

Estimate change 

 TP change 

 Rating change 

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We request your ballot.



Bloomberg	ISEC IN
Equity Shares (m)	322
M.Cap.(INRb)/(USDdb)	245.1 / 3.3
52-Week Range (INR)	802 / 357
1, 6, 12 Rel. Per (%)	19/65/4
12M Avg Val (INR M)	436

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Revenues	25.9	32.0	35.0
Opex	11.6	14.5	15.8
PBT	14.3	17.5	19.3
PAT	10.7	13.0	14.3

Ratios

C/I ratio (%)	44.7	45.2	45.0
PAT margin (%)	41.3	40.7	40.9
RoE (%)	70.4	63.5	56.6
Div. Payout (%)	65.0	65.0	65.0
EPS	33.1	40.4	44.4

Valuations

P/E (x)	22.9	18.8	17.1
P/BV (x)	13.4	10.8	8.8
Div. Yield (%)	2.8	3.5	3.8

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	74.9	75.0	79.2
DII	7.3	9.0	10.2
FII	5.7	3.7	3.8
Others	12.1	12.2	6.8

FII Includes depository receipts

CMP: INR760
TP: INR915 (+20%)
Buy

Strong performance across revenue streams

- 1QFY22 was another robust quarter for ISEC, following an overall strong FY21. PAT was up 58% YoY to INR3.04b (33% beat), driven by 36% growth in revenue (18% beat). C/I ratio inched up ~430bp sequentially to 45%, led by a 42% rise in employee costs. In our view, variable expenses were front loaded during 1QFY22. Employee cost-to-total income stood ~20% v/s ~23% in FY21 and 29-32% over FY18-20.
- Strong momentum in the capital market, coupled with a healthy deal pipeline in Investment Banking, has led us to raise our FY22E/FY23E EPS estimate by ~19%/25%. Operating leverage remains huge in this business. We maintain our Buy rating with a TP of INR915/share (21x FY23E EPS).

Retail Broking: Customer acquisition picks up; limited impact of phase II/III margin norms

- ISEC added 390k new customers v/s 354k QoQ. Of this, ~270k customers were added through the Digital channel initiated last year. As per the management, the scale and mix that it is focusing on will lead to lower customer acquisition cost.
- The activation rate witnessed a sharp decline (1,300bp QoQ) to 71% as customers sourced through ICICIB network were low. **The number of NSE active clients increased to 1.9m from 1.6m QoQ.**
- Change in equity market share (down 40bp QoQ to 9.2%) is principally reflective of the change in mix towards Institutional volumes in Jun'21. As per the management, there has been no impact on its Retail market share.
- Revenue from Retail Broking improved ~2% QoQ to INR3.5b, despite the moderation in market share. With strong market activities and stabilizing market share post margin norms, we expect the momentum to continue in ensuing quarters.
- The Institutional Equities segment delivered 24% YoY revenue growth at INR432m.

Healthy performance in the distribution of financial products

- Distribution revenue rose 51% YoY to INR1.21b (QoQ not strictly comparable due to seasonality).
- In MF distribution, the SIP count increased by 35% YoY to 0.85m, while ISEC's market share improved by 91bp to 4.08%. Overall MF AUM was up 38% YoY to INR440b.
- With healthy deals, revenue from Investment Banking was strong at INR474m. The company continues to have a strong deal pipeline. With a supportive market, this revenue stream can surprise positively.

Highlights from the management commentary

- It has guided at an employee cost-to-income ratio of 23-25% in FY22.
- Strong QoQ growth in the MTF book was driven by both higher demand for MTF (higher absolute amount) and some gain in market share. Its market share in MTF is currently at 22%.

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Valuation and view

- Changes in ISEC's product and sourcing strategy have yielded results over the past year. The 'NEO' plan has helped counter competition from discount brokers as well as some traditional brokers who offer discount plans. We are now seeing the digital sourcing model gain strong traction in terms of customer acquisition. After a few turbulent years, the Distribution business has stabilized. The impact of regulations on margin so far have been miniscule. Going forward, overall trends in industry volumes would be key to watch out for in FY22E. **We raise our FY22E/FY23E EPS estimate by ~19%/ 25% to factor in strong revenue traction across the board. We maintain our Buy rating with a TP of INR915 per share (21x FY23E EPS).**

