

COMPANY UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	2,096
12 month price target (INR)	2,820
52 Week High/Low	3,030/899
Market cap (INR bn/USD bn)	851/9.7
Free float (%)	100.0
Avg. daily value traded (INR mn)	15,412.7

SHAREHOLDING PATTERN

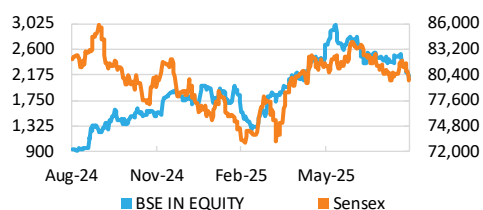
	Mar-25	Dec-24	Sep-24
Promoter	0%	0%	0%
FII	16.78%	16.03%	13.01%
DII	12.33%	12.07%	11.68%
Pledge	%	%	%

FINANCIALS

(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	29,573	37,519	44,568	50,977
EBITDA	14,997	23,335	27,988	33,020
Adjusted profit	12,416	19,031	22,450	26,595
Diluted EPS (INR)	30.1	46.2	54.5	64.6
EPS growth (%)	256.4	53.3	18.0	18.5
RoAE (%)	32.1	37.8	35.9	36.4
P/E (x)	76.5	49.9	42.3	35.7
EV/EBITDA (x)	88.1	54.2	44.4	37.2
Dividend yield (%)	0.3	0.8	1.2	2.0

PRICE PERFORMANCE



From expiry war to tenure tweaks

Following SEBI chair Mr Tuhin Kanta Pandey's remarks, a discussion paper on increasing the tenure of index options is expected. Market is abuzz with likely contours of the paper and potential changes to derivative expiry days/periods. Other alternative actions such as increasing the contract sizes and tightening intraday/EOD exposure limits may also be tweaked. In this respect, we reckon that limiting expiries may be most damaging to earnings of exchanges.

We have modelled in five possible scenarios, throwing up cuts in BSE's FY27E earnings in a range of 19.8% to 38.5%. For now, we maintain 'BUY' on BSE with a TP of INR2,820 (45x Sep-27E EPS + value of CDSL), but will revisit our numbers once clarity emerges on the matter.

Scenario 1: Different day (Tuesday/Thursday) fortnightly expiry

Assuming the current BSE/NSE on Tuesday/Thursday format continues, but is limited to mid-month and month-end expiries, we expect the market ADPTV to dip 48.4% (versus our current estimate for FY27E) to INR327bn, and BSE to have a market share (MS) of 20.1%. In this scenario, we reckon BSE's FY27E ADPTV shall plunge 55.8% (versus our estimate) to INR66bn, implying a 26.8% cut in FY27E EPS to INR39.9.

Scenario 2: Different day (Tuesday/Thursday) monthly expiry

Assuming the current BSE/NSE on Tuesday/Thursday format continues, but limited to mid-month and month-end expiry, we expect market ADPTV to come off 66.8% to INR210bn, and BSE to have a 15.9% market share. We reckon BSE's FY27E ADPTV shall fall off 77.5% to INR33bn, implying a 36.7% cut in FY27E EPS to INR34.5.

Scenario 3: Mid-month/end-month alternating expiry

This is an alternative to only monthly expiry, in which we assume BSE will have a mid-month expiry versus NSE's end-month expiry, but the expiry day remains same. In this, contracts will be month-long, but expiries will have about a two-week gap. We expect FY27E market ADPTV to dip 54% to INR291bn with BSE's MS rising to 27.5%. BSE's FY27E ADPTV to shrink 46.3% to INR80bn, implying a 19.8% cut in FY27E EPS to INR43.7.

Scenario 4: Same day fortnightly expiry

Exchanges shall have fortnightly expiry, but the expiry day remains same. We expect FY27E market ADPTV to fall 47.6% to INR331bn, BSE's MS at 15.2%. We reckon BSE's FY27E ADPTV shall fall 66.3% to INR50bn, implying a 32% cut in FY27E EPS to INR37.

