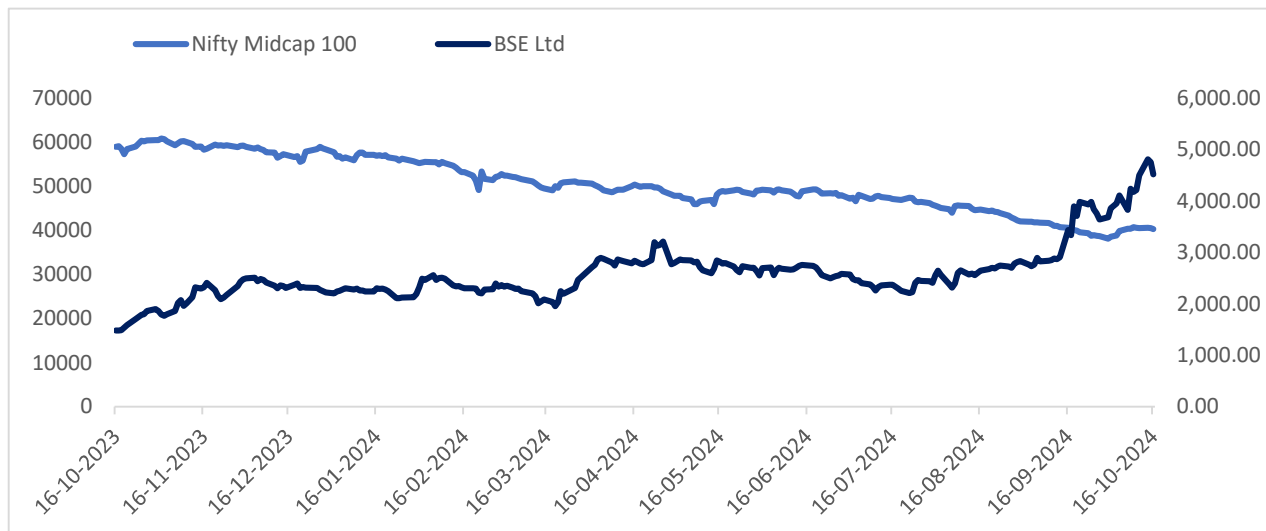
About: Established in 1875, BSE (formerly known as the Bombay Stock Exchange) is Asia's first and the fastest stock exchange in the world, with a trading speed of 6 microseconds. It is one of India's leading exchange groups. Over the past 143 years, BSE has played a key role in facilitating the growth of the Indian corporate sector by providing an efficient capital-raising platform. Originally founded as 'The Native Share & Stock Brokers' Association' in 1875, BSE became the first listed stock exchange in India in 2017.

Recent Developments:

- BSE Ltd recorded its highest-ever quarterly revenue at INR 674.4 crores (consolidated basis), up 149% year-on-year.
- Registered investors based on Unique Client Code (UCC) increased from 12.1 crores to 18.4 crores, reflecting a 51% growth.
- Revenue growth driven by strong performance in transaction-related income, treasury income from clearing and settlement services, and investment-related income.
- Operational revenues grew by 182%, reaching INR 607.7 crores, compared to INR 215.6 crores in the same quarter last year.
- Net profit attributable to shareholders increased by 253%, rising from INR 75.1 crores to INR 265 crores (excluding CDSL stake sale).
- Operating EBITDA for Q1 FY '25 stood at INR 283.9 crores, up from INR 70.1 crores, with an expanded operating EBITDA margin of 47%, compared to 33%.
- Treasury income from clearing and settlement funds increased by 179%, reaching INR 62 crores, up from INR 22.2 crores.
- Other operating revenues, including data dissemination fees, training income, and software income, grew by 9% to INR 23.2 crores from INR 21.5 crores.
- Investment income rose by 43%, from INR 44 crores to INR 62.9 crores.
- BSE StAR MF achieved record revenues, growing by 101% year-on-year to reach INR 48 crores.
- The total number of transactions processed by BSE StAR MF increased by 72%, reaching 14.1 crores in Q1 FY '25, up from 8.3 crores in the same quarter of the previous year.
- On average, the platform processed 4.7 crores transactions per month in Q1 FY '25, compared to 2.75 crores per month in Q1 FY '24.
- The platform reached a new high by processing 5.27 crores transactions in July 2024.
- Q1 FY25 performance demonstrated strong growth across multiple business segments, supported by robust market activity and strategic initiatives

Key Risks:

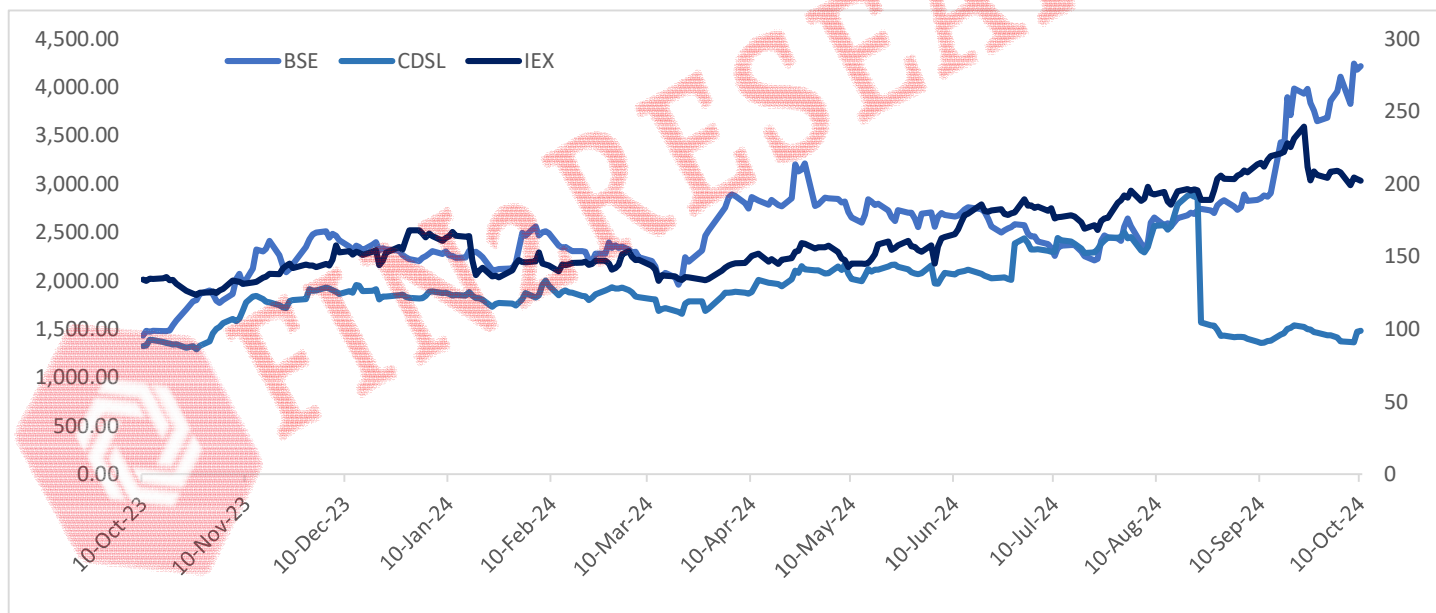
- Data Privacy & Security:** Protecting classified corporate data involves preventing unauthorized access, modification, disruption, and disclosure, especially with the rise of cyber-attacks like ransomware and hacktivism.
- Hardware/Software Malfunction:** Any malfunctioning of critical hardware and software with higher down time could disrupt the business operations.
- Third Party Risk:** Lack of proper oversight or inadequate management of critical third-party IT vendors/suppliers could hinder the company's ability to meet its objectives and potentially disrupt operations.
- Building Security:** BSE, a key institution in India's capital market development, was targeted in the 1993 bomb blasts, causing 84 deaths and many injuries. Given its national importance, it continues to face a heightened risk of terror attacks based on intelligence inputs.
- Outsourcing Risk:** Risk arising from failure or delay in providing the services from outsourced partners/vendors



