

BSE

Options driving growth; market share gain continues

BSE reported a strong quarter, with revenue and PAT coming better than our estimate. The revenue growth of 9.5% QoQ was led by 35% QoQ increase in options revenue, but was offset by a drop in cash volume (-33% QoQ) and book building revenue (IPO related). BSE saw an impressive gain in its options premium market share, which increased by ~630bps to reach 18.8% in Q4, following the regulatory changes introduced in January 2025. The April 2025 options ADTV further increased by ~25% MoM to INR 155 bn, achieving a market share of 21%. We have taken a conservative volume of INR 135/152bn for FY25/27E, resulting in a market share of ~20%. The core EBITDA margin expanded by 87bps QoQ, but the expansion was lower vs expectation due to one-off in clearing & settlement cost. The SGF reversal boosted PAT for the quarter, and we expect SGF to be at ~5% of transaction revenue. We expect the core margins to expand gradually with the shift towards better quality volumes and expansion in P/N ratio. We increase our estimates by 5/6% for FY26/27E EPS and core multiple to 40x vs 38x earlier, led by market share gains. The revenue/EPS CAGRs of ~20/27% over FY25-27E are robust. We maintain our ADD rating with a revised target price of INR 6,200, which is based on 40x core FY27E PAT + CDSL stake + net cash ex SGF. The stock is trading at a P/E of 46/39x FY26/27E EPS.

- **Q4FY25 highlights:** Revenue grew 9.5/73.4% QoQ/YoY to INR 8.47bn (vs our estimate of INR 8.29bn), led by 19.7/7.9% QoQ increase in transaction/listing income, offset by 68.4/20.3% QoQ decline in book building and other services. The transaction revenue growth was driven by derivatives (+ 34.5%), offset by 4.7/33.2% QoQ decline in StarMF/cash segment. There was a one-off in the clearing and settlement expenses, adjusted for which the core EBITDA margin stood at 60%. There was a SGF reversal of INR 1,094mn for the quarter due to excess SGF provision in currency segment and reported PAT stood at INR 4.94bn. PAT adjusted for SGF and INR 250mn one-off in clearing expenses stood at INR 4.31bn vs our PAT estimate of INR 4.11bn. Currently, the company has 300 racks for their co-location facility and it plans to add 200 more racks by the end of FY26E. The derivative UCC stood at 7.1mn in Mar 2025. At the year-end, net cash stood at INR 87.73bn, ~ 10% of market cap and core ROE was 28.4%.
- **Outlook:** We expect revenue growth of +27.3/13.3% and EBITDA margins of 62.6/65% in FY26/27E respectively. Revenue CAGR of 20.1% over FY25-27E assumes derivatives revenues of INR 21.66/24.48bn in FY26/27E. Core PAT CAGR over FY25-27E is at 32.7%.

Quarterly financial summary

YE March (INR mn)	4Q FY25	4Q FY24	YoY (%)	3Q FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Revenues	8,466	4,884	73.4	7,735	9.5	8,155	13,900	29,742	37,874	42,915
EBITDA	4,842	2,658	82.2	4,357	11.1	2,887	6,477	15,929	23,704	27,891
PAT	4,944	1,070	361.9	2,197	125.1	2,207	7,784	13,259	18,286	21,520
APAT	4,944	2,344	111.0	2,197	125.1	2,479	5,364	13,259	18,286	21,520
Diluted EPS (Rs)	36.5	17.3	111.0	16.2	125.1	18.3	39.6	98.0	135.1	159.0
P/E (x)						341.2	157.6	63.8	46.2	39.3
EV/EBITDA						286.5	127.0	51.2	34.2	28.8
ROE (%)						8.2	25.9	34.3	37.8	34.7

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

YE March (INR mn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %
Revenue	36,735	37,874	3.1	41,108	42,915	4.4
EBITDA	22,424	23,704	5.7	26,163	27,891	6.6
EBITDA margin (%)	61.0	62.6	154bps	63.6	65.0	135bps
APAT	17,443	18,286	4.8	20,316	21,520	5.9
EPS (INR)	128.9	135.1	4.8	150.1	159.0	5.9

Source: Company, HSIE Research

ADD

CMP (as on 06 May 2025)	INR 6,245
Target Price	INR 6,200
NIFTY	24,380

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 5,500	INR 6,200
EPS %	FY26E +4.8	FY27E +5.9

KEY STOCK DATA

Bloomberg code	BSE IN
No. of Shares (mn)	135
MCap (INR bn) / (\$ mn)	845/10,012
6m avg traded value (INR mn)	16,041
52 Week high / low	INR 6,808/2,115

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	12.2	33.3	119.5
Relative (%)	8.9	33.0	110.4

SHAREHOLDING PATTERN (%)

	Dec-24	Mar-24
Promoters	0.00	0.00
FIs & Local MFs	12.07	12.33
FPIs	16.03	16.78
Public & Others	71.9	70.9
Pledged Shares	0.00	0.00

Source : NSE

Pledged shares as % of total shares

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