Scenario 5: Same day monthly expiry

We expect exchanges to have same day only monthly expiry. We reckon FY27E market ADPTV shall slide 54.1% to INR 291bn, and BSE's MS at 9.8%. BSE's FY27E ADPTV shall shrink 80.8% to INR29bn, implying a 38.5% cut in FY27E EPS to INR33.5.

We are not building in any benefit of potentially higher trading volumes on left-over expiry days due to fewer overall total expiry days. We are mindful exchanges will have room to raise charges and mitigate this hit; overall impact may thus be lower.

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	29,573	37,519	44,568	50,977
Gross profit	0	0	0	0
Employee costs	2,366	2,885	3,116	3,428
Other expenses	12,210	11,299	13,464	14,530
EBITDA	14,997	23,335	27,988	33,020
Depreciation	1,130	1,161	1,220	1,322
Less: Interest expense	0	0	0	0
Add: Other income	2,790	3,206	3,149	3,761
Profit before tax	16,657	25,379	29,917	35,459
Prov for tax	4,312	6,421	7,539	8,936
Less: Other adj	843	756	879	1,055
Reported profit	13,259	19,787	23,329	27,650
Less: Excp.item (net)	843	756	879	1,055
Adjusted profit	12,416	19,031	22,450	26,595
Diluted shares o/s	412	412	412	412
Adjusted diluted EPS	30.1	46.2	54.5	64.6
DPS (INR)	7.7	18.5	27.2	45.2
Tax rate (%)	25.9	25.3	25.2	25.2

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Cash ADTV growth (YoY %)	16.8	(4.3)	65.7	15.0
Index options ADPTV growth (YoY %)	346.5	44.1	15.5	17.0
Index options ADPTV mkt share (%)	14.1	23.2	23.5	23.8
EBITDA margin (%)	50.7	62.2	62.8	64.8
Net profit margin (%)	42.0	50.7	50.4	52.2
Revenue growth (% YoY)	112.8	26.9	18.8	14.4
EBITDA growth (% YoY)	275.2	55.6	19.9	18.0
Adj. profit growth (%)	256.4	53.3	18.0	18.5

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.2	7.0	7.0
Repo rate (%)	6.0	5.0	5.0	5.0
USD/INR (average)	84.0	82.0	81.0	81.0
Core Op. Profit (INR mn)	13,867.1	22,173.4	26,767.8	31,697.4
NOPLAT (INR mn)	10,372.6	16,585.7	20,022.3	23,709.7
NOPLAT YoY growth (%)	379.5	59.9	20.7	18.4
Trans. chgs growth (%)	186.4	34.3	18.1	15.6
Corporate services (%)	40.1	13.8	14.1	9.4
Treasury inc. growth (%)	25.8	15.4	(2.7)	20.6

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	76.5	49.9	42.3	35.7
Price/BV (x)	23.7	18.2	14.8	13.0
EV/EBITDA (x)	88.1	54.2	44.4	37.2
Dividend yield (%)	0.3	0.8	1.2	2.0

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	271	271	271	271
Reserves	43,967	56,141	68,245	77,279
Shareholders funds	44,237	56,412	68,516	77,550
Minority interest	1,520	1,483	1,451	1,421
Borrowings	11,344	12,645	14,356	16,317
Trade payables	1,140	3,598	4,274	4,888
Other liabs & prov	44,851	45,532	50,783	55,968
Total liabilities	103,261	119,860	139,594	156,387
Net block	2,222	2,319	2,566	2,457
Intangible assets	771	1,029	1,345	1,662
Capital WIP	541	589	640	697
Total fixed assets	3,534	3,937	4,552	4,816
Non current inv	13,247	12,912	12,601	12,313
Cash/cash equivalent	51,839	59,218	72,436	82,489
Sundry debtors	3,097	4,440	6,366	9,128
Loans & advances	2,556	2,683	2,818	2,958
Other assets	15,450	15,947	16,484	17,061
Total assets	103,261	119,860	139,594	156,387