Price Performance- CAGR%	1M	3M	6M	YTD	Year	5Y
BSE	52.42%	98.55%	70%	114%	218%	2604%
Nifty Midcap 100	-1.36%	3.32%	21%	29%	47%	276%
Relative return	54%	95%	49%	85%	171%	2327%

Source: Company, Fin2research

Peer Stock Comparison



Company	CMP	Mar Cap	P/E	Sales	Debt	ROE %	ROCE %	EPS
BSE	4,274	58,444	103.18	2,003.5	0.02	15.20%	19.97%	44.37
MCX	6,461	32,948	188.95	772.2	0	5.82%	7.15%	34.19
IEX	195	17,361	48.17	468.9	10.36	37.60%	50.01%	4.05

Source: Company, Fin2research

Business Overview

- In 1995, the Bombay Stock Exchange (BSE) transitioned from an open outcry trading system to an electronic trading platform.
- By 2024, electronic trading systems have become the dominant method across the financial industry, offering increased efficiency, faster execution, and reduced errors compared to traditional open floor trading.
- The BSE facilitates the trading of a wide range of securities, including stocks, stock futures, stock options, index futures, index options, and weekly options.
- It has significantly contributed to the development of India's capital markets by providing essential services such as clearing, settlement, and risk management.
- The overall performance of the BSE is measured by the Sensex, a benchmark index that includes 30 of the largest and most actively traded stocks, representing a broad range of sectors.
- Introduced in 1986, the Sensex is the oldest stock index in India, also known as the "BSE 30," and serves as a broad representation of India's market composition.
- The company also provides an efficient and transparent market for trading in financial instruments, including equity, currencies, debt instruments, derivatives, and mutual funds.
- Disseminates market data through various mediums, including leased lines, the Internet, secure APIs, and file exchange systems.
- Operates globally, with its equity index traded internationally on EUREX and major BRICS exchanges (Brazil, Russia, China, and South Africa).

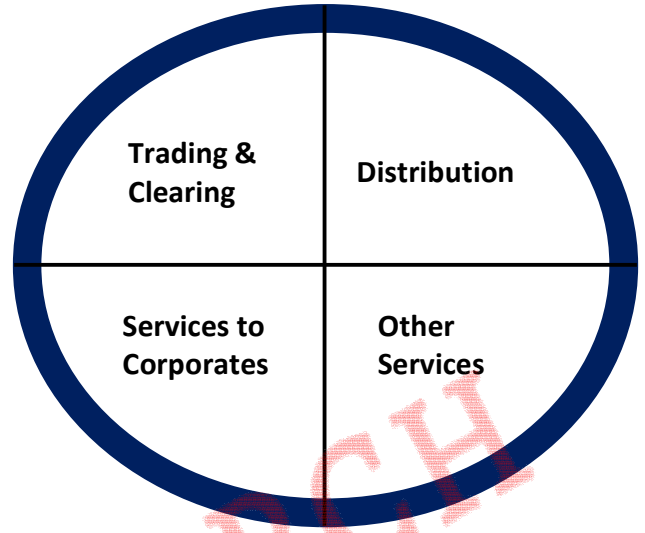


<p>Market Capitalization of BSE Listed Companies USD 5.27 trillion</p>	<p>Registered Investors 184 million+</p>	<p>Equity Cash ADTV (Q1 FY25) Rs. 90,060 million</p>	<p>EQD - Highest Single Day Turnover Rs. 426 trillion</p>	<p>EQD - Total Contracts Traded 7.7 billion</p>
<p>Mutual Funds Registered 43</p>	<p>Mutual Funds Orders (Q1 FY25) 141.1 million</p>	<p>Cities covered 721</p>	<p>Mutual Fund Distributors 77,494</p>	<p>Funds Mobilized (Q1 FY25) Rs. 7.7 Trillion</p>
<p>Members Registered 1,238</p>	<p>Consolidated EPS - Q1 FY25 Rs. 19.30</p>	<p>Cons. Net Worth - Q1 FY25 Rs. 35,664 million</p>	<p>Cons. Revenue - FY25 Rs. 6,743 million</p>	<p>Cons. EBITDA - Q1 FY25 Rs. 3,505 million</p>

Source: BSE Annual Report 2024

Diversified Lines of Business

- Trading and clearing activities include a range of financial instruments such as equities, debt, equity derivatives, currency derivatives, commodity derivatives, interest rate futures, and spot markets, as well as services for small and medium enterprises (SMEs) and startups.
- The distribution offerings encompass mutual funds, book-building services for initial public offerings (IPOs), and options for buying and selling securities. Additionally, the portfolio includes a new bond platform and insurance products.
- Corporate services include equity listing, listing of debt securities, mutual fund listings, and the listing of commercial papers. These services are tailored to facilitate various capital market needs for corporations.
- Other services encompass data feed solutions, index services, software services, and training programs. These offerings are designed to support clients with comprehensive market insights and technological resources.



Product Differentiation

Equity

- Tighter Bid-Ask Spread
- Buy and Sell at better prices & reduce impact costs

Equity Derivatives

- Unique Friday/Monday Weekly Expiry
- Single Stock Derivatives expiry on 2nd thursday of the month

Currency Derivatives

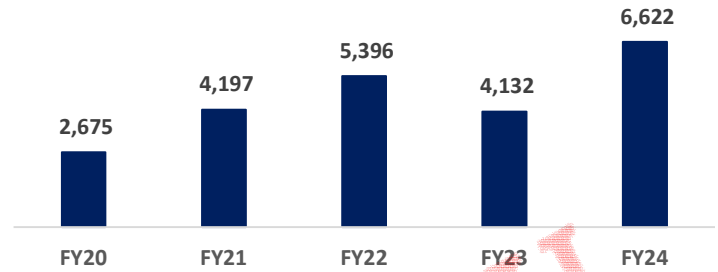
- Additional Strike Intervals of 10 Paise for USDINR Contract
- 61 CE & 61 PE contracts for trade
- Reduced strike price increases flexibility for investors

Source: BSE Annual Report 2024

Equity Cash Segment

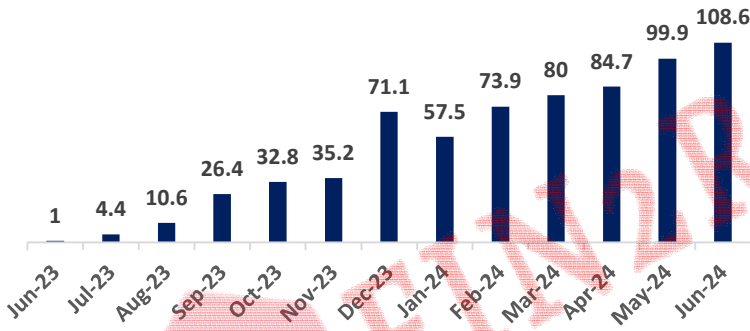
- The S&P BSE SENSEX closed FY 2023-24 at 73,651.35, a 25% increase from 58,991.52 at the end of FY 2022-23.
- In FY 2023-24, the average daily equity turnover on the BSE was ₹6,622 crore, reflecting a year-on-year rise of approximately 60% from ₹4,132 crore in FY 2022-23.
- The total turnover for the year reached ₹16.3 lakh crore.

