

03 September 2024

India | Equity Research | Company Update

Multi Commodity Exchange of India

Exchanges

Positive surprise in volumes lead to earnings upgrades; implied volume growth in valuations high

Volumes have been strong in MCX across options and futures, as well as the premium conversion rates in Aug'24 after a weak Jul'24. The combination of all three revenue drivers (futures, options and premium conversion rate) exhibiting strength has led to our earnings upgrades (14.8%/22.7% in FY25E/FY26E). However, we maintain **HOLD**, considering the limited visibility of volumes which inhibits further multiple upgrades. Without an upgrade in its multiple, current valuations factor possible volume growth hereon adequately. So, (1) if we factor in options growing by 2x compared to futures between Aug'24 and FY26; (2) keep FY26E premium conversion rate at 1.4%; and (3) value MCX basis 35x FY26E PE, the volume ask is that of ~38%/76% growth in futures/options between Q1FY25 and FY26E (even at 40x multiple it is ~30%/60%) (**Exhibit - 4**).

MCX volumes remain strong in Aug'24; both futures and options, silver exhibiting strong traction

MCX's options ADTV grew 10.4% MoM to INR 1.88trn in Aug'24. This was driven by an increase in silver ADTV (268% MoM), crude oil ADTV (10.7% MoM) and natural gas ADTV (20.9% MoM). Gold ADTV declined 46% MoM in Aug'24. Premium, as a % of notional turnover, for MCX increased to 1.77% in Aug'24 vs. 1.44% in Jul'24. MCX futures ADTV increased 9.6% MoM in Aug'24 to INR 271bn. Gold futures' ADTV declined 10.5% MoM to INR 75bn while silver futures ADTV increased 16% MoM to INR 103bn.

Growth in volumes complemented by increasing participation

Total number of registered UCC at MCX stood at 25.8mn in Q1FY25 vs. 10mn in Q1FY24. Number of UCCs that traded on MCX stood at 5.7mn in Q1FY25 vs. 3.9mn in Q1FY24. 2.2mn participants traded in futures, whereas 4.3mn traded in options in Q1FY25 (**Exhibits 16–18**).

Majority of the participation in MCX is from retail and proprietary traders. In futures, ~90–92% participation is from retail and proprietary traders; ~5–7% participation is from hedgers. In options, ~98% of participation is from retail and proprietary traders; ~0.5–1% is from hedgers (**Exhibits 19–20**).

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Revenue	5,135	6,836	10,769	14,144
EBITDA	1,497	643	6,510	9,125
EBITDA Margin (%)	29.2	9.4	60.4	64.5
Net Profit	1,490	831	5,129	7,163
EPS (Rs)	29.2	16.3	100.6	140.5
EPS % Chg YoY	(6.8)	(45.0)	506.0	39.7
P/E (x)	177.3	317.8	51.5	36.9
P/BV (x)	17.9	19.2	16.7	14.1
Dividend Yield (%)	0.4	0.1	1.2	1.6
RoE (%)	10.3	5.8	34.6	41.5

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Market Data

Market Cap (INR)	263bn
Market Cap (USD)	3,140mn
Bloomberg Code	MCX IN
Reuters Code	MCEIqf.BO
52-week Range (INR)	5,269 /1,701
Free Float (%)	100.0
ADTV-3M (mn) (USD)	32.4

Price Performance (%)	3m	6m	12m
Absolute	42.3	35.0	183.2
Relative to Sensex	30.6	23.1	156.9

Previous Reports

01-08-2024: [Q1FY25 results review](#)

25-04-2024: [Q4FY24 results review](#)

MCX share price breaches INR 5,000 mark; what volumes are currently implied in share price?

We have conducted a sensitivity analysis to find out what options volumes, premium turnover percentage, futures volumes are being implied in CMP at various price multiples. At our current FY26E PAT estimate of INR 7.2bn, MCX is trading at a price multiple of 37x. In our sensitivity analysis, we try to arrive at the implied PAT for a particular multiple and its corresponding implied variables of options/futures volumes and premium conversion rate.

For e.g., if we assume MCX should trade at 35x multiple on FY26E PAT, the implied PAT works out to be INR 7.5bn. To achieve this PAT, MCX will need to have options ADTV of INR 3.4trn in FY26E (keeping other variables constant) or will need to have % premium turnover of 1.48% in FY26E (keeping other variables constant) or will need to have futures ADTV of INR 398bn in FY26E (keeping other variables constant). (**Exhibits 1-3**). Obviously, if we assume improvement in all variables, the ask becomes significantly less.

So, corollary check for implied volumes is that: 1) if we factor in options growing 2x compared to futures between Aug'24 and FY26; 2) keeping FY26 premium conversion rate at 1.4%, basis 35x multiple, the ask is that of ~38%/76% growth in futures/options, which is still challenging (**Exhibit - 4**).

Natural gas mini and crude oil mini contracts (new product launches in 2024) are yet to see meaningful traction

MCX launched Natural Gas and crude oil mini contracts in Apr'24. But since its launch, both the contracts are yet to see any meaningful traction. In Aug'24 crude oil contracts had an ADTV of INR 1.4trn whereas crude oil mini contracts had an ADTV of INR 8bn. Natural gas in Aug'24 had ADTV of INR 168bn vs INR 2bn ADTV for Natural gas mini contracts. Despite having lower volumes, both natural gas and crude oil mini contracts have similar % premium turnover. (Exhibit 12-15).

