

RESEARCH REPORT

BSE LTD



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About

Bombay Stock Exchange (BSE Ltd) is an Indian Stock Exchange located at Dalal Street in Mumbai. The Co. facilitates a market for trading in equity, currencies, debt instruments, derivatives, and mutual funds.

Revenue Breakup

- Securities Services: 44%
- Services to corporates: 45%
- Data Dissemination Fees: 6%
- Others: 5%

Synopsis of Financials

- Record revenue of INR 1,618 crores on a consolidated basis.
- Net profit attributable to shareholders grew by 86% to INR 411 crores.
- Operating EBITDA for FY '24 increased to INR 399.9 crores.
- Final dividend of INR 15 per equity share recommended for FY 2023-24.
- BSE recorded its highest ever quarterly revenues of INR 674.4 crores, a 149% increase year-on-year.
- Operational revenues grew by 182% to INR 607.7 crores, up from INR 215.6 crores.
- Net profit attributable to shareholders reached INR 265 crores, a substantial increase from INR 75.1 crores (excluding CDSL Stake Sale), reflecting a growth of 253%.
- Operating EBITDA for Q1 FY '25 stood at INR 283.9 crores, with an EBITDA margin expanding to 47% from 33% previously.

Source: Company Annual Report

Stock data (as 27th Dec 2024)

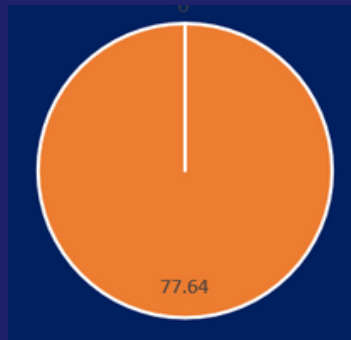
Nifty Price	: 23,205
52 week High (in Rs.)	: 5,838
52 week Low (in Rs.)	: 1,941
Market Cap. (in Crore)	: ₹ 70,678 Cr.
NSE Code	: BSE

Stock data



-NIFTY50
-BSE

Shareholding Pattern (March 2024)

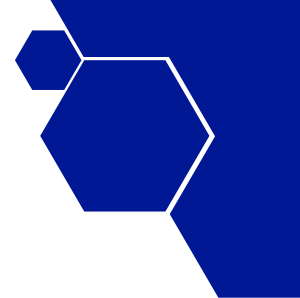


-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	Mar 2022	Mar 2023	Mar 2024
Sales	841	925	1,592
Sales Growth %	33%	10%	72%
Expenses	489	609	967
Operating Profit	352	316	626
OPM %	42%	34%	39%
Net Profit	245	206	772
EPS in Rs	18.80	16.29	57.50

Quarterly Results



Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	234	239	259	260	362	426	545
Expenses	184	165	132	146	173	280	392
Operating Profit	50	74	127	114	189	146	152
OPM %	21%	31%	49%	44%	52%	34%	28%
Other Income	21	20	22	430	24	22	28
Interest	7	6	6	7	9	0	0
Depreciation	12	17	21	21	23	25	26
Profit before tax	51	71	122	516	182	143	154
Tax %	42%	33%	27%	15%	35%	26%	31%
Net Profit	29	48	89	440	118	106	107

Source: Screener

Key Ratios

Particulars	FY 2023-24	FY 2022-23	Variation (bps)	% Change*
Standalone:				
Debtors Turnover (in times)	9.15	6.81	--	34.36%
Creditors Turnover (in times)	4.81	6.52	--	(26.23%)
Net Profit Margin (in %)	73.79	27.84	4595	165.05%
Return on Net worth (in %)	29.50	7.33	(2217)	(302.46%)
Return on Investments (in %)	7.94	4.92	302	61.38
Return on Capital Employed	32.34	10.48	2186	208.59%