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	13,259	19,787	23,329	27,650
Add: Depreciation	1,130	1,161	1,220	1,322
Interest (net of tax)	0	0	0	0
Others	(3,704)	(4,034)	(4,100)	(4,888)
Less: Changes in WC	1,615	(4,708)	1,995	1,609
Operating cash flow	12,300	12,205	22,444	25,693
Less: Capex	(1,665)	(1,564)	(1,835)	(1,586)
Free cash flow	10,635	10,641	20,609	24,107

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	32.1	37.8	35.9	36.4
RoCE (%)	40.0	48.1	45.9	46.0
Inventory days	0	0	0	0
Receivable days	38	43	52	65
Payable days	14	35	35	35
Working cap (% sales)	(84.8)	(69.9)	(66.3)	(62.5)
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(0.9)	(0.9)	(0.9)	(0.9)
Interest coverage (x)	46,224.7	75,420.8	92,906.0	112,260.9

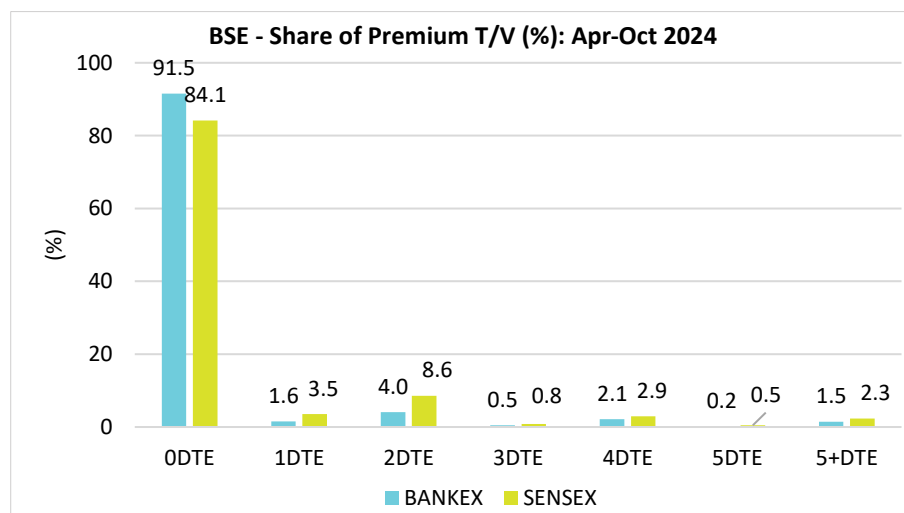
Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	256.4	53.3	18.0	18.5
RoE (%)	32.1	37.8	35.9	36.4
EBITDA growth (%)	275.2	55.6	19.9	18.0
Payout ratio (%)	25.4	40.0	50.0	70.0

Flashback

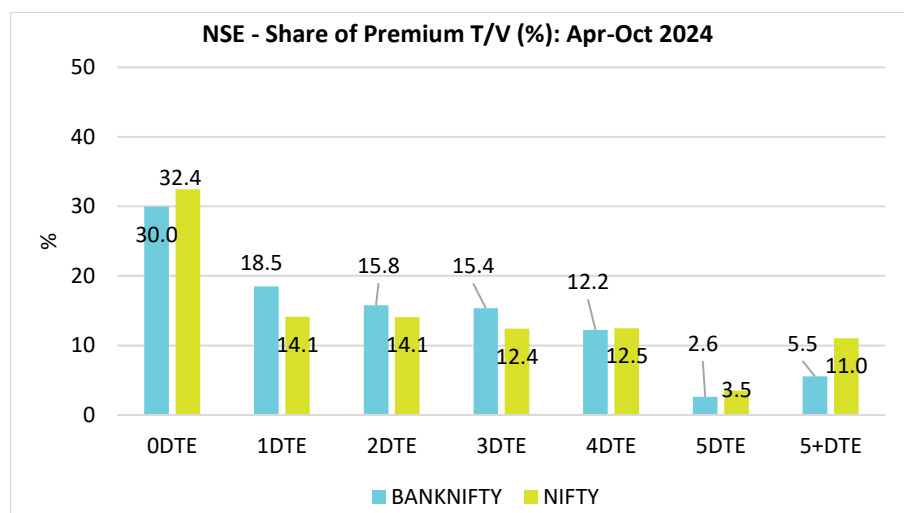
Beginning 20th November 2024, each exchange was required to provide derivatives contracts for only one of its benchmark indices with a weekly expiry. This was done to address the issue of excessive trading in index derivatives on expiry days. As a result of these changes, NSE and BSE had to reduce their offerings and also increase contract sizes. NSE was running expiries of different contracts on each day of the week, which changed to Thursday only, while BSE's index options expiry day was curtailed to Friday and was later changed to Tuesday beginning January 2025. Beginning this month, i.e. September 2025, NSE and BSE have now swapped expiries to Tuesday and Thursday; its full impact is still to be understood.