We estimate PAT of INR 5.2bn/INR 7.2bn in FY25E/FY26E

- MCX's futures volume witnessed robust 48% QoQ growth in Q1FY25 to INR 259bn. Aug'24 futures ADTV for MCX stood at INR 272bn. For 5MFY25, futures ADTV for MCX has been INR 259bn. Basis this strong growth, we upgrade our futures estimates and expect futures ADTV to be INR 275bn/INR 350bn in FY25E/FY26E.
- MCX's options volume also witnessed strong growth in Q1FY25. Options ADTV in Q1FY25 grew 29.2% QoQ to INR 1.47trn. Options ADTV has remained strong in Aug'24 at INR 1.88trn. For 5MFY25, options ADTV for MCX has been INR 1.6trn. Basis this strong growth and run rate, we upgrade our options estimates and expect options ADTV to be INR 2.1/INR 3.25trn in FY25E/FY26E.
- % Premium turnover of notional turnover for options witnessed a dip since start of CY24 to 1.62% in Q1FY25 from 1.79% in Q4FY24. Aug'24 has seen increase in % premium turnover to 1.77%. For 5MFY25, % premium turnover has been 1.61%. We factor in option premiums to be 1.5%/1.4% of notional turnover in FY25E/FY26E. This number has been volatile and can spring surprise on either side.
- SEBI, in its circular dated 1 Jul'24, mandated MIs to redesign the existing charge structure such that it should be uniform and equal for all its members instead of a slab-wise structure (true to label). MCX's management in Q1FY25 conference call said that they are still in the process of finalizing the rate and will come out at the appropriate time with the charge structure which will be equitable to all participants. Due to the lack of visibility, we have kept the rate at similar levels of FY24. We have assumed the rate to be INR 21/mn in FY25/26E for futures and INR 410/mn in FY25/FY26E for options premiums.

- As per another SEBI consultation paper, margin money on clearing and settlement fund is also expected to go away. MCX earned INR 200mn in Q1FY25 as margin money on clearing and settlement funds. We have accounted that this income will likely cease to exist going ahead. We estimate total other operating income to be INR 989mn/INR 841mn in FY25E/FY26E vs. INR 1,248mn in FY24 and INR 364mn in Q1FY25.
- We expect revenue from futures to be INR 2.9/3.7bn in FY25E/26E vs. INR 706mn in Q1FY25. We expect revenue from options to be INR 6.8bn /INR 9.5 bn in FY25/FY26E vs. INR 1.3bn in Q1FY25. We expect total revenue from operations to be INR 10.8/INR 14.1bn in FY25/FY26E vs. INR 2.4bn in Q1FY25.
- We expect employee costs to be INR 1.2/INR 1.4bn in FY25E/FY26E vs. INR 321mn in Q1FY25. Currently, the new software is under warranty from TCS, until Sep'24, with no required payment. Management has guided for INR 600mn of annual software costs which consist of additional depreciation due to software capitalization and payments to TCS. Prior to new software capitalisation, MCX had depreciation of INR 43mn in Q1FY24 vs INR 134mn in Q1FY25 implying additional depreciation of ~INR 90mn per quarter or INR 360mn annually. We estimate depreciation of INR 532mn/INR 560mn in FY25/FY26 (normal depreciation of ~INR 160mn and software capitalisation related additional depreciation of ~ INR 400mn in FY26E). We factor in annual payment to TCS of INR 150mn in FY25E (two quarters of no payment) and INR 250mn in FY26E. In total, we estimate total software cost and total depreciation of INR 682/860mn in FY25/26 vs. INR 134mn in Q1FY25 (Q1FY25 did not include payment to TCS)
- MCX also has to pay 10% of total revenue from energy contracts as license fee to CME. Basis volume increase, we estimate INR 636/INR 865mn under this charge in FY25E/FY26E vs. INR 132mn in Q1FY25. We consider SGF contribution of INR 439mn/INR 500mn in FY25E/FY26E. As of FY24, MCX has INR 7.8bn of SGF contribution on its balance sheet. This leads to PAT estimates of INR 5.2bn in FY25E and INR 7.2bn in FY26E.

Maintain HOLD

Our valuation is based on 40x multiple on FY26E adjusted EPS of INR 130 per share (ex-software amortisation cost and income from investments, both net of taxes) while adding free cash and investments of INR 147/share (ex-SGF, ex-margin money, ex-mandatory reserves). Our revised target price stands at INR 5,348 (earlier INR 4,295).

Key concerns for MCX include any possible issues with the new software and any regulatory changes that may lead to a decline in volumes. There could also be an upside risk from increase in volumes with: 1) the introduction of new products at lower contract size; 2) multiple expiries within a month; and 3) market share gain from other exchanges, if weekly contracts get limited to one contract per exchange per week. Downside risk can come from generic volume weakness and reduction in option to future percentage rates.