Quarterly performance

												(INR m)
Y/E March	FY21				FY22E				FY21	FY22E	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	(%)
Revenue from Operations	5,460	6,807	6,201	7,393	7,393	7,880	8,111	8,568	25,862	31,953	6,266	18
Other Income	4	-2	-1	0	24	0	0	1	0	25	0	
Total Income	5,464	6,805	6,200	7,393	7,417	7,880	8,111	8,569	25,862	31,978	6,266	18
Change YoY (%)	35.9	62.7	46.7	53.4	35.8	15.8	30.8	15.9	49.9	23.6	14.7	
Operating Expenses	2,870	3,082	2,622	2,980	3,310	3,515	3,710	3,918	11,554	14,454	3,205	3
Change YoY (%)	26.9	31.6	10.4	8.7	15.3	14.1	41.5	31.5	18.9	25.1	11.7	
PBT	2,594	3,723	3,578	4,413	4,107	4,365	4,401	4,651	14,308	17,524	3,061	34
Change YoY (%)	47.4	102.2	93.3	112.4	58.3	17.2	23.0	5.4	90.0	22.5	18.0	
Tax Provisions	663	942	908	1,118	1,060	1,126	1,136	1,182	3,631	4,504	777	36
Net Profit	1,931	2,782	2,670	3,295	3,047	3,239	3,266	3,468	10,677	13,020	2,283	33
Change YoY (%)	69.7	105.9	94.6	111.4	57.8	16.4	22.3	5.3	97.0	21.9	18.3	
Key Operating Parameters (%)												
Cost-to-Income Ratio	52.5	45.3	42.3	40.3	44.6	44.6	45.7	45.7	44.7	45.2	51.1	
PBT Margin	47.5	54.7	57.7	59.7	55.4	55.4	54.3	54.3	55.3	54.8	48.9	
Tax Rate	25.6	25.3	25.4	25.3	25.8	25.8	25.8	25.4	25.4	25.7	25.4	
PAT Margin	35.3	40.9	43.1	44.6	41.1	41.1	40.3	40.5	41.3	40.7	36.4	
Revenue from Operations (INR m)												
Retail Brokerage Income	3,169	3,534	3,242	3,461	3,518	3,648	3,739	3,886	13,406	13,755		
Institutional Brokerage Income	348	386	380	485	432	445	460	462	1,599	1,683		
Investment Banking	223	623	234	533	474	500	450	479	1,613	1,864		
Distribution Income	798	990	1,079	1,412	1,206	1,265	1,341	1,510	4,279	4,687		
Other servicing Income	103	285	275	405	428	440	390	345	1,069	1,393		
Interest Income	624	898	893	1,034	1,317	1,500	1,650	1,740	3,449	4,142		
Other Operating Income	195	90	98	64	18	81	81	145	447.3	270		
Revenue from Operations Mix (%)												
Retail Brokerage Income	58.0	51.9	52.3	46.8	47.6	46.3	46.1	45.4	51.8	43.0		
Institutional Brokerage Income	6.4	5.7	6.1	6.6	5.8	5.6	5.7	5.4	6.2	5.3		
Investment Banking	4.1	9.2	3.8	7.2	6.4	6.3	5.5	5.6	6.2	5.8		
Distribution Income	14.6	14.5	17.4	19.1	16.3	16.1	16.5	17.6	16.5	14.7		
Other servicing Income	1.9	4.2	4.4	5.5	5.8	5.6	4.8	4.0	4.1	4.4		
Interest Income	11.4	13.2	14.4	14.0	17.8	19.0	20.3	20.3	13.3	13.0		
Other Operating Income	3.6	1.3	1.6	0.9	0.2	1.0	1.0	1.7	1.7	0.8		
Opex Mix (%)												
Employee Expenses	60.2	58.3	49.5	35.5	45.6	46.4	45.8	46.1	50.9	0.0		
Depreciation	4.7	4.2	5.2	4.7	4.4	4.1	4.0	4.1	4.7	0.0		
Interest Expenses	8.0	9.2	9.7	10.3	12.6	12.1	12.9	12.8	9.3	0.0		
Others	27.1	28.2	35.6	49.5	37.4	37.4	37.2	37.1	35.1	0.0		
Other Parameters (%)												
Blended MS	9.0	8.9	6.5	3.2	3.4							
Equity MS	10.7	11.1	10.5	9.6	9.2							
Derivatives MS	8.9	8.8	6.3	3.0	3.3							
NSE Active Customer MS	9.2	8.4	0.0	0.0	0.0							
No. Of Branches	171	156	151	148	149							