Exhibit 1: During Apr–Oct'24, BSE's PTV share on expiry day was 80%-plus



Source: Company, Nuvama Research

Exhibit 2: During Apr–Oct'24, NSE's PTV share on expiry day was ~30%



Source: Company, Nuvama Research

Exhibit 3: NSE's index options expiry days changed from Monday–Friday to Thursday with an increase in lot sizes

Underlying	Period	Old expiry	New expiry	Lot size		Expiry Date		
				Old	New	Last expiry date with existing lot size	New contracts available from	First expiry date with revised lot size
Nifty	Quarterly, Semi-annual	Last Thursday of month	Last Thursday of month	25	75	26-Dec-24	26-Dec-24	27-Mar-25*
	Monthly	Last Thursday of month	Last Thursday of month	25	75	30-Jan-25	28-Nov-24	27-Feb-25
	Weekly	Thursdays	Thursday every week	25	75	19-Dec-24	28-Nov-24	2-Jan-25
Bank Nifty	Quarterly	Last Wednesday of expiry month	Last Thursday of month	15	30	24-Dec-24	24-Dec-24	26-Mar-25**
	Monthly	Last Wednesday of expiry month	Last Thursday of month	15	30	29-Jan-25	27-Nov-25	26-Feb-25
	Weekly	Wednesdays	Contract disallowed	15	NA	13-Nov-24	NA	NA
FINNIFTY	Monthly	Last Tuesday of expiry month	Last Thursday of month	25	65	28-Jan-25	26-Nov-24	25-Feb-25
	Weekly	Every Tuesday	Contract disallowed	25	NA	18-Nov-24	NA	NA
MIDCPNIFTY	Monthly	Last Monday of expiry month	Last Thursday of month	50	120	27-Jan-25	25-Nov-24	24-Feb-25
	Weekly	Mondays	Contract disallowed	50	NA	19-Nov-24	NA	NA
NIFTYNXT50	Monthly	Last Friday of expiry month	Last Thursday of month	10	25	31-Jan-25	29-Nov-24	28-Feb-25
	Weekly	Fridays	Contract disallowed	10	NA	22-Nov-25	NA	NA

Source: NSE, Nuvama Research

Notes: *Revised from 26-Dec-24

**Revised from 24-Dec-24

Mar-25 contracts introduced as quarterly contracts; to become far month contract of respective index derivative on Dec-24 monthly expiry day (EoD)

Exhibit 4: BSE's index options expiry days changed from Friday and Monday to Tuesday with an increase in lot sizes