Source: Annual Report

Yearly Results

Particulars	Mar 2022	Mar 2023	Mar 2024
Equity Capital	27	27	27
Reserves	2,627	2,674	3,275
Borrowings	0	0	0
Other Liabilities	3,531	3,293	6,148
Total Liabilities	6,185	5,994	9,450
Fixed Assets	161	252	285
CWIP	10	2	15
Investments	1,968	1,453	2,390
Other Assets	4,046	4,286	6,761
Total Assets	6,185	5,994	9,450

Synopsis Quater Results

Key Highlights

Economic Overview:

- Indian economy showing resilience with GDP growth of 6.7% YoY in Q1 FY2025.
- Government initiatives focusing on boosting manufacturing and improving youth employability.
- Young and aspirational population presents unique opportunities for economic growth, positively impacting capital markets.

Market Segment Insights:

- BSE platforms facilitated capital raising of ₹13.7 lakh crores across equity, debt, bonds, and mutual funds.
- Average daily turnover in the cash segment for Q2 FY2025 stood at ₹9,768 crores, up from ₹5,922 crores YoY.
- Sensex derivatives achieved record trading volumes with over 66 crores contracts traded on September 20, 2024.
- Single stock derivatives launched on July 1, 2024, with participation from 169 members in futures and 126 in options.

Technological Investments:

- Continuous investment in technology upgrades, including a new state-of-the-art data centre expected to be operational by the end of FY2025.
- Engaging with stakeholders and regulators to implement initiatives that enhance market quality and attractiveness.

Regulatory Changes and Market Dynamics:

- SEBI's recommendations on index derivatives have led to changes in expiry cycles and lot sizes for index contracts.
- Transaction charges for index options revised to ₹3,250 per crore of premium turnover effective October 1, 2024.
- Ongoing discussions with clearing corporations regarding high clearing charges compared to other exchanges.

Mutual Fund Distribution Performance:

- BSE StAR MF reported record revenues of ₹58.7 crores, up 100% YoY.
- Total transactions processed grew by 68% to 16.28 crores in Q2 FY2025.

Subsidiary Developments:

- Acquisition of S&P Dow Jones Indices' stake in Asia Index Private Limited completed, expanding product offerings with 11 new indices launched.
- Focus on passive investments expected to drive further index product developments.

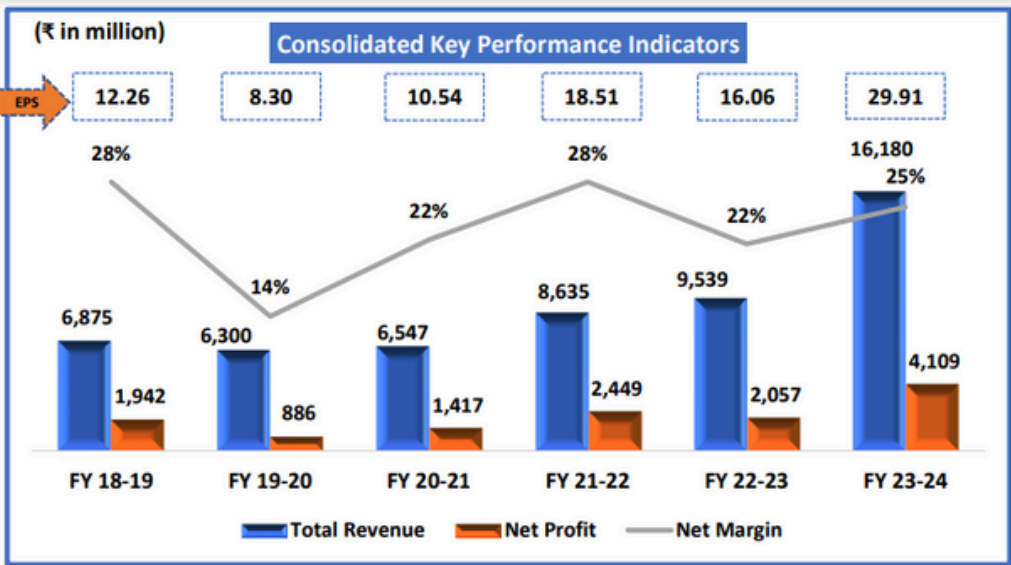
Challenges and Management Outlook:

- Management acknowledges challenges in gaining traction for individual stock options due to technological readiness of brokers.
- Regulatory changes may impact trading volumes in the derivatives market; however, the management is optimistic about the growth potential of Sensex products.
- Continuous engagement with market participants to enhance product offerings and market liquidity.