Average Daily Turnover

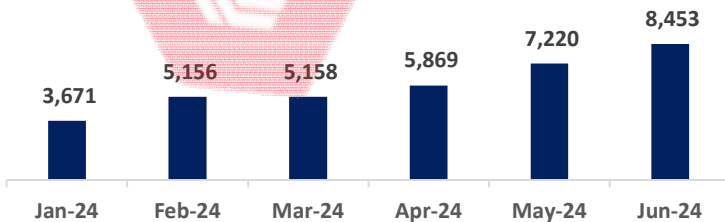


Equity Derivatives Segment

Average Daily Turnover (₹ Tn.)



Average Daily Premium (₹ Cr.)

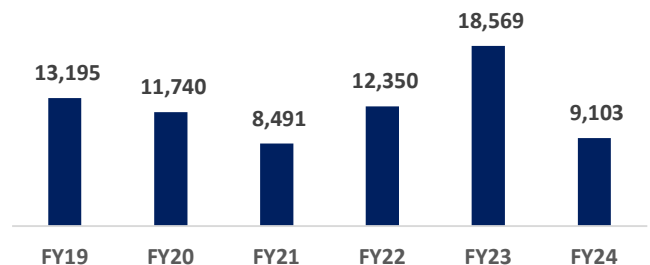


- In FY 2023-24, the daily average value in the EDX segment was ₹34,60,746.77 crore, compared to ₹1,37,813 crore in FY 2022-23.
- BSE Derivatives recorded the highest turnover of ₹3,56,89,004 crore during the year.
- Two new derivatives contracts were launched: the Sensex 30 Index on May 15, 2023, with Friday expiry, and the Bankex (Banking sector Index) on October 16, 2023, with Monday expiry.
- These contracts provide participants with an ideal equity hedge in a volatile market, with Sensex 30 representing 58% of India's total market capitalization and Bankex covering over 90% of the banking sector.
- The contracts offer superior flexibility with alternate expiry days and are more cost-efficient for hedging compared to other products in the Indian market.
- BSE derivatives contracts were well-received, placing BSE second globally among exchanges within one year, while the Sensex 30 Index ranks fourth globally in terms of derivatives contracts traded, according to data from the Futures Industry

Currency Derivatives Segment

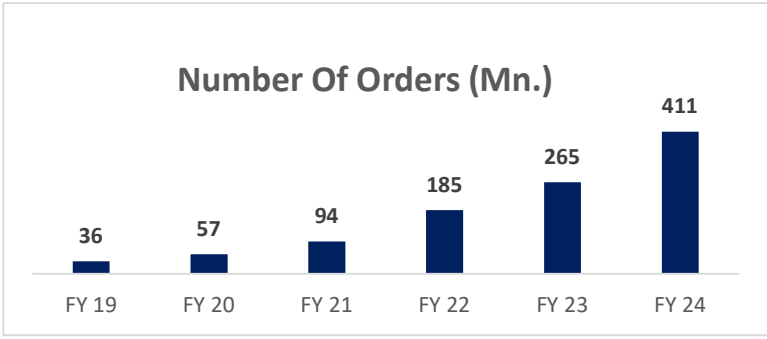
- In CDX, the daily average turnover was 9,733.67 Crore for FY 2023-24 as compared to 25,599 Crore for FY 2022-23, a decline of 62%.
- The futures segment saw a notable decline, with the turnover dropping from ₹18,569 crore in FY 2022-23 to ₹9,103 crore in FY 2023-24.
- This represents a significant contraction in trading volumes, possibly reflecting shifts in market dynamics, participant behavior, or broader economic factors impacting futures

Daily Contracts Traded (₹ cr)



Star Mutual Fund

- The BSE StAR MF platform remains India's largest mutual fund distribution infrastructure, capturing over 85% of the market share in terms of transactions among exchange-based platforms in the mutual fund industry.
- In FY 2023-24, the platform processed 42 crore transactions, reflecting a 59% growth compared to 26.5 crore transactions in FY 2022-23.
- Additionally, 2,181 new members were registered, expanding the network to over 75,000 distributors across India.



New SIP Registration

- In FY 2023-24, BSE StAR MF registered 2.71 Crore new SIPs.
- Witnessed a growth of 116% vis-à-vis 1.25 Crore new SIPs registered in FY 2022-23.

Product Offerintgs

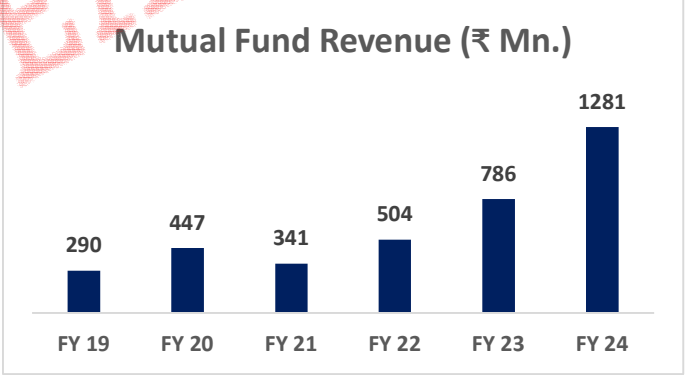
- BSE StAR MF is well-positioned to capture the growing investor participation in mutual funds, enhancing distribution for both traditional and new-age platforms like mobile apps, websites, FinTechs, MFDs, banks, brokers, and more.
- The platform offers various connectivity modes, including web-browser, web services, and mobile apps. It supports Lumpsum, SIPs, and special MF transactions like SWP, STP, and the newly launched step-up SIP.

Product Innovation

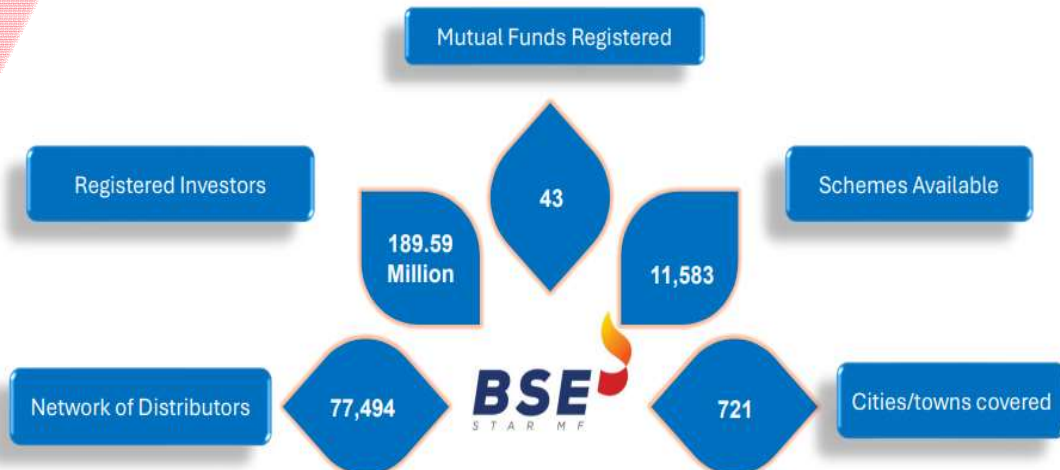
- StAR MF is going through a revamp and a new version of the platform is being developed while focusing on rich features and intuitive

Broad Structure of Star Mutual Fund

- The Stock Exchange platform allows mutual funds to collect buy/sell orders, in addition to the current distributor system.
- BSE StAR MF supports both physical and demat routes. For the demat route, investors who are not already clients of brokers need to open a trading account with a broker and a demat account with a depository participant of their choice.
- Member brokers with ARN and NISM certification can offer online mutual fund transactions through BSE StAR MF after completing the necessary formalities and empanelment with relevant AMCs.
- Existing NAV norms, with a 3 p.m. cut-off, apply, and the platform operates from 9:00 a.m. to 3:00 p.m.