Underlying	Period	Old expiry	New expiry	Lot size		Expiry Date		
				Old	New	Last expiry date with existing lot size	New contracts available from	First expiry date with revised lot size
Sensex	Quarterly, Semi-annual	Last Friday of month	Last Tuesday of month	10	20	27-Dec-24	27-Dec-24	28-Mar-25*
	Monthly	Last Friday of month	Last Tuesday of month	10	20	31-Jan-25	29-Nov-24	28-Feb-25
	Weekly	Fridays	Tuesdays	10	20	3-Jan-25	6-Dec-24	10-Jan-25
Bankex	Monthly	Last Monday of expiry month	Last Tuesday of month	15	30	27-Jan-25	25-Nov-24	24-Feb-25
	Weekly	Mondays	Contract disallowed	15	NA	18-Nov-24	NA	NA
SENSEX50	Monthly	Last Thursday of expiry month	Last Tuesday of month	25	60	30-Jan-25	28-Nov-25	27-Feb-25
	Weekly	Thursdays	Contract disallowed	25	NA	14-Nov-24	NA	NA

Source: BSE, Nuvama Research

Note: *Lot size changed on 27-Dec-24

Index derivatives position limit

On 1st September, SEBI released a circular on the framework for intraday position limits monitoring for equity index derivatives. The main objective is to facilitate orderly market making across trading days and prevent outsized expiry day positions.

SEBI had earlier proposed and implemented FutEq position limits for index options with end-of-day Net FutEq at INR15bn and gross FutEq at INR100bn. Initially, no specific intraday limits were defined, but exchanges monitored intraday exposures through random snapshot.

Now, SEBI has introduced both net and gross intra-day limits. We expect it to be neutral for BSE as of now and possibly negative for NSE. Data to ascertain the impact is not available in public domain.

Exhibit 5: Changes in position limits for index derivatives

Position type	Feb-25		May-25		Sep-25	
	Net FutEq (INR bn)	Gross FutEq (INR bn)	Net FutEq (INR bn)	Gross FutEq (INR bn)	Net FutEq (INR bn)	Gross FutEq (INR bn)
End of day	5	15	15	100	15	100
Intraday	10	25	No limit specified	No limit specified	50	100

Source: SEBI, Nuvama Research

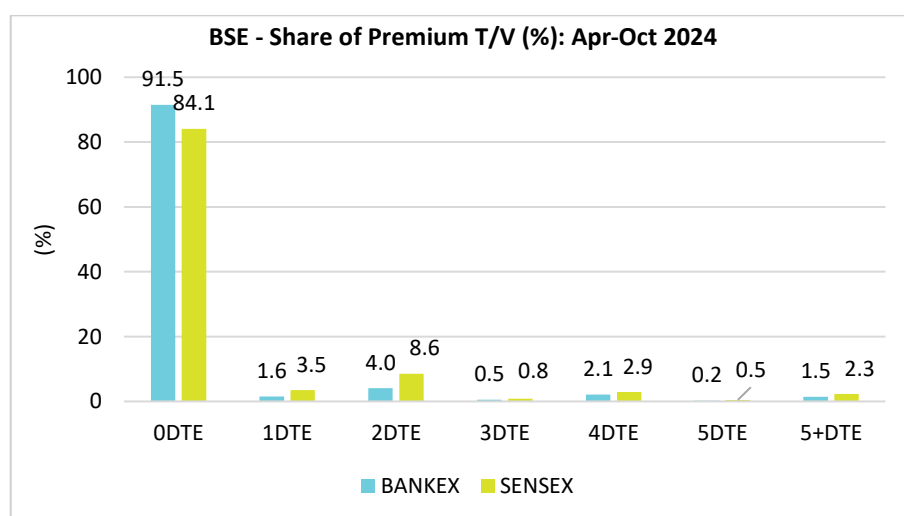
Scenario 1: Different day (Tue/Thu) fortnightly expiry

In a different day fortnightly expiry scenario, we expect BSE to continue with Thursday expiry and NSE to continue with Tuesday. We expect the FY27E market ADPTV to reduce by 48.4% to INR327bn and BSE to have a market share of 20.1%.