Highlights from the management commentary

Opening remarks

- COVID-19 has front-loaded the opportunity in the capital market and Broking industry.
- The market is clearly consolidating in favor of digital and larger players. Pricing is increasingly becoming commoditized.
- Experiences, features, relationship, and UX are aiding the customer in his wealth creation journey.
- The market is segmented, sub-segmented, and micro-segmented. The need of each of these micro sub-segments is very different. ISEC is of the view that these micro-segmented customers need low cost personalization.
- It is seeing a behavioral shift towards digital methods of account opening and transactions.
- Demographic data seems to suggest that the population of this new customer segment is going to remain for multiple years.
- ISEC's business has demonstrated secular growth over last year when viewed in cohorts of three years.
- It is important for a broker in this industry to not just focus on the visible part of the technology. Companies will need to actively invest in both the visible and hidden aspects of technology. ISEC will continue to focus on all the nuances of technology.
- It will continue to focus on all three products: a) Savings/Investment/Wealth b) Insurance, and c) Distribution of loan products. This will enable it to monetize value across the lifecycle of customer product needs.

Competition from fintech brokers

- The nature of this industry is shifting from a physical presence to digital. ISEC is bracing up to face competition from the digital space going forward. It is important for ISEC to keep differentiating and adding value to the customer's investment journey.

Market share/revenue impact from margin norms

- There has been a negligible impact in Jun'21. Margin norms in the first phase impacted volumes and had a negligible impact on revenue. The trend has been the same in Phase II/III of the margin norms.
- Impact of Phase III margin norms in Jun'21: It is important to understand the impact on market share and on the number of customers. The number of active customers in this segment in Jun'21 (Phase III) exceeded the number of customers in prior months.

Operating expenses

- C/I ratio: FY20: 31%-32% | FY21: 23% | 1QFY22: 20-21%. Between 1H and 2HFY21, there was a front-loading of employee variable expenses.
- **It has guided at a cost-to-income ratio of 23-25% in FY22.**

Customer acquisition cost

- ISEC is seeing benefits of scale. The cost of acquisition is coming down. The scale and mix that it is focusing on will lead to the lowering of customer acquisition cost.

- It has been six months since ISEC has been rapidly scaling up. It will share the customer acquisition cost when it sees some stabilization.

NEO platform

- It has crossed 0.1m NEO subscriptions.
- NEO is a proposition for trading clients. It is split in the ratio of 80:20 between investing and trading clients.
- **NEO was added to the digital account opening journey in May-Jun'21 (about a couple of weeks back). Since then, NEO's traction through digital sourcing at the time of customer acquisition has already been picking up.**

Cross-sell

- Cross-sell ratio is the number of products sold per active clients. The endeavor is to cross-sell at an increasingly higher pace. ISEC is investing a lot behind analytic-based technologies to propel the customer's journey at an even faster pace. It expects to start seeing an increase in the cross-sell ratio.
- **Two steps taken recently to improve cross-sell:**
 - 1) Strengthen its digital team by bringing on board people who have significant experience in dealing with volumes in other fintechs.
 - 2) A high quality consultant helped deliver the scale-up in digital sourcing. ISEC has recently started a project with the same consultant to increase cross-sell.

Lost some market share on the cash side

- Change in market share is reflective of the change in mix between Institutional and Retail. **There has been no impact on its Retail market share, which suggests that it might have lost some market share on the Institutional side.**

MF AUM has improved QoQ/YoY

- Revenue from MF distribution is entirely trail commissions, with **no up-fronting. Its overall market share in MF distribution has also gone up.**
- Total income is up 49% YoY. A significant part of this impact will be because of market action. The impact on flows will be more pronounced towards the later part of the year.

Life Insurance distribution

- Life Insurance distribution is more pronounced in the second-half of the financial year and back-loaded in the fourth quarter.
- **Within the Insurance distribution business, it moved to open architecture. Apart from ICICI Life, it has added HDFC Life to its platform.** It expects a good growth over last year. A lot of effort is ongoing to digitize the process and reduce physical assistance. Medical examinations were impacted during the lockdowns.

Alternate investment products

- ISEC provides alternate investment products. It has a robust bouquet on the fixed income side, and has curated a host of new solutions for equity as well. It launched master of the street, which is targeted at customers who would want some assistance in terms of curated research.
- AIF CAT-II and AIF-CAT-III.

- PMS: It offers a fairly large bouquet of services. It has both discretionary and non-discretionary PMS. Multi-asset PMS are risk-based PMS strategies which offer diversification to the client across debt, equity, and alternate investments.