Exhibit 1: Implied options volume needed for various multiples basis current market cap ceteris paribus

INR (mn)	Base Case	Implied PAT needed for Multiple			
Current Market Cap	2,64,121	2,64,121	2,64,121	2,64,121	2,64,121
Multiple (x)	37	30	35	40	45
PAT Needed	7,163	8,804	7,546	6,603	5,869
Options ADTV (INR bn)	3,250	3,996	3,424	2,995	2,661
Growth over Aug'24 ADTV	72.8%	112.5%	82.0%	59.2%	41.5%
Premium %	1.40%	1.40%	1.40%	1.40%	1.40%
Futures ADTV (INR bn)	350	350	350	350	350

Source: I-Sec research, Company data

Note: Market cap as on 30th Aug'24
Exhibit 2: Implied options % premium turnover needed for various multiples basis current market cap ceteris paribus

INR (mn)	Base Case	Implied PAT needed for Multiple			
Current Market Cap	2,64,121	2,64,121	2,64,121	2,64,121	2,64,121
Multiple (x)	37	30	35	40	45
PAT Needed	7,163	8,804	7,546	6,603	5,869
Options ADTV (INR bn)	3,250	3,250	3,250	3,250	3,250
Premium %	1.40%	1.72%	1.48%	1.29%	1.15%
Futures ADTV (INR bn)	350	350	350	350	350

Source: I-Sec research, Company data

Note: Market cap as on 30th Aug'24
Exhibit 3: Implied futures volume needed for various multiples basis current market cap ceteris paribus

INR (mn)	Base Case	Implied PAT needed for Multiple			
Current Market Cap	2,64,121	2,64,121	2,64,121	2,64,121	2,64,121
Multiple (x)	37	30	35	40	45
PAT Needed	7,163	8,804	7,546	6,603	5,869
Options ADTV (INR bn)	3,250	3,250	3,250	3,250	3,250
Premium %	1.40%	1.40%	1.40%	1.40%	1.40%
Futures ADTV (INR bn)	350	559	398	280	189
Growth over Aug'24 ADTV	28.9%	105.9%	46.4%	3.1%	-30.6%

Source: I-Sec research, Company data

Note: Market cap as on 30th Aug'24
Exhibit 4: Implied futures and options volume needed for various multiples basis current market cap assuming options sees 2x growth in volumes over futures volumes

INR (mn)	Base Case	Implied PAT needed for Multiple			
Current Market Cap	2,64,121	2,64,121	2,64,121	2,64,121	2,64,121
Multiple (x)	37	30	35	40	45
PAT Needed	7,163	8,804	7,546	6,603	5,869
Options ADTV (INR bn)	3,250	3,767	3,315	2,977	2,713
Growth over Aug'24 ADTV	72.8%	100.3%	76.3%	58.3%	44.2%
Premium %	1.40%	1.40%	1.40%	1.40%	1.40%
Futures ADTV (INR bn)	350	413	380	355	336
Growth over Aug'24 ADTV	28.9%	50.1%	38.1%	29.1%	22.1%

Source: I-Sec research, Company data

Note: Market cap as on 30th Aug'24

Exhibit 5: Commodity futures ADTV monthly trend

Futures ADTV (INR mn)	Gold	Silver	Crude Oil	Natural Gas	Copper	ALNZ	All commodities
Aug-21	42,830	50,801	33,926	64,271	26,215	27,947	2,49,958
Sep-21	48,006	48,439	28,945	76,791	23,397	32,620	2,61,478
Oct-21	45,779	57,544	43,255	71,383	29,806	39,798	2,93,184
Nov-21	51,970	59,416	45,127	38,908	26,504	28,520	2,55,057
Dec-21	32,455	40,600	43,001	32,071	19,484	23,434	1,94,373
Jan-22	38,917	49,911	38,405	38,345	19,792	35,249	2,24,290
Feb-22	45,170	52,963	55,148	37,344	20,237	39,485	2,52,963
Mar-22	62,595	55,012	95,360	36,189	19,163	27,738	2,98,553
Apr-22	41,484	51,546	53,872	71,396	16,093	15,520	2,52,510
May-22	46,258	50,346	48,058	75,906	17,682	15,029	2,55,051
Jun-22	42,281	65,612	43,458	68,247	20,152	16,694	2,57,758
Jul-22	47,112	55,527	38,779	52,220	27,983	17,250	2,39,722
Aug-22	37,478	57,139	36,388	54,240	20,544	17,215	2,23,606
Sep-22	51,511	66,124	37,055	57,096	22,495	16,652	2,51,406
Oct-22	47,132	66,970	27,390	48,859	23,891	20,896	2,35,645
Nov-22	47,577	80,009	31,893	57,889	23,554	20,487	2,62,280
Dec-22	34,484	70,077	30,522	47,544	18,470	14,627	2,16,233
Jan-23	46,228	61,753	21,501	28,673	18,507	14,601	1,91,381
Feb-23	49,579	70,657	25,304	27,263	18,187	14,990	2,06,176
Mar-23	57,721	65,064	31,034	25,501	17,841	12,503	2,10,067
Apr-23	51,887	82,274	22,470	30,379	12,192	10,260	2,10,653
May-23	62,369	77,547	27,173	37,568	12,877	9,818	2,27,531
Jun-23	45,202	74,831	31,016	37,893	13,052	9,551	2,11,837
Jul-23	47,521	65,405	22,080	27,953	11,904	9,040	1,84,076
Aug-23	33,767	72,107	19,627	34,233	11,015	9,512	1,80,556
Sep-23	39,406	76,930	20,387	39,720	11,038	9,888	1,97,583
Oct-23	50,299	87,542	25,516	41,416	12,221	7,352	2,24,492
Nov-23	44,219	86,958	19,145	33,427	8,470	7,331	1,99,716
Dec-23	46,310	75,996	19,402	30,821	8,028	8,272	1,88,976
Jan-24	50,780	63,110	20,037	37,792	7,501	8,093	1,87,482
Feb-24	35,447	75,937	15,466	21,780	7,010	8,269	1,64,175
Mar-24	67,292	57,663	14,838	19,646	7,160	7,104	1,73,994
Apr-24	82,541	96,814	16,550	26,270	14,436	13,331	2,50,070
May-24	80,539	1,00,078	14,594	38,067	21,967	13,817	2,69,247
Jun-24	61,172	1,12,331	12,476	40,975	19,814	12,167	2,59,068
Jul-24	84,450	89,303	15,795	27,467	21,227	9,443	2,47,898
Aug-24	75,572	1,03,834	22,042	36,248	22,525	11,280	2,71,626