Source: BSE

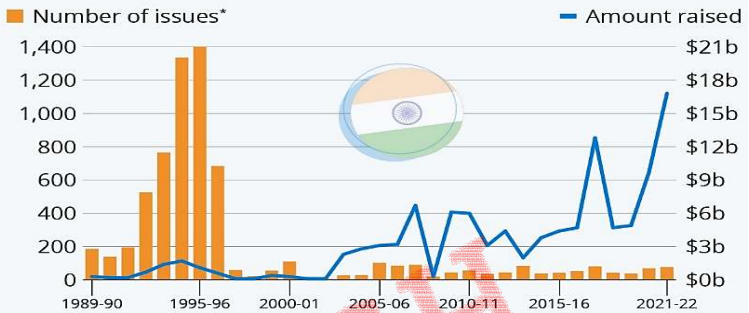


Capital Market Industry Outlook

- In FY 2023-24, the Indian equity market reached new highs, with the benchmark Sensex Index hitting an all-time milestone of 74,245.
- Indian corporate earnings improved due to softening commodity prices, leading to increased profitability and better margins.
- Stock exchanges provide centralized platforms for listing and trading financial instruments issued by companies, sovereigns, and other entities to raise capital.
- Exchanges are critical market intermediaries, supervised by SEBI, and in some cases, may act as self-regulatory organizations overseeing their members, corporates, and market participants.
- As of FY 2023-24, India's capital market consisted of 3 stock exchanges in the Equity Cash, Equity Derivatives, and Currency Derivatives Segments, 4 in the Commodities Derivatives Segment, 4 clearing corporations, 2 depositories, 11,211 Foreign Portfolio Investors (FPIs), and 17 custodians.
- The market capitalization of all listed companies stood at ₹387 trillion.
- Stock exchanges play a key role in nation-building by creating jobs through the ecosystem of intermediaries required to support each trade.
- The exchange ecosystem includes brokers, sub-brokers, corporates, banks, depositories, depository participants, custodians, and investors.
- The Indian stock exchange industry has rapidly evolved in recent years, now spanning multi-asset classes, including equities, equity derivatives, currency derivatives, commodity derivatives, ETFs, mutual funds, debt, interest rate derivatives, and power trading.

The Indian Stock Market Is Booming

Number of stock market issues in India and money raised through them

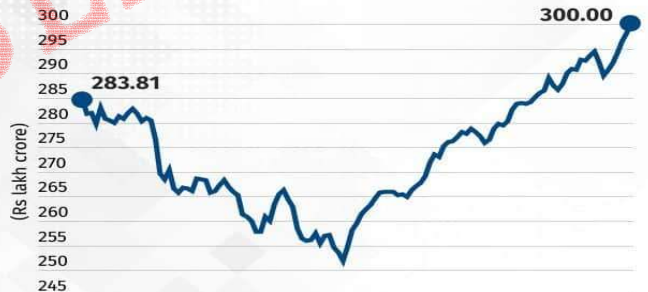


Converted from Indian rupees on May 10, 2022

* IPOs, FPOs and OFS (SE)

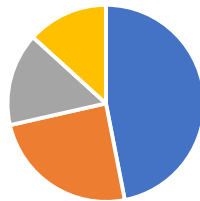
Source: Prime Database

MARKET CAP OF BSE-LISTED COMPANIES HITS FRESH RECORD HIGH OF Rs 300 LAKH CRORE



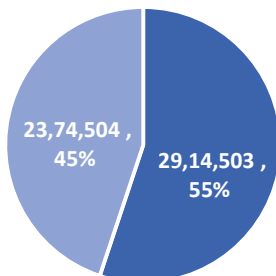
Indian Mutual Fund Industry Market Share By 2028

- Debt Oriented Schemes
- Equity Oriented Schemes
- Money Market



AUM (₹ Cr.)

- Regular Plans
- Direct Plans



Mutual Fund Industry

- The India Mutual Fund Industry is expected to grow at a CAGR of 22.5% from 2022 to 2028.
- Market growth is driven by increasing investments in mutual funds, enabling small and large savers to engage in various investment plans.
- Growth is further fueled by advanced portfolio management services, ease of investment, fair pricing, and the adoption of digital technology.
- Developing regions offer significant opportunities for mutual fund providers to diversify their offerings with more affordable and beneficial returns.
- Government initiatives and enhanced support for the mutual fund market are expected to create profitable opportunities during the forecast period.
- The market is segmented by asset types, including Debt-Oriented Schemes, Equity-Oriented Schemes, Money Market, ETFs, and FOFs.
- Debt-oriented schemes hold the largest market share, with debt funds primarily investing in bonds and other debt instruments.
- These debt funds invest in short- and long-term securities such as Treasury bills, government securities, debentures, commercial

Global Economy

- Global growth is projected at 3.1% in 2024 and 3.2% in 2025, with the 2024 forecast 0.2% higher than expected due to resilience in the US, emerging markets, and fiscal support in China.
- The 2024-2025 growth forecast is below the historical average of 3.8%, impacted by high central bank policy rates, reduced fiscal support, and low productivity growth.
- Inflation is declining faster than anticipated, driven by unwinding supply-side issues and restrictive monetary policy. Global inflation is expected to fall to 5.8% in 2024 and 4.4% in 2025.
- The risk of a global economic hard landing has decreased, and global growth risks are balanced.
- Upside risks include faster disinflation and potential financial easing, while downside risks include new commodity price shocks and persistent inflation.
- Policymakers face the challenge of managing inflation's final decline and adjusting monetary policy, while focusing on fiscal consolidation to manage public debt and future shocks.
- Structural reforms are needed to enhance productivity, ensure debt sustainability, and raise income levels.
- Multilateral coordination is crucial for debt resolution, investment, and climate change mitigation.
- The global recovery from the COVID-19 pandemic, the Ukraine war, and the cost-of-living crisis is proving resilient, with inflation falling faster than expected but high interest rates likely to slow growth in 2024.
- High interest rates aimed at controlling inflation and reduced fiscal support, due to high debt levels, are expected to dampen global growth in 2024.
- Stronger structural reform momentum could enhance productivity, create positive spillover effects across borders, and support sustainable long-term growth.

World economic outlook growth projections

(Real GDP, annual % change)

	2023	Projections	
		2024	2025
World Output	3.2	3.2	3.2
United States	2.5	2.7	1.9
Euro Area	0.4	0.8	1.5
China	5.2	4.6	4.1
India	7.8	6.8	6.5
Brazil	2.9	2.2	2.1

Source: IMF, World Economic Outlook, April 2024

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2023/24 (starting in April 2023) shown in the 2023 column. India's growth projections are 6.9% in 2024 and 6.5% in 2025 based on calendar year.

Key Factors Shaping Global Outlook

Growth Resilient In Major Economies

Economic growth in the second half of 2023 was stronger than expected in the U.S. and major emerging markets, boosted by spending and easing supply issues. In contrast, the euro area saw weaker growth due to poor consumer sentiment and high energy costs.

Inflation Subsiding Faster Than Expected

Amid favourable global supply developments, inflation has been falling faster than expected, with recent readings near the pre-pandemic average for both headline and underlying (core) inflation. Global headline inflation in the 4th quarter of 2023 is estimated to have been about 0.3% point lower than predicted.

High Borrowing Costs Cooling Demand

To reduce inflation, major central banks raised policy interest rates to restrictive levels in 2023, resulting in high mortgage costs, challenges for firms refinancing their debt, tighter credit availability, and weaker business and residential investment.

Fiscal Policy Amplifying Divergences

Governments in advanced economies eased fiscal policy in 2023. The United States, where GDP had already exceeded its pre-pandemic path, eased policy more than did euro area and other economies in which the recovery was incomplete.