Partnership

- **It has signed an NDA with another three partners. Digital integration is currently underway.**
- Different levels of integration are required. Over the next few months, three new partnerships should be added in addition to its partnership with FB.
- Its partnership with FB was launched in the last week of Mar'21 and then there was a second COVID wave. It saw good growth in Jun'21 and is seeing MoM growth in Jul'21 as well. The Resident Indian (RI) segment is up and running. FB has a large NRI segment, where ISEC still needs to put in a lot of effort. It does not want to let go of the NRI opportunity.
- **It has partnered with seven NBFCs and Banks.**

Active client base is up 60-70% YoY, but Retail Broking revenue is up only 10%

- There has been a migration of customers to the Prime/NEO platform.
- A high proportion of active customers are newer customers. It does not expect the new and younger customers to offer the same ARPU as seasoned customers.
- However, platform activity levels have seen a very secular trend. Every customer cohort has a lifecycle. The endeavor is to start the customer interaction at the age of 20 and go up to 70 (suggesting a potential 50-year engagement).

Trade payables on the Balance Sheet have risen by 28% YoY.

- The quantum of margin needed has also gone up. For the same level of trade, customers have to offer a higher level of margin.
- Float from T+2 days settlement norm ranges between INR2-5b at the end of the quarter.
- **It expects interest income from this float to become a part of its business model.**

Open Architecture in Broking

Operating expenses

- Employee C/I ratio: FY20: 31% | FY21: 23% | 1QFY22: 20.3%. Between 1H and 2HFY21, there was a front-loading of employee variable expenses.
- **It has guided at an employee cost-to-income ratio of 23-25% in FY22.**
- Other players in the space have been following open architecture for the last 3-5 years. ISEC launched open architecture only recently. Over the course of time and with scale, it expects to witness a similar traction like other digital Broking players.

MTF

- MTF growth is granular and not lumpy. MTF as a proposition requires a certain market condition, and that market condition is playing out nicely at present. It is propelled by the bull sentiment currently prevailing in the market.
- **Strong QoQ growth in the MTF book was driven by both higher demand for MTF (higher absolute amount) and some gain in market share. Its endeavor will always be to stick to market share. Its market share in MTF currently stands at 22%.**

Growth trajectory in Investment Banking

- Compared to FY21, it is seeing a lot more activity. It expects 350% higher volumes in FY22 compared to FY21.
- The pipeline is very strong for FY22 and ISEC will play a very important role.

Is the revenue spurt sustainable even when capital market corrects or when the euphoria tones down?

- The management said it wants to move to a lifetime value rather than transaction/product-based revenue.
- It guided that Broking revenue would fall below 50% over the course of time. Revenue from Equity is getting textured. In addition to Broking, there is allied Equity revenue from subscription and service fees. The ESOP business has also grown quite a bit.
- ISEC wants to ensure that in the face of disruption, there is customer stickiness. Its endeavor is to make revenue as granular as possible.

How much of Distribution revenues accrue from end-to-end digital sales?

- **About 94% of MF distribution revenue accrues from customers transacting via the digital platform. Of this, ~20% clients would probably be seeking assistance in a no-touch interaction format (assisted digital).**
- Distribution products like Loans, Insurance, and Wealth Products have some element of physicality involved.

Others

- Revenue from Private Wealth Management (PWM) stood at INR1.82b. It has over INR10m AUM from all these clients (~60,000). Revenue could accrue from Broking, Distribution, or MTF/ESOP.
- **Distribution income:** There was a seasonal dip in Distribution income v/s 4QFY21. Few elements like Insurance have a bit of seasonality, while Loan and Wealth products had a high base and were impacted by the lockdowns.
- **Sharp dip in average revenue per client:** Many clients have still not completed their 12-month cycle to offer full-scale revenue. Many are new GenX customers and are not seasoned enough.
- **Prime + Prepaid customers stood at 0.85m. About 65% of total Equity and Derivatives Brokerage revenue comes from Prime + Prepaid customers.**
- Between 4QFY21 and 1QFY22, the proportion of ICICIBC sourced customers have come down. The digital customer activation rate is lower than the activation rate for customers sourced through ICICIBC.
- The management said it is too early to comment on the impact of the Nifty lot size reduction from Jul'21 onwards. It could lead to higher trade volumes in Derivatives. Despite a reduction in the lot size, the amount is still high for a Retail investor.
- In the derivatives space, ISEC has two pricing plans.
- A traditional plan where the customers pay based on transaction volume.
- NEO: Per order brokerage. In one order, irrespective of the number of lots, the brokerage remains flat.
- **Charges on the NEO platform:** Subscription fee (one-time), fund-transfer charge and system square-off charge.
- **Derivative and Equity ADTO:** The shift is more towards pricing based on contract size rather than volume.