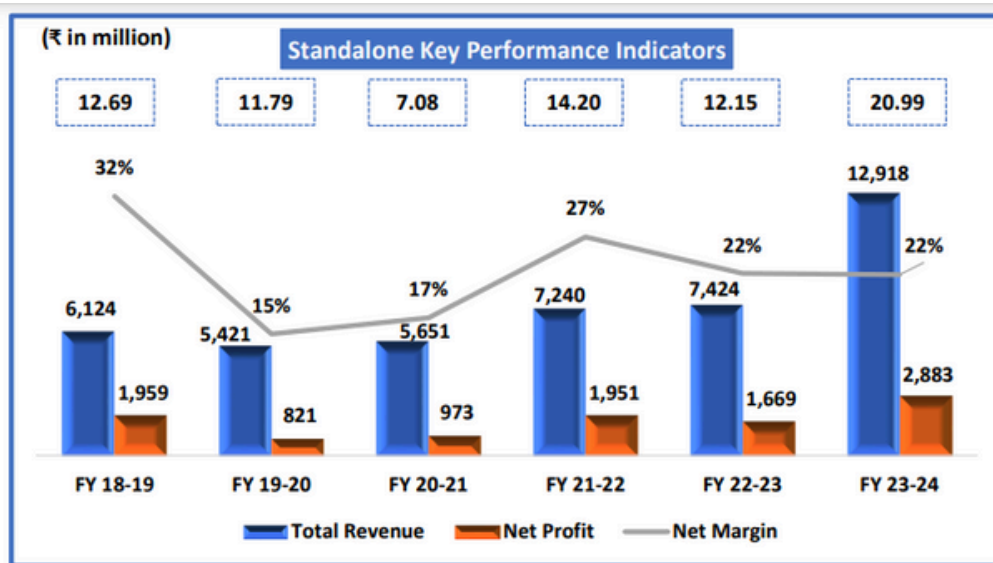
Overall Sentiment:

- Management expresses confidence in the sustainability of revenue growth, attributing it to diversified income sources including equity, derivatives, and mutual funds.
- Emphasis on enhancing market vibrancy, resilience, and competitiveness through continuous product expansion and infrastructure investment.

Revenue Highlights



* Net profit & EPS from Continuing operation and excluding Gain from CDSL Stake Sale



* Net profit & EPS from Continuing operation and excluding Gain from CDSL Stake Sale

Final Outlook

BSE: BUY | LTP: 5,225

FUNDAMENTAL ANALYSIS

Profitability Metrics:

Earnings Per Share (EPS):

Reported EPS (FY2024): ₹55.65

Adjusted EPS (FY2024): ₹18.41

Interpretation: EPS indicates the portion of a company's profit allocated to each outstanding share. A higher EPS reflects better profitability. The significant difference between reported and adjusted EPS suggests the presence of exceptional items or one-time gains/losses.

Valuation Metrics:

Price-to-Earnings (P/E) Ratio:

As of January 1, 2025: Approximately 15x

Interpretation: The P/E ratio reflects market expectations of a company's future earnings. A P/E of 15x suggests that investors are paying ₹15 for every ₹1 of earnings, which is reasonable compared to industry peers.

Conclusion:

BSE Limited demonstrates strong profitability, efficient asset utilization, and maintains a debt-free capital structure. The significant revenue and profit growth indicate a positive trajectory. However, the current ratio suggests that liquidity management should be monitored. Overall, BSE Limited appears to be fundamentally robust, making it an attractive consideration for investors seeking exposure to the financial services sector.

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