Source: BSE Annual Report 2024

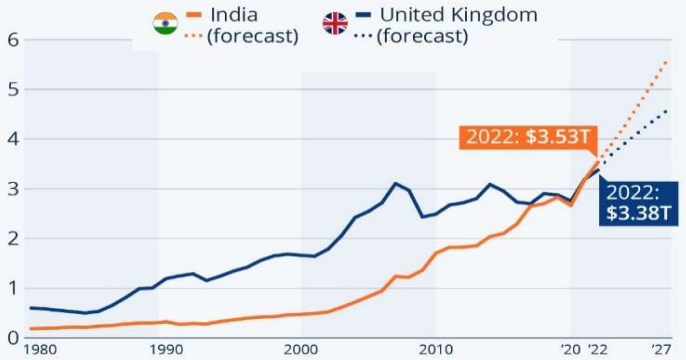
Indian Economic Outlook

- India's real GDP grew by 7.7% in H1 FY 2023-24, with Q2 growth at 7.6%. The RBI has raised its full-year growth forecast to 7%, driven by resilient consumption and investment.
- Urban consumption has strengthened, and rural demand is starting to pick up. Government capital expenditure (capex) has increased investment, with promising signs from private investment.
- Strong domestic demand has boosted manufacturing and services value-add.
- Geopolitical tensions and slowing global output have weakened global trade, leading to a contraction in India's merchandise exports and imports in H1 FY 2023-24, which improved the trade deficit.
- A growing surplus in the services trade account is expected to narrow the current account deficit in H1 FY 2023-24.
- Foreign Portfolio Investments (FPIs) became net buyers in H1 FY 2023-24, a reversal from being net sellers in H1 FY 2022-23.
- Foreign Direct Investment (FDI) inflows net of repatriation declined in H1, reflecting global trends. However, FDI is expected to recover in the medium term due to strong government support, a stable macroeconomic environment, and India's rising growth.
- A sharp rebound in FDI was seen in October 2023.
- The government has been closely monitoring public spending to achieve fiscal consolidation, with re-prioritization focused on safeguarding the vulnerable while maintaining long-term capital spending goals.
- Core inflation dropped to 3.53% in January 2024, a 47-month low, driven by disinflationary monetary policy and lower input prices. Consumer Price Inflation (CPI) fluctuated between 5% and 6% since September 2023, within the RBI's target range of 2% to 6%.
- Recurring food price shocks pose risks to disinflation, while Wholesale Price Inflation (WPI) turned positive after deflation earlier in FY 2023-24 due to rising food prices.
- Labour markets have fully recovered to pre-pandemic levels, with formal sector employment showing strong growth, reflected by increased EPFO subscriptions and positive PMI employment indices.
- High Frequency Indicators (HFIs) for October and November 2023 suggest strong economic activity in Q3, which is expected to continue into Q4 FY 2023-24.
- Downside risks to growth include inflationary pressures in advanced economies, supply chain disruptions from geopolitical tensions, and geopolitical risks themselves.
- However, India's stable domestic economy, low-to-moderate input costs, and policy continuity provide buffers against these risks.

Source: BSE Annual Report 2024

India Overtakes UK to Become Fifth Biggest Economy

GDP of India and the United Kingdom* (in trillion U.S. dollars)



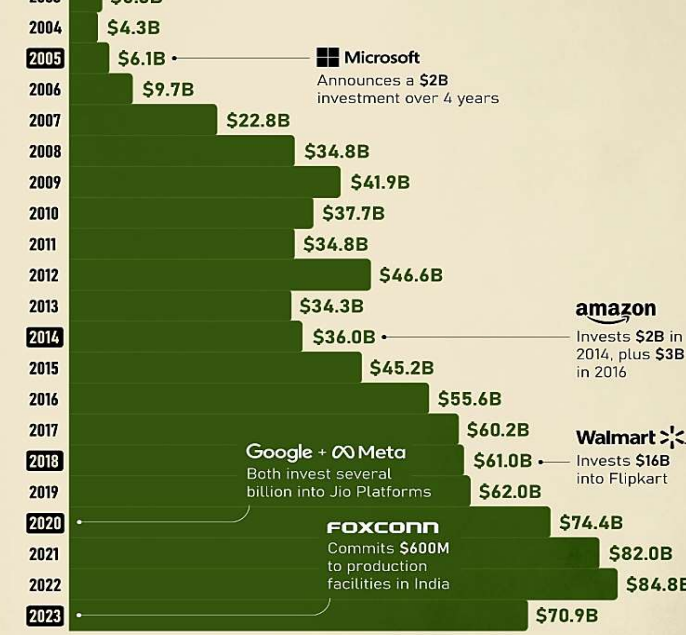
* in current prices
Source: International Monetary Fund

STATE OF THE ECONOMY

India GDP Annual Growth Rate



RIISING FDI IN INDIA



Quarter Highlights

Income Statement (Standalone)

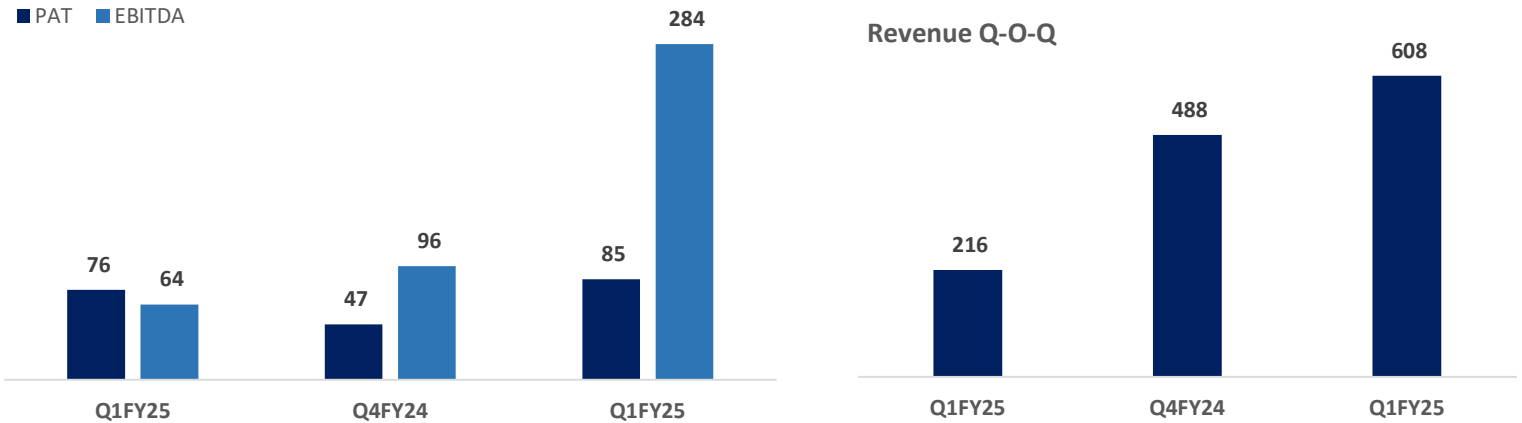
Particulars	Q1FY25	Q4FY24	Q1FY24	YOY%	QOQ%
Revenue from Operations	495.98	379.35	156.62	216.7%	30.7%
Cost of Goods Sold	225.98	302.28	63.35	256.7%	-25.2%
Gross Profit	270	77.07	93.27	189.5%	250.3%
Selling, General & Administration Expenses	74.98	64.43	55	36.3%	16.4%
EBITDA	195.02	12.64	38.27	409.6%	1442.9%
EBITDA Margin %	39.3%	3.3%	24.4%	60.9%	1080.1%
D&A	18.92	21.01	16.6	-9.9%	14.0%
EBIT	176.1	-8.37	21.67	712.6%	-2203.9%
EBIT Margin %	35.5%	-2.2%	13.8%	156.6%	-1709.2%
Interest	-	-	-		
EBT	176.1	-8.37	21.67	712.6%	-2203.9%
Other Income	55.53	105.05	47.54	16.8%	-47.1%
Add, Exceptional Items	-	-	504.17		
Tax Expense	58.37	17.55	66.24	-11.9%	232.6%
PAT	173.26	79.13	507.14	-65.8%	119.0%