Valuation and view

- ISEC is a classic play on the increasing financialization of savings and retail participation in the equity market. Thus, its business and profitability is cyclical.
- During the past two years, it took several initiatives to make its business leaner and well-gearred for the up cycle. Initiatives such as the tie-up with ICICIBC; 'Prime', 'Prepaid', and 'Options 20' models; etc. have started to yield results.
- **After the lifting of COVID-related lockdown restrictions, the Retail Brokerage segment in India has benefitted from tailwinds of increased trading activity from retail customers, especially in Tier II and III cities. Of the total 390k customers added during 1QFY22, ~78% belonged to these geographies. ISEC is well-placed to benefit from sectoral tailwinds.**
- The 'NEO' plan has helped counter competition from discount brokers as well as some traditional brokers who offer discount plans. We are now seeing the digital sourcing model gain strong traction in terms of customer acquisition.
- After a few turbulent years, the distribution business has stabilized. Overall trends in industry volumes would be key to watch out for in FY22.
- We raise our FY22E/FY23E EPS estimate by ~19/25%. **We maintain our Buy rating with a TP of INR915 per share (21x FY23E EPS).**

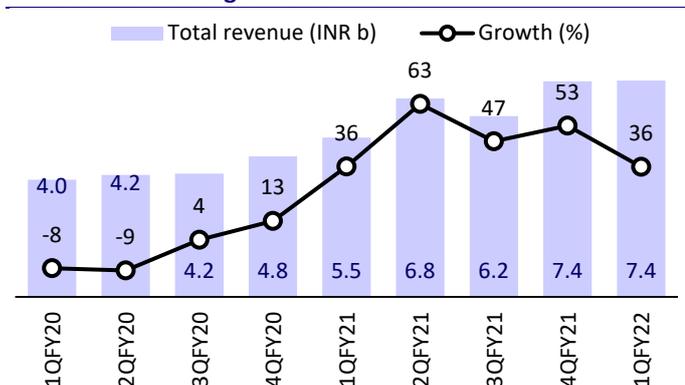
Exhibit 1: Upgrade our FY22E/FY23E EPS estimate by ~19/25% on better operating performance

INR b	Old estimate			New estimate			Change (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Brokerage Income	15.3	15.5	16.4	16.6	17.5	17.7	8.4	13.3	8.0
Income from services	7.7	8.8	10.1	8.8	10.1	11.6	14.3	14.5	14.8
Other Income	4.3	4.9	5.5	6.6	7.4	8.3	52.0	52.4	51.7
Total Income	27.3	29.1	32.0	32.0	35.0	37.6	17.0	20.2	17.6
Operating Expenses	12.7	13.8	15.0	14.5	15.8	17.2	13.8	14.1	14.4
PBT	14.6	15.3	16.9	17.5	19.3	20.4	19.7	25.7	20.5
Tax	3.7	3.9	4.3	4.5	5.0	5.2	21.3	27.3	22.1
PAT	10.9	11.4	12.6	13.0	14.3	15.2	19.2	25.2	20.0
C/I ratio	46.5	47.4	47.0	45.2	45.0	45.7			
RoE	55.0	49.9	48.7	63.5	56.6	49.8			
Dividend payout ratio	70.0	75.0	75.0	65.0	65.0	65.0			