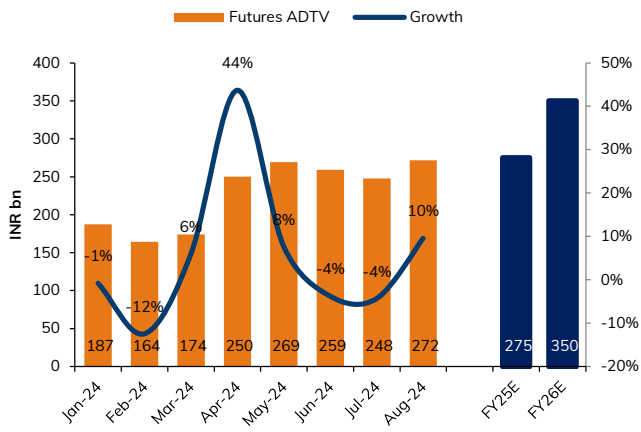
Source: I-Sec research, Company data

Exhibit 6: MCX options monthly ADTV trend

INR mn	Gold	Silver	Crude Oil	Natural Gas	Copper	Zinc	Total options
Apr-20	2,600	538	1,582	0	1	0	4,721
May-20	5,843	472	1,321	0	7	0	7,643
Jun-20	3,719	1,118	2,043	0	1	0	6,881
Jul-20	6,144	1,544	1,458	0	9	0	9,155
Aug-20	8,188	4,189	1,425	0	3	2	13,807
Sep-20	9,594	1,000	1,058	0	2	0	11,654
Oct-20	2,550	1,064	9,405	0	1	0	13,019
Nov-20	9,037	1,645	976	0	0	0	11,659
Dec-20	4,826	721	1,223	0	5	0	6,776
Jan-21	10,397	1,205	1,369	0	2	0	12,973
Feb-21	4,142	2,099	2,331	0	4	0	8,576
Mar-21	5,455	653	6,474	0	4	0	12,587
Apr-21	3,708	1,094	10,069	0	2	0	14,873
May-21	7,886	849	11,620	0	4	0	20,360
Jun-21	3,721	1,893	17,146	0	11	0	22,772
Jul-21	8,326	848	36,986	0	12	0	46,172
Aug-21	4,926	2,237	53,334	0	17	0	60,515
Sep-21	11,322	1,043	65,809	0	18	0	78,192
Oct-21	6,422	1,697	77,395	0	22	0	85,536
Nov-21	13,017	2,522	82,163	0	18	1	97,721
Dec-21	4,185	628	75,111	0	12	0	79,982
Jan-22	8,552	1,387	93,605	825	12	0	1,04,426
Feb-22	7,153	2,685	1,35,189	8,891	27	0	1,53,953
Mar-22	24,180	931	1,44,372	18,475	20	2	1,87,986
Apr-22	7,344	2,286	1,30,112	35,333	10	2	1,75,087
May-22	16,881	1,108	1,49,127	33,763	8	1	2,00,887
Jun-22	5,355	2,538	1,62,235	46,760	12	1	2,16,901
Jul-22	15,313	1,802	2,03,706	53,746	24	2	2,74,593
Aug-22	6,720	4,135	2,35,935	62,986	16	2	3,09,794
Sep-22	17,886	2,116	2,64,000	71,234	19	1	3,55,255
Oct-22	9,547	3,911	2,39,590	62,149	16	0	3,15,213
Nov-22	24,471	9,335	2,87,906	91,740	23	2	4,13,476
Dec-22	13,176	3,298	3,16,120	99,257	39	1	4,31,890
Jan-23	19,472	3,441	2,65,127	61,577	44	1	3,49,662
Feb-23	14,231	8,699	3,80,549	46,546	12	1	4,50,039
Mar-23	49,920	7,261	4,42,551	46,378	30	4	5,46,143
Apr-23	24,222	29,778	3,67,412	60,093	9	1	4,81,517
May-23	78,096	11,555	4,79,562	71,116	54	1	6,40,383
Jun-23	32,823	37,425	5,85,477	89,482	92	1	7,45,300
Jul-23	92,046	15,457	5,30,828	87,100	114	5	7,25,550
Aug-23	24,469	49,641	6,92,485	1,22,223	153	9	8,88,979
Sep-23	59,908	15,897	7,59,683	1,24,475	259	5	9,60,228
Oct-23	48,992	20,912	7,86,511	1,25,352	349	4	9,82,119
Nov-23	63,253	47,613	6,15,169	1,24,449	218	5	8,50,707
Dec-23	47,630	15,071	8,08,152	1,42,988	273	6	10,14,120
Jan-24	85,712	20,550	8,98,318	1,83,897	222	3	11,88,702
Feb-24	39,271	69,267	8,45,475	98,334	107	6	10,52,460
Mar-24	1,39,649	24,969	9,13,416	89,649	316	7	11,68,007
Apr-24	89,502	1,08,154	10,36,874	91,572	514	85	13,26,702
May-24	1,89,776	38,785	10,61,766	2,21,497	892	32	15,12,748
Jun-24	1,01,764	1,38,980	10,96,124	2,33,281	847	40	15,71,037
Jul-24	2,07,349	38,419	13,15,954	1,40,384	1,156	23	17,03,286
Aug-24	1,10,618	1,41,434	14,57,049	1,69,765	1,960	56	18,80,882