Income Statement (Consolidated)

Particulars	Q1FY25	Q4FY24	Q1FY24	YOY%	QOQ%
Revenue from Operations	607.7	488.37	215.62	181.8%	24.4%
Cost of Goods Sold	200.53	277.12	45.45	341.2%	-27.6%
Gross Profit	407.17	211.25	170.17	139.3%	92.7%
Selling, General & Administration Expenses	123.22	115.21	106.58	15.6%	7.0%
EBITDA	283.95	96.04	63.59	346.5%	195.7%
EBITDA Margin %	47%	20%	29%	58.4%	137.6%
D&A	23.95	26.5	21.41	11.9%	-9.6%
EBIT	260	69.54	42.18	516.4%	273.9%
EBIT Margin %	43%	14%	20%	118.7%	200.5%
EBT	260	69.54	42.18	516.4%	273.9%
Other Income	66.64	59.99	55.56	19.9%	11.1%
JV/Associate	22.73	24.4	11.89		
Add, Exceptional Items	0	0	406.62		
Tax Expense	85.08	47.04	76.16	11.7%	80.9%
PAT	264.29	106.89	440.09	-39.9%	147.3%

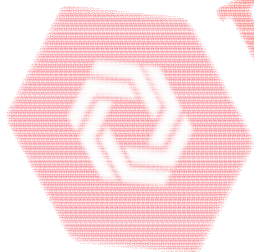
Source: BSE Financial Summary

■ PAT ■ EBITDA



Earnings Call Highlights

- Q1 FY25 earnings call held on August 7, 2024, provided a detailed overview of the company's performance and strategic initiatives.
- Mr. Sundararaman Ramamurthy provided an overview of the dynamic economic environment in which the Indian economy and capital markets operated during Q1 FY25.
- He noted that India's focus on capital expenditure, infrastructure, and digital transformation would benefit the financial markets.
- Company's strong performance reflected robust investor participation, with the market capitalization of all listed stocks surpassing ₹450 lakh crores and the Sensex crossing 80,000 points for the first time.
- BSE achieved its highest-ever quarterly revenue of ₹674.4 crores, a 149% increase year-over-year, driven by a strong performance in transaction-related income, treasury income, and investment income. Operational revenue grew by 182% to ₹607.7 crores.
- The net profit attributable to shareholders stood at ₹265 crores, up from ₹75.1 crores, a 253% growth. Operating EBITDA for Q1 FY25 increased to ₹283.9 crores, with a 47% margin, compared to 33% in the previous year.
- The company's cash segment saw significant growth, with average daily turnover rising to ₹9,006 crores in Q1 FY25, compared to ₹4,025 crores in the same quarter last year.
- The company also achieved record-breaking performance in derivatives trading, with Sensex derivatives and Bankex contracts experiencing strong demand.
- The company highlighted its foray into single stock derivatives, which launched on July 1, 2024, with initial positive results exceeding expectations. BSE is actively engaging with the evolving regulatory landscape in the derivatives market and is analyzing potential impacts of SEBI's proposed changes.
- BSE StAR MF, the mutual fund distribution platform, saw strong growth, with revenues increasing by 101% year-over-year to ₹48 crores.
- The number of transactions processed grew by 72%, and the platform processed a record 5.27 crore transactions in July 2024. BSE plans to launch a revamped version of the platform, StAR MF 2.0, in the coming quarter.
- BSE completed the acquisition of S&P Dow Jones Indices' stake in Asia Index Private Limited, making it a wholly-owned subsidiary. The company launched a new index, Sensex Next 30, and plans to expand its index offerings to cater to the growth of passive investments in India.
- During the Q&A session, several participants raised questions about the impact of SEBI's proposed regulatory changes, including potential effects on BSE's derivatives revenue and the company's strategy to address these changes.
- Mr. Ramamurthy assured stakeholders that BSE is actively engaging with regulators and market participants and remains confident about its ability to adapt to new regulatory paradigms.
- The call also addressed operational efficiencies and the potential for further improvements in various business lines. Mr. Ramamurthy emphasized BSE's commitment to providing a vibrant and innovative platform for all stakeholders and reiterated that the company is well-positioned to capitalize on opportunities in the evolving market.
- In conclusion, BSE Limited's Q1 FY25 performance demonstrated strong growth across multiple business segments, supported by robust market activity and strategic initiatives.
- The company remains focused on driving innovation, expanding its product offerings, and navigating regulatory changes to maintain its leadership position in the Indian capital markets.



Financial Summary

Income Statement (consolidated)

In ₹cr	year ending 31st March		
Particulars	FY22	FY23	FY24
Revenue	743	816	1,390
Operating Expenses	97	149	271
Gross Profit	646	666	1,119
SG&A Expenses	433	469	720
EBITDA	213	197	400
% EBITDA Margin	29%	24%	29%
D&A	48	60	95
EBIT	165	137	304
Interest	22	27	15
Other Income	120	138	228
PBT, before exception	263	248	517
Add, Exceptional Items	-	-	407
JV/Associates	64	49	72
Taxes	82	92	224
PAT	245	206	772
Minority Interest	-9	-15	-7
Adjusted PAT	254	221	778

Cashflow Statement (consolidated)

In ₹cr	year ending 31st March		
Particulars	FY21	FY22	FY23
CFO Before WC	3421	3478	4258
Change in WC	2205	1534	-2078
Tax	-533	-804	-913
Net CFO	5093	4207	1267
Net Capex	-468	-547	-586
Other CFI	-2127	-4325	3277
Net CFI	-2595	-4872	2691
Net Borrowings	-8	0	0
Dividends Paid	-1023	-1023	-1243
Other CFF	-45	-54	-70
Net CFF	-1076	-1078	-1313
Net change in CF	1422	-1742	2645