Source: MOFSL, Company

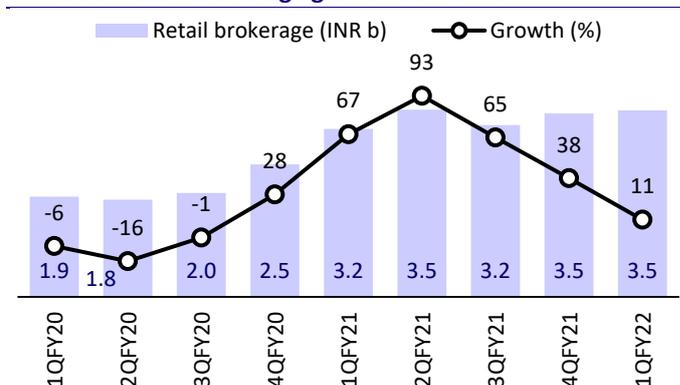
Key exhibits

Exhibit 2: Revenue growth at 36% YoY



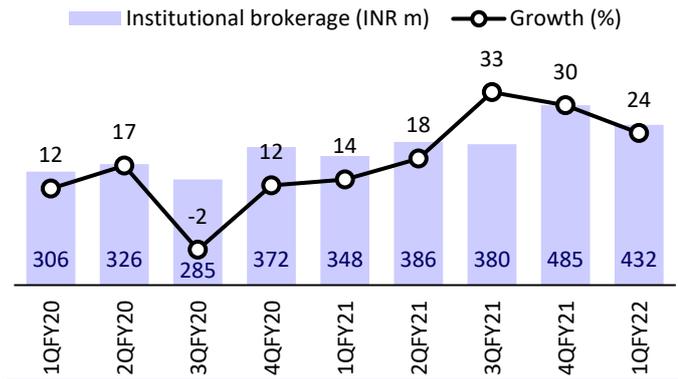
Source: MOFSL, Company

Exhibit 3: Retail brokerage growth at 11% YoY



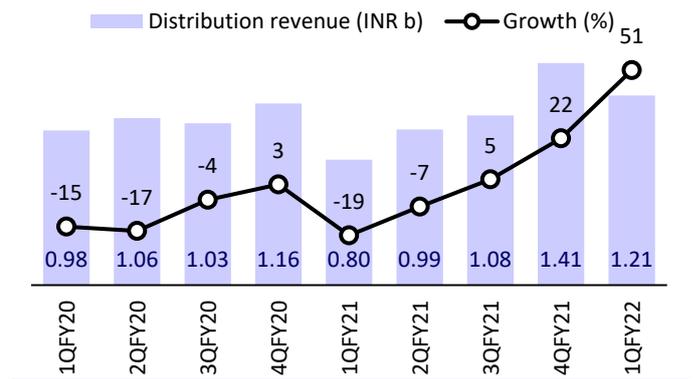
Source: MOFSL, Company

Exhibit 4: Revenue from institutional brokerage grew 24%



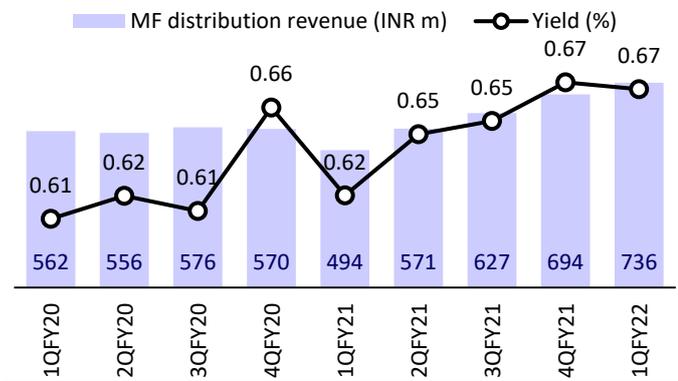
Source: MOFSL, Company

Exhibit 5: Distribution revenue picks up YoY on a low base



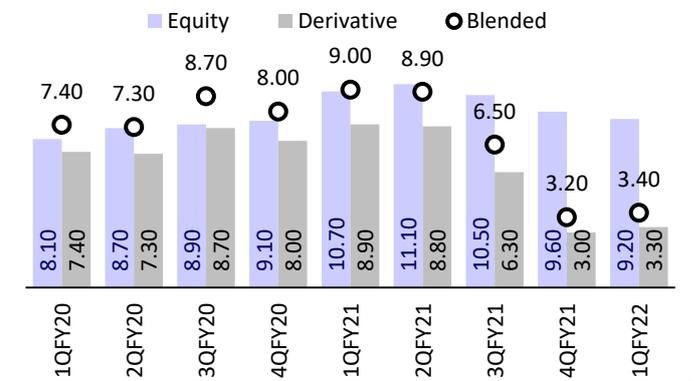
Source: MOFSL, Company

Exhibit 6: MF distribution yields largely stable



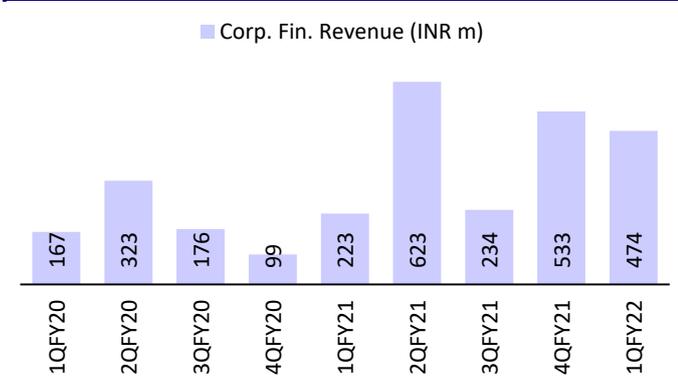
Source: MOFSL, Company

Exhibit 7: Equity market share (%) moderates by 40bp QoQ



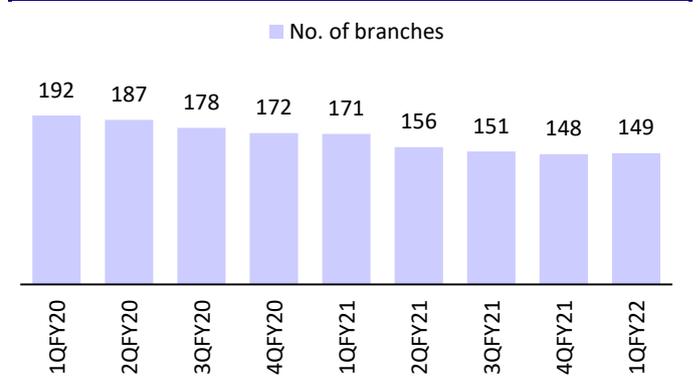
Source: MOFSL, Company

Exhibit 8: Trend in Investment Banking revenue



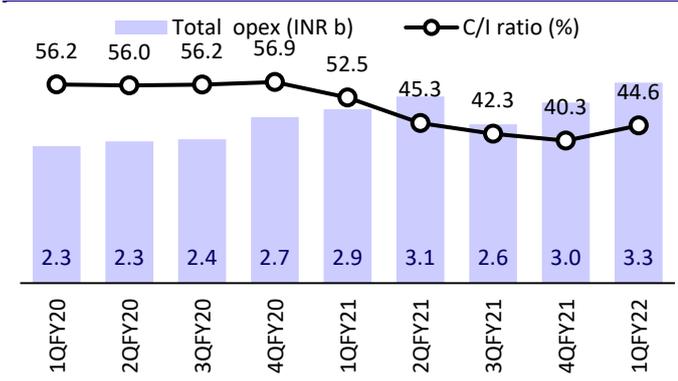
Source: MOFSL, Company

Exhibit 9: Branch rationalization exercise done away with



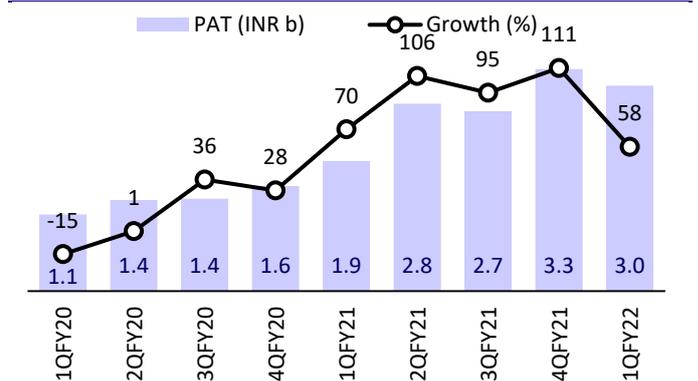
Source: MOFSL, Company

Exhibit 10: C/I ratio inches up 432bp QoQ



Source: MOFSL, Company

Exhibit 11: Trend in PAT



Source: MOFSL, Company

Financials and valuations

Income Statement										(INR m)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Total Income	12,095	11,246	14,042	18,610	17,270	17,249	25,862	31,978	35,029	37,605