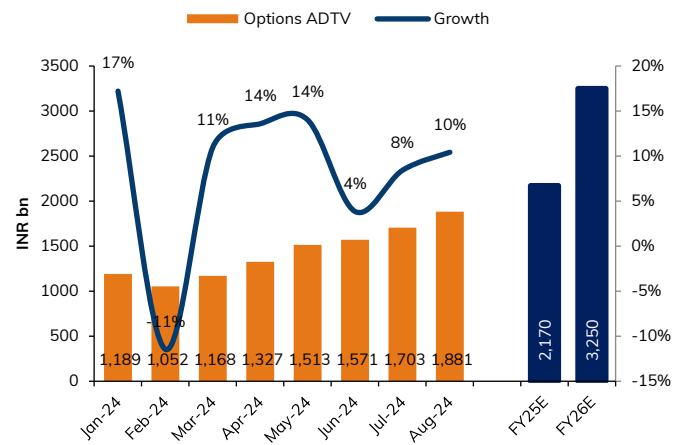
Source: I-Sec research, Company data

Exhibit 7: Futures ADTV trend and assumption



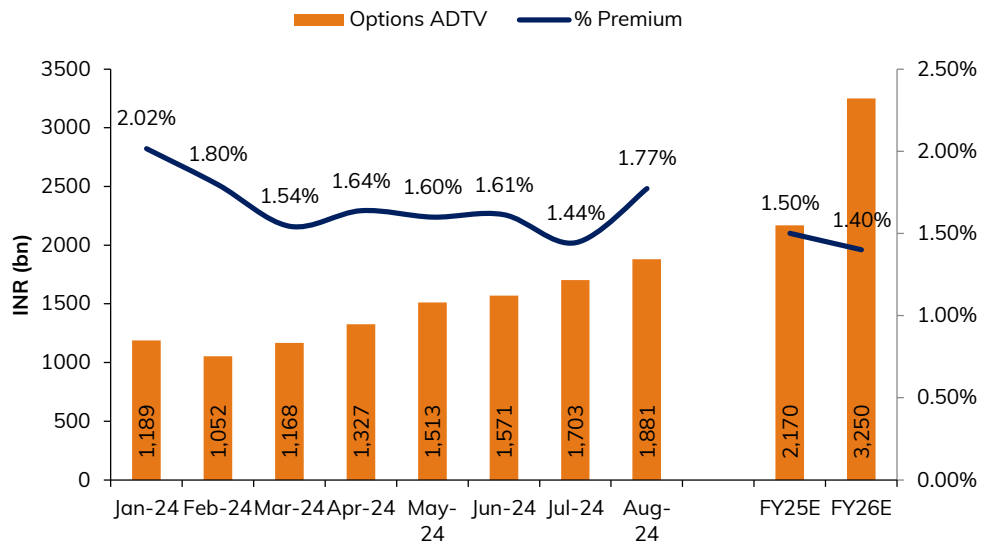
Source: I-Sec research, Company data

Exhibit 8: Options ADTV trend and assumptions



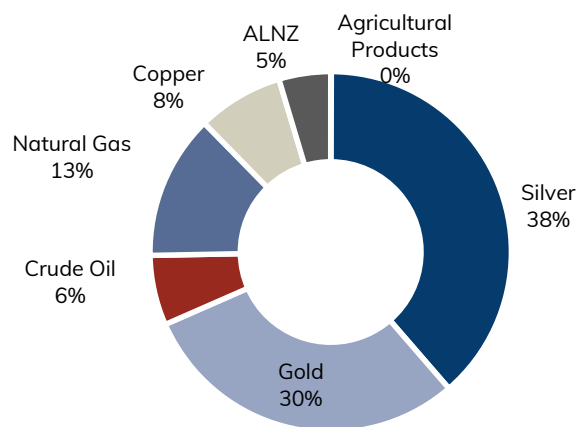
Source: I-Sec research, Company data

Exhibit 9: % Premium turnover trend and estimate



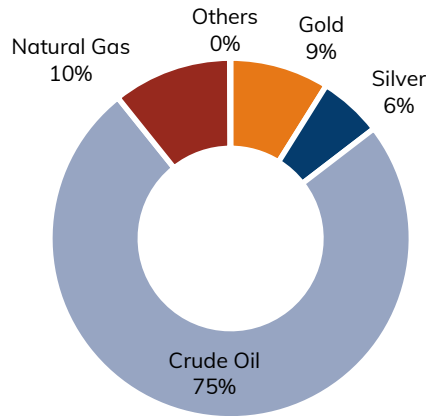
Source: I-Sec research, Company data

Exhibit 10: Futures volume breakup in 5MFY25



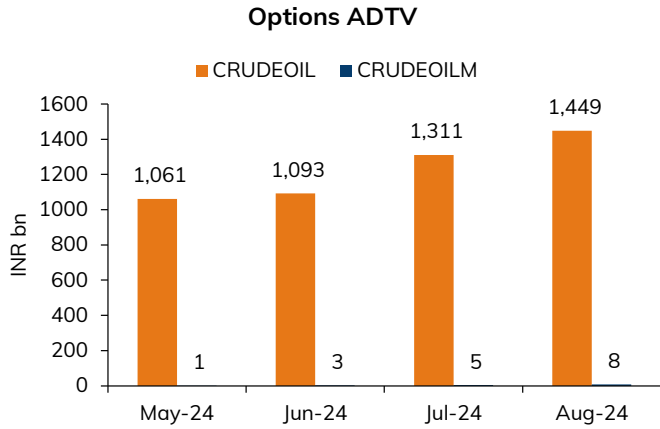
Source: I-Sec research, Company data

Exhibit 11: Options volume breakup in 5MFY25