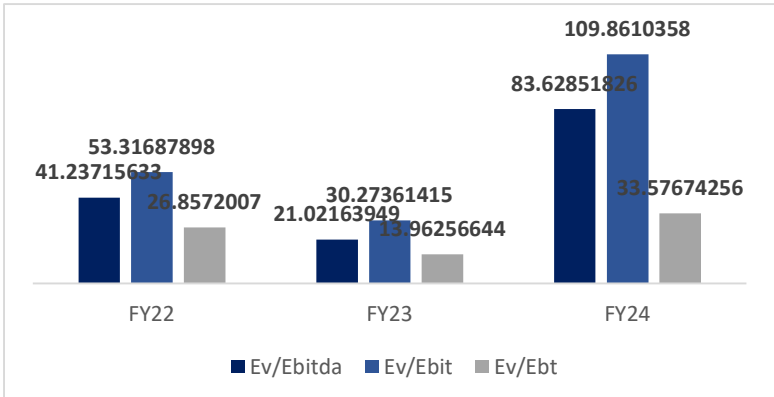
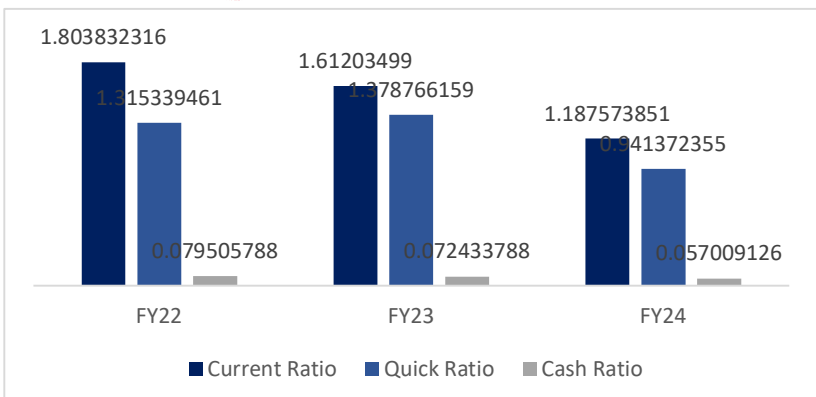
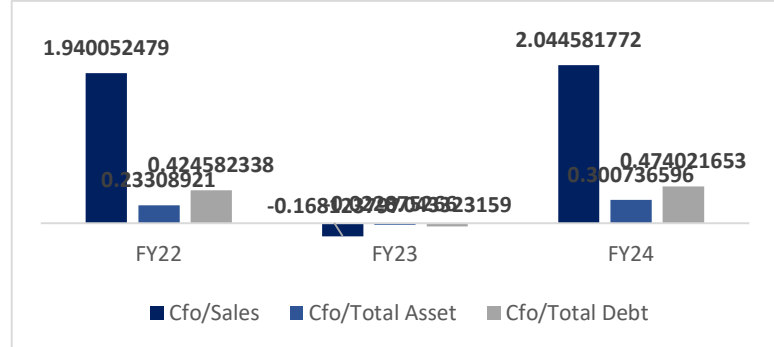
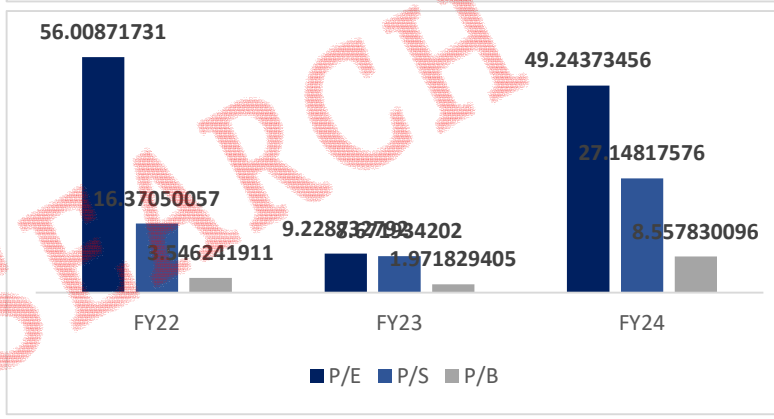
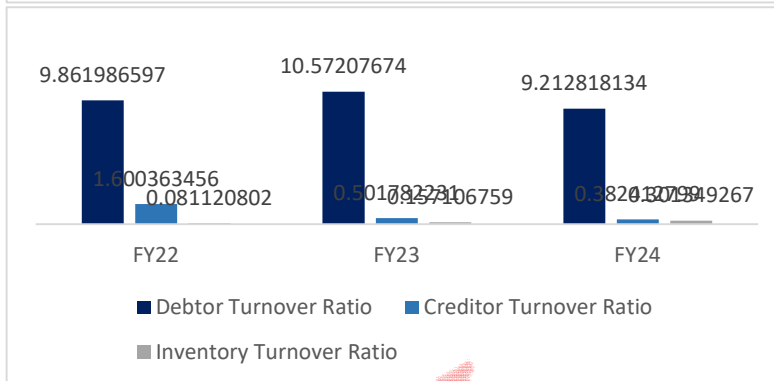
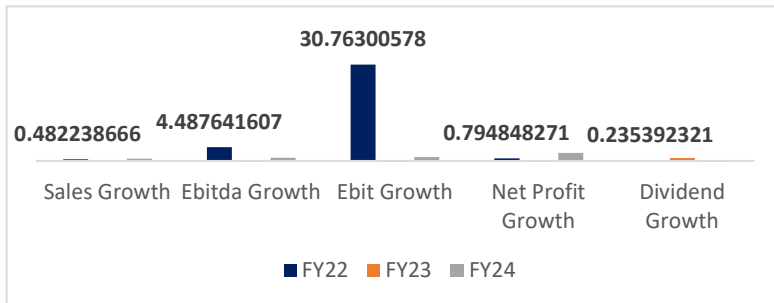
Balance Sheet (consolidated)

In ₹cr	year ending 31st March		
Particulars	FY22	FY23	FY24
P,P&E	97.94	154.77	198.41
Cash	3,511.66	3,049.57	4462.85
Trade Recievables	63.39	90.89	210.87
Intangible Assets	68.34	98.61	89.56
Investments	1,829.59	968.52	1698.06
DTA (net)	244.90	229.75	174.99
Fixed Assets	3.16	0.75	0.71
Capital W-I-P	1.83	0.13	11.13
Other Assets	364.59	1,400.82	2603.65
Total Assets	6,185.40	5,993.81	9450.23
Common Equity	27.05	27.09	27.07
Other Equity	2,627.47	2,674.06	3275.22
Minority Interest	135.19	127.84	152.37
Total Sharholder's Eq	2,789.71	2,828.99	3454.66
Leases	0.02	0.02	0.02
Trade Payables	72.85	80.40	190.55
DTL (net)	9.63	19.74	14.96
Provisions	24.93	22.01	191.32
Other liab	3,288.26	3,042.65	5598.72
Total Liabilities	3,395.69	3,164.82	5995.57
Total Equity & Liab	6,185.40	5,993.81	9450.23

Source: Annual Report

Ratios	FY22	FY23	FY24
EPS (Basic)	18.51	16.06	56.66
Sales Growth	48%	10%	70%
Ebitda Growth	449%	-7%	102%
Ebit Growth	3076%	-17%	122%
Net Profit Growth	79%	-13%	253%
Dividend Growth	24%	93%	-11%
Gross Margin	87.0%	81.7%	80.5%
Ebitda Margin	28.7%	24.2%	28.8%
Ebit Margin	22.2%	16.8%	21.9%
Net Profit Margin	33.0%	25.2%	55.5%
Dividend Payout	37.8%	84.1%	21.2%
Dividend Yield	0.8%	2.6%	0.4%
ROCE	4.8%	3.8%	6.9%
ROE	9.1%	7.8%	22.5%
D/E	0.00	0.00	0.00
Interest Coverage Ratio	7.44	4.99	20.22
Debtor Turnover Ratio	9.9	10.6	9.2
Creditor Turnover Ratio	1.6	0.5	0.4
Inventory Turnover Ratio	0.1	0.2	0.3
Fixed Asset Turnover	0.55	0.48	0.49
Debtor Days	37.01	34.52	39.62
Payable Days	228.07	727.41	954.47
Inventory Days	4499.46	2323.26	1211.22
Cash Conversion Cycle	4308.40	1630.38	296.37
Cfo/Sales	1.94	-0.17	2.04
Cfo/Total Asset	0.23	-0.02	0.30
Cfo/Total Debt	0.42	-0.04	0.47
Ev/Ebitda	41.24	21.02	83.63
Ev/Ebit	53.32	30.27	109.86
Ev/Ebt	26.86	13.96	33.58
P/E	56.01	9.23	49.24
P/S	16.37	8.67	27.15
P/B	3.55	1.97	8.56
Current Ratio	1.80	1.61	1.19
Quick Ratio	1.32	1.38	0.94
Cash Ratio	0.08	0.07	0.06

Source: Company, Fin2research



Company Board

**Pramod Aggarwal**
Chairman

Shri Pramod Aggarwal has over three decades of administrative experience as an IAS officer, he has served in various capacities at both the State and Central levels.

He held the position of Chairman and Managing Director of Coal India Limited, where he provided strong leadership. Additionally, he served as Joint Secretary in the Department of Disinvestment, Ministry of Finance, Government of India, playing a key role in driving disinvestment reforms and other important initiatives.