Change (%)	48.9	-7.0	24.9	32.5	-7.2	-0.1	49.9	23.6	9.5	7.4
Brokerage Income	7,554	6,607	7,756	10,243	9,328	9,476	15,045	16,591	17,510	17,708
Income from Services	3,363	3,499	4,982	6,552	5,733	5,218	6,961	8,829	10,106	11,588
Interest Income	910	957	1,091	1,574	1,792	2,350	3,449	6,208	6,953	7,787
Other Operating Income	268	182	214	241	193	19	407	326	431	486
Other Income	0	0	0	0	225	187	0	25	30	36
Operating Expenses	7,598	7,505	8,822	10,086	9,698	9,720	11,554	14,454	15,755	17,190
Change (%)	13.4	-1.2	17.6	14.3	-3.8	0.2	18.9	25.1	9.0	9.1
Employee expenses	3,921	4,014	4,847	5,504	5,545	5,338	5,880	6,644	7,142	7,678
Interest expenses	311	258	289	495	423	864	1,073	1,824	2,097	2,412
Depreciation	163	160	155	153	150	614	542	600	575	550
Others	3,204	3,073	3,531	3,935	3,580	2,905	4,060	5,386	5,941	6,550
Profit Before Tax	4,497	3,741	5,220	8,524	7,572	7,529	14,308	17,524	19,274	20,415
Change (%)	216.3	-16.8	39.5	63.3	-11.2	-0.6	90.0	22.5	10.0	5.9
Tax	1,558	1,354	1,835	2,989	2,665	2,109	3,631	4,504	4,953	5,247
Tax Rate (%)	34.6	36.2	35.1	35.1	35.2	28.0	25.4	25.7	25.7	25.7
PAT	2,939	2,387	3,386	5,535	4,907	5,420	10,677	13,020	14,320	15,168
Change (%)	223.5	-18.8	41.8	63.5	-11.3	10.4	97.0	21.9	10.0	5.9
Proposed Dividend	1,915	1,939	2,468	3,646	3,646	3,825	6,940	8,463	9,308	9,859