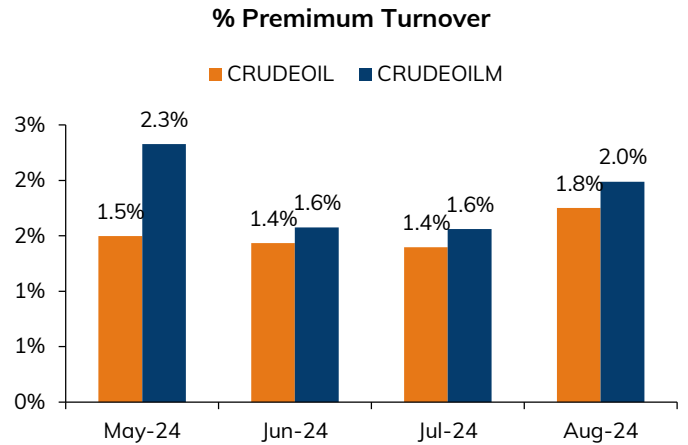
Source: I-Sec research, Company data

Exhibit 12: Since its launch, crude oil mini contracts are yet to see meaningful traction



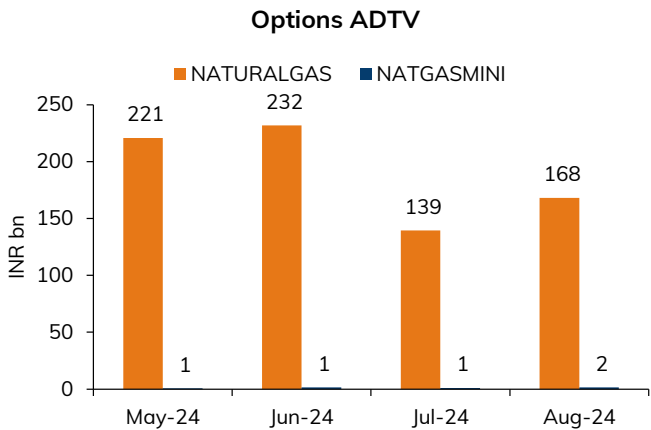
Source: I-Sec research, Company data

Exhibit 13: Crude oil mini contracts have similar % premium turnover to crude oil contracts



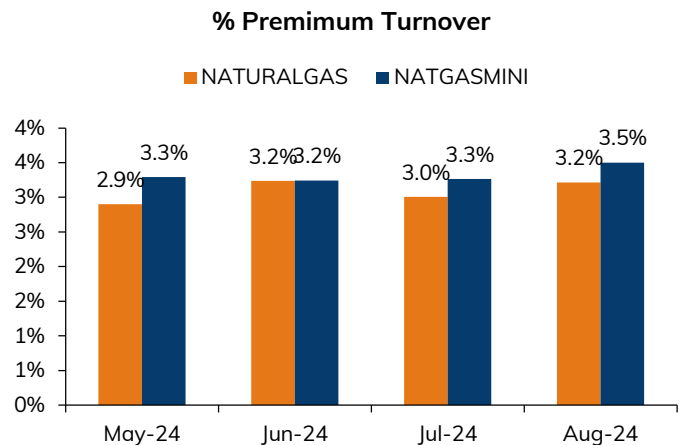
Source: I-Sec research, Company data

Exhibit 14: Since its launch, natural gas mini contracts are yet to see meaningful traction



Source: I-Sec research, Company data

Exhibit 15: Natural Gas mini contracts have similar % premium turnover to Natural Gas contracts