**S Ramamurthy**
MD & CEO

Shri Sundararaman Ramamurthy has over 38 years of diverse experience in the Indian financial and banking sector. Before joining the Bombay Stock Exchange (BSE), he served as the Managing Director and Chief Operating Officer of the Indian arm of Bank of America.

As a senior member of the National Stock Exchange (NSE) since its inception, he played a pivotal role in transforming the Indian capital markets over a span of more than 20 years.

**Umakant Jayram**
Director

Umakant Jayram has 28 years of cross-functional experience spanning Global Investment Banking, Financial Planning & Analysis, Risk Consulting, and Business Transformation.

**S.J Vyas**
Director

Jayshree Vyas, Managing Director of Shree Mahila Sewa Sahakari Bank in Ahmedabad, introduced India's first financial literacy program at Sewa Bank in 2001. This pioneering initiative marked a significant step towards empowering women with financial knowledge.

**Prof. S Chaudhuri**
R&D Director

Professor Subhasis Chaudhuri, Director of IIT Bombay holds the K.N. Bajaj Chair Professorship in the Department of Electrical Engineering. With an impressive academic and research background, he has published 110 journal papers, presented at over 240 conferences, authored 7 monographs, and holds 13 national and international patents.

Peer Analysis

NSE Financial Summary

Particulars	NSE Ltd.	BSE Ltd.
Revenue	14,780.0	1,390.0
Operating Expenses	980.6	270.6
Gross Profit	13,799.4	1,119.5
SG&A Expenses	2,188.8	719.8
EBITDA	11,610.7	399.7
% EBITDA Margin	79%	29%
D&A	439.6	95.4
EBIT	11,171.1	304.3
Other Income	1,653.6	227.9
PBT, before exception	12,824.7	517.1
less, Contribution to Core SGF	-1,741.0	406.6
JV/Associates	100.5	71.8
Taxes	2,777.8	223.9
PAT	8,406.5	771.7
Minority Interest	-	-6.7
Adjusted PAT	8,406.5	778.4

NSE's revenues are primarily driven by its derivative segment, data services, and licensing fees. It has a higher operating margin due to its significant share in the derivatives market.

BSE has a relatively diversified revenue stream but is much smaller in terms of total revenues and profits. The lower operating margin is reflective of its limited participation in the derivatives market and higher reliance on equity listing fees and data charges.

NSE Limited holds a strong competitive edge with its dominance in equity and derivatives markets, attracting most institutional and retail investors due to superior liquidity and tighter spreads.

In contrast, BSE Limited has found a niche in SME listings and mutual fund platforms but has steadily lost market share to NSE in equity and derivatives trading.

Segment	BSE Ltd.
P/E	100
P/B	18.1
Dividend Yield	0.33%
Market Cap	59,844

Though NSE Limited is not publicly listed, it holds a significant valuation in the private market due to its strong financial performance and dominant position in the Indian stock market.

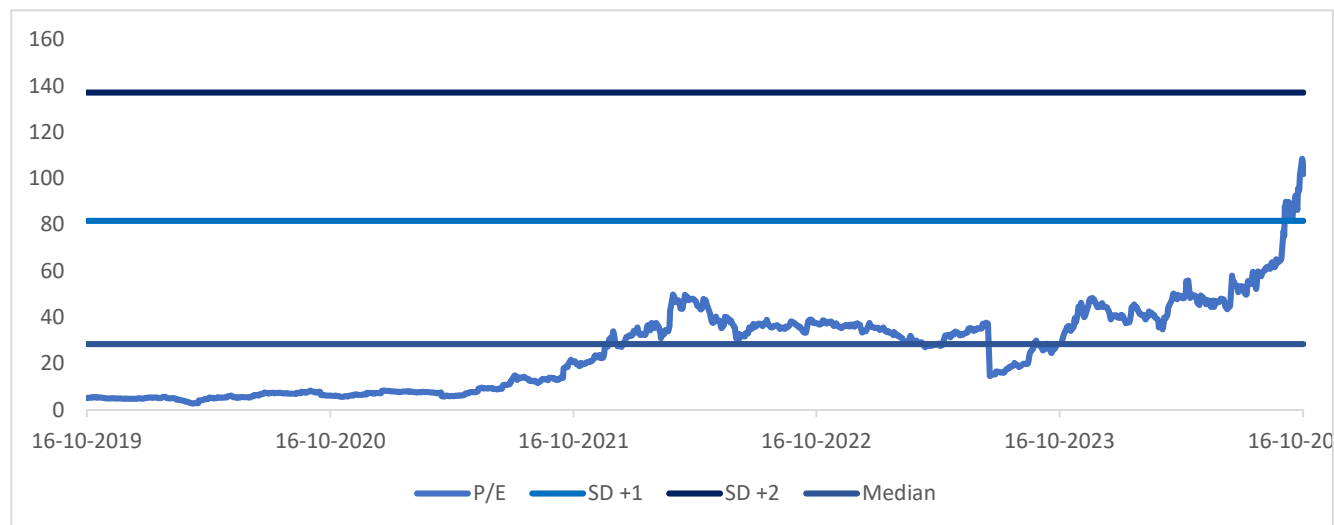
NSE's estimated price-to-earnings (P/E) ratio is expected to be considerably higher compared to other market players, including BSE Limited. Investors place a premium on NSE's robust revenue streams from derivatives, data services, and technological advancements, which contribute to its long-term growth potential.

Products and Segments

Segment	NSE Ltd.	BSE Ltd.
Equity Cash	Leader in equity cash	Lags Behind
Equity Derivatives	Over 90% share	Small Market share
Currency	Major Player	Smaller
Commodities	Active	Competes
SME Listing	Smaller player	Leader in SME

NSE Limited and BSE Limited offer a wide range of products and segments though their focus areas differ. NSE leads in the **equity cash** and **equity derivatives** segments, capturing over 90% of the derivatives market in India, making it the dominant player in futures and options trading. It also has a strong presence in **currency derivatives** and **commodities trading**, with growing activity in these segments. On the other hand, BSE has carved out a niche in **SME listings**, leading this segment with a large number of small and medium enterprise IPOs.

Valuation



- We anticipate strong growth for BSE Ltd. driven by several factors. The introduction of new financial products, such as exchange-traded funds (ETFs) and derivatives, is expected to attract a broader range of investors, thereby enhancing trading volumes. Additionally, an increase in investments from foreign institutional investors (FIIs) can provide liquidity and boost market sentiment, further benefiting the exchange.
- It is also worth noting that the upcoming IPO of the National Stock Exchange (NSE) is expected to command a significantly higher valuation compared to BSE Ltd., primarily due to its dominant market position in India. The IPO is anticipated to value the exchange at ₹1.5-2 trillion (₹1.5-2 lakh crore), though the exact figures will be determined closer to the listing. Moreover, NSE has demonstrated strong profitability, which further bolsters its attractiveness to institutional and retail investors. This financial strength is expected to translate into higher earnings multiples during its IPO.
- BSE Ltd.'s market capitalization is much smaller in comparison to NSE. While BSE is valued around ₹6,000-8,000 crore, the NSE's IPO is expected to reflect a valuation nearly 20 times higher.
- While BSE Ltd. has its niche, especially in segments like SME listings and mutual fund platforms, NSE's commanding market share, higher liquidity, and broader investor base are likely to result in a much higher valuation during its IPO. Investors considering both exchanges should weigh the growth potential of NSE against the more stable, dividend-focused nature of BSE.
- As a result, we maintain a bullish outlook on BSE Ltd. and recommend a 'Buy' rating with a target price of ₹4,915, based on our P/E valuation analysis and the company's growth potential. We also forecast a potential peak of ₹6,100 based on higher P/E multiples. However, it's important to recognize the limitations of P/E-based valuations, which rely on historical earnings and are influenced by market sentiment. Risks such as regulatory changes and competitive pressures could impact the stock's performance.

Source: Company, Fin2research

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