Balance Sheet										(INR m)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611
Reserves and Surplus	1,912	2,371	3,404	6,866	8,862	10,485	16,610	21,167	26,179	31,488
Net Worth	3,523	3,982	5,015	8,477	10,473	12,095	18,221	22,778	27,790	33,099
Borrowings	2,790	2,356	3,987	6,771	4,518	14,998	35,238	61,667	70,917	81,555
Other Liabilities	7,315	7,637	11,423	13,491	31,655	17,335	28,350	31,185	34,303	37,733
Total Liabilities	13,629	13,975	20,424	28,739	46,646	44,428	81,809	1,15,630	1,33,010	1,52,387
Cash and Investments	8,543	6,406	9,952	15,499	31,515	24,139	38,822	49,525	57,799	66,779
Change (%)	22.6	-25.0	55.3	55.7	103.3	-23.4	60.8	27.6	16.7	15.5
Loans	1,457	1,546	50	5,782	4,033	5,709	29,015	50,775	58,392	67,150
Net Fixed Assets	385	378	375	421	476	2,061	1,688	1,857	2,043	2,247
Net Current Assets	3,243	5,644	10,048	7,037	10,623	12,520	12,285	13,472	14,777	16,211
Total Assets	13,629	13,975	20,424	28,739	46,646	44,428	81,809	1,15,630	1,33,010	1,52,387

Financials and valuations

Ratios	(%)									
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
As a percentage of Revenues										
Brokerage Income	62.5	58.8	55.2	55.0	54.0	54.9	58.2	51.9	50.0	47.1
Income from Services	27.8	31.1	35.5	35.2	33.2	30.2	26.9	27.6	28.8	30.8
Interest Income	7.5	8.5	7.8	8.5	10.4	13.6	13.3	19.4	19.8	20.7
Other Income	2.2	1.6	1.5	1.3	2.4	1.2	1.6	1.1	1.3	1.4
Total cost	62.8	66.7	62.8	54.2	56.2	56.4	44.7	45.2	45.0	45.7
Employee Cost	32.4	35.7	34.5	29.6	32.1	30.9	22.7	20.8	20.4	20.4
Opex (excluding employee) Cost	30.4	31.0	28.3	24.6	24.0	25.4	21.9	24.4	24.6	25.3
PBT	37.2	33.3	37.2	45.8	43.8	43.6	55.3	54.8	55.0	54.3
PAT	24.3	21.2	24.1	29.7	28.4	31.4	41.3	40.7	40.9	40.3
Profitability Ratios (%)										
RoE	97.7	63.6	75.3	82.0	51.8	48.0	70.4	63.5	56.6	49.8
Dividend Payout Ratio	65.2	81.2	72.9	65.9	74.3	70.6	65.0	65.0	65.0	65.0
Valuations										
BVPS (INR)	10.9	12.4	15.6	26.3	32.5	37.5	56.5	70.7	86.2	102.7
Change (%)	41.3	13.0	25.9	69.0	23.5	15.5	50.6	25.0	22.0	19.1
Price-to-BV (x)							13.4	10.8	8.8	7.4
EPS (INR)	9.1	7.4	10.5	17.2	15.2	16.8	33.1	40.4	44.4	47.1
Change (%)	223.5	-18.8	41.8	63.5	-11.3	10.4	96.9	21.9	10.0	5.9
Price-to-Earnings (x)							22.9	18.8	17.1	16.1
DPS (INR)	5.0	5.0	6.4	9.4	9.4	11.0	21.5	26.3	28.9	30.6
Dividend Yield (%)							2.8	3.5	3.8	4.0

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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