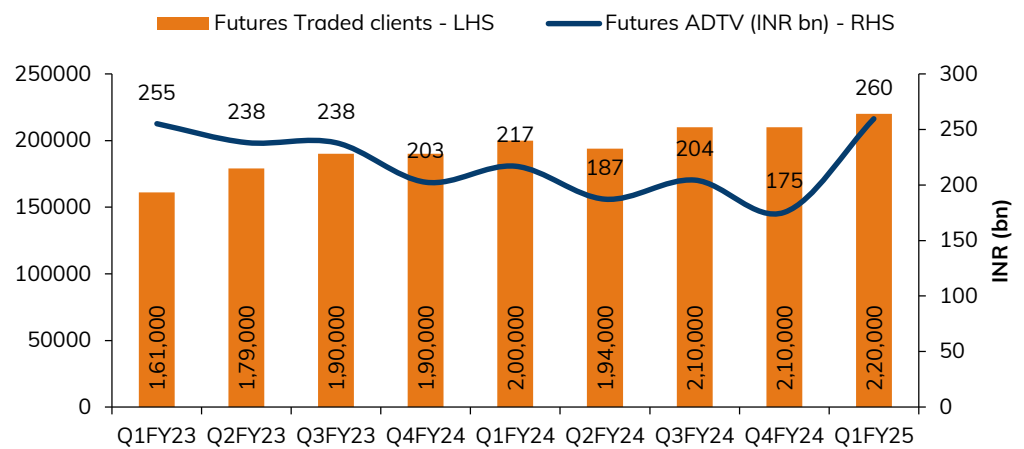


Source: I-Sec research, Company data

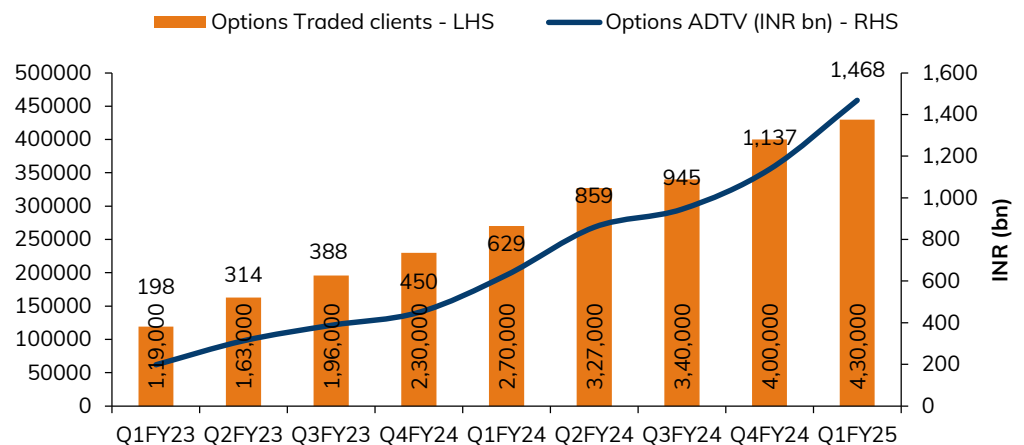
Exhibit 16: Trend for registered and traded UCC

	Registered UCC (PPT)	Traded UCC (PPT)	Growth in Registered UCC	Growth in Traded UCC	Traded UCC as % of Registered UCC
Q1FY23	1,07,17,641	2,38,000			2.22%
Q2FY23	99,75,263	2,91,000	-6.93%	22.27%	2.92%
Q3FY23	1,06,48,199	3,25,000	6.75%	11.68%	3.05%
Q4FY24	95,91,805	3,50,000	-9.92%	7.69%	3.65%
Q1FY24	1,00,99,457	3,90,000	5.29%	11.43%	3.86%
Q2FY24	1,39,54,498	4,45,000	38.17%	14.10%	3.19%
Q3FY24	1,44,84,585	4,77,000	3.80%	7.19%	3.29%
Q4FY24	2,30,58,165	5,30,000	59.19%	11.11%	2.30%
Q1FY25	2,58,00,000	5,70,000	11.89%	7.55%	2.21%

Source: I-Sec research, Company data

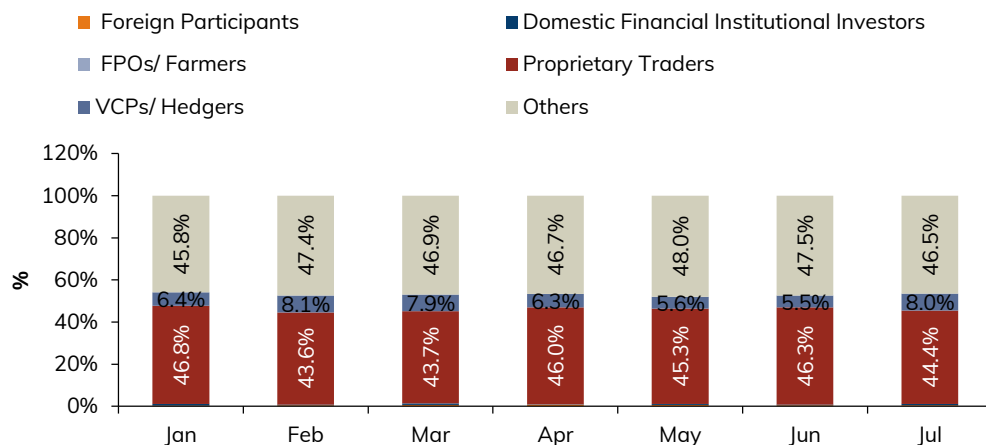
Exhibit 17: Futures volume has remained flattish and participation has not changed materially

Source: I-Sec research, Company data

Exhibit 18: Options volume has seen robust growth with increase in participation

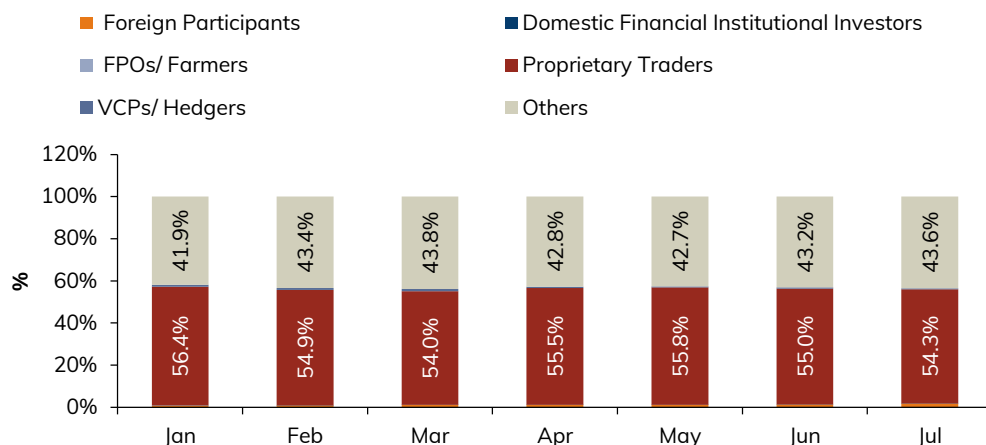
Source: I-Sec research, Company data

Exhibit 19: Participation trend for Futures in MCX



Source: I-Sec research, Company data

Exhibit 20: Participation trend for Options in MCX



Source: I-Sec research, Company data

Exhibit 21: Shareholding pattern

%	Dec'23	Mar'24	Jun'24
Promoters	0.0	0.0	0.0
Institutional investors	81.7	80.1	78.0
MFs and others	35.1	34.7	35.0
FIs/Banks	19.8	20.2	20.9
FIIIs	26.8	25.2	22.1
Others	18.3	19.9	22.0

Source: Bloomberg

Exhibit 22: Price chart



Source: Bloomberg

Financial Summary

Exhibit 23: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Sales	5,135	6,836	10,769	14,144
Operating Expenses	3,638	6,192	4,259	5,018
EBITDA	1,497	643	6,510	9,125
EBITDA Margin (%)	29.2	9.4	60.4	64.5
Depreciation & Amortization	216	359	532	560
EBIT	1,281	284	5,978	8,565
Interest expenditure	2	3	-	-
Other Non-operating Income	-	-	-	-
Recurring PBT	1,956	1,035	6,857	9,576
Profit / (Loss) from Associates	(50)	(15)	-	-
Less: Taxes	416	189	1,728	2,413
PAT	1,540	846	5,129	7,163
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,490	831	5,129	7,163
Net Income (Adjusted)	1,490	831	5,129	7,163

Source Company data, I-Sec research

Exhibit 24: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	14,255	11,390	15,358	22,421
of which cash & cash eqv.	11,779	9,656	12,865	19,848
Total Current Liabilities & Provisions	14,874	19,647	23,626	27,963
Net Current Assets	(618)	(8,258)	(8,268)	(5,543)
Investments	10,465	17,388	17,535	17,723
Net Fixed Assets	1,299	1,840	1,405	1,058
ROU Assets	-	-	-	-
Capital Work-in-Progress	1,685	544	544	544
Total Intangible Assets	188	1,940	2,090	2,240
Other assets	1,727	971	2,462	2,462
Deferred Tax assests	-	-	-	-
Total Assets	15,355	14,441	16,431	19,296
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	-	82	-	-
Provisions	25	28	28	28
Other Liabilities	536	546	567	567
Equity Share Capital	510	510	510	510
Reserves & Surplus	14,283	13,275	15,326	18,191
Total Net Worth	14,793	13,785	15,836	18,701
Minority Interest	-	-	-	-
Total Liabilities	15,355	14,441	16,431	19,296

Source Company data, I-Sec research

Exhibit 25: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	1,414	7,321	5,884	10,819
Working Capital Changes	1,060	6,879	1,102	4,107
Capital Commitments	(875)	(1,519)	(305)	(305)
Free Cashflow	539	5,802	5,579	10,514
Other investing cashflow	795	(7,559)	732	766
Cashflow from Investing Activities	(81)	(9,078)	427	461
Issue of Share Capital	-	-	-	-
Interest Cost	(7)	-	-	-
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(887)	(390)	(3,077)	(4,298)
Others	-	-	-	-
Cash flow from Financing Activities	(895)	(390)	(3,077)	(4,298)
Chg. in Cash & Bank balance	438	(2,147)	3,234	6,982
Closing cash & balance	438	(2,147)	3,234	6,982

Source Company data, I-Sec research

Exhibit 26: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
EPS(Basic Recurring)	29.2	16.3	100.6	140.5
Diluted Recurring EPS	29.2	16.3	100.6	140.5
Core EPS	18.9	4.8	87.3	125.2
Recurring Cash EPS	33.4	23.3	111.0	151.4
Dividend per share (DPS)	19.1	7.6	60.3	84.3
Book Value per share (BV)	290.1	270.3	310.5	366.7
Growth Ratios (%)				
Operating income	40.0	33.1	57.5	31.3
EBITDA	(7.7)	(57.0)	912.2	40.2
Recurring Net Income	(9.1)	(44.2)	517.1	39.7
Diluted Recurring EPS	(9.1)	(44.2)	517.1	39.7
Diluted Recurring CEPS	(8.6)	(30.2)	375.6	36.4
Valuation Ratios				
P/E	177.3	317.8	51.5	36.9
P/CEPS	154.9	221.9	46.7	34.2
P/BV	17.9	19.2	16.7	14.1
EV / EBITDA	118.0	193.6	34.2	24.4
Operating Ratios				
Software support charge / Revenue	46.9	70.2	1.5	2.3
Employee charge / Revenue	21.4	19.9	12.5	10.1
Effective Tax Rate (%)	21.3	18.2	25.2	25.2
Current ratio	0.3	0.2	0.2	0.2
Return/Profitability Ratio (%)				
EBITDA Margins	29.2	9.4	60.4	64.5
Recurring Net Income Margins	25.6	11.0	44.0	47.3
RoCE	6.7	1.6	29.0	35.9
Dividend Payout Ratio	65.4	46.9	60.0	60.0
Dividend Yield	0.4	0.1	1.2	1.6
RoE	10.3	5.8	34.6	41.5

Source Company data, I-Sec research

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