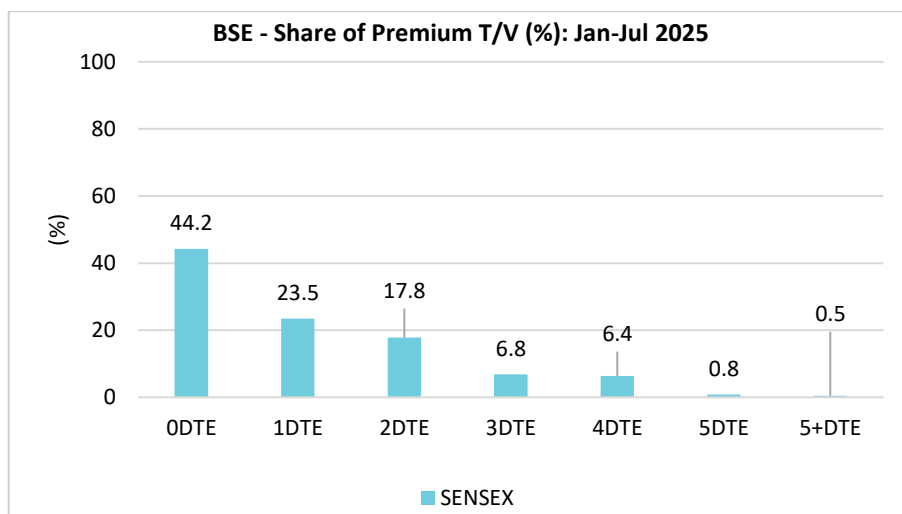
BSE's premium distribution has improved, with expiry-day turnover share reducing to 44% from 84% in Apr–Oct-24. However, this remains higher than NSE's, whose expiry-day premium turnover share stands at 21%. We believe that the most likely scenario is for SEBI to allow only fortnightly expiries. In this scenario, ADPTV decline for NSE is less severe since its expiry concentration is lower than that for BSE.

For BSE, the distribution of option premiums across expiry day (e.g. 0DTE, 1DTE, 2DTE, etc), is similar for both weekly and monthly contracts, resulting in ADPTV earned in 4-weekly expiries per month to proportionately reduce by half. If only fortnightly expiries are allowed, we expect BSE's FY27E ADPTV to more than halve, down 55.8% (versus our previous estimate) to INR66bn, resulting in an FY27E EPS cut of 26.8% to INR39.9. We expect NSE's FY27E ADPTV to reduce by 46.1% to INR261bn, resulting in FY27E EPS cut of 24.7% to INR32.4.

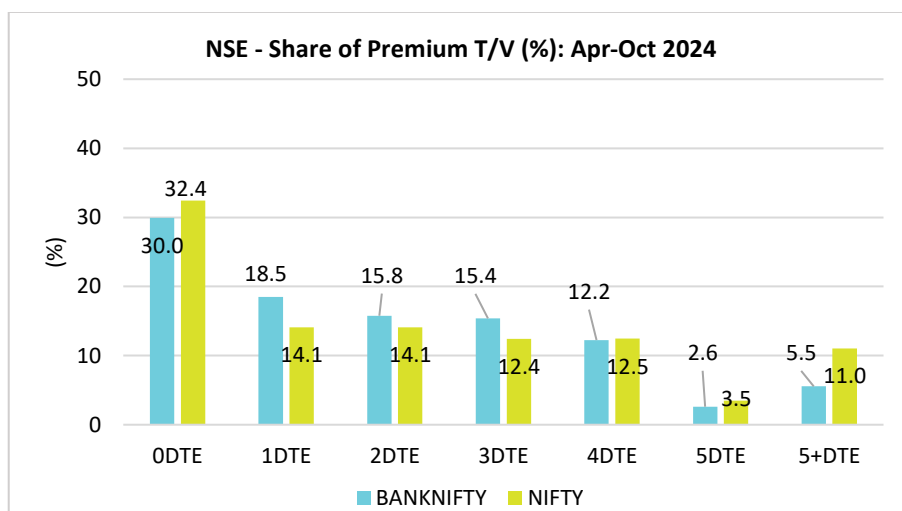
Exhibit 6: Apr–Oct'24: BSE's expiry day premium turnover share more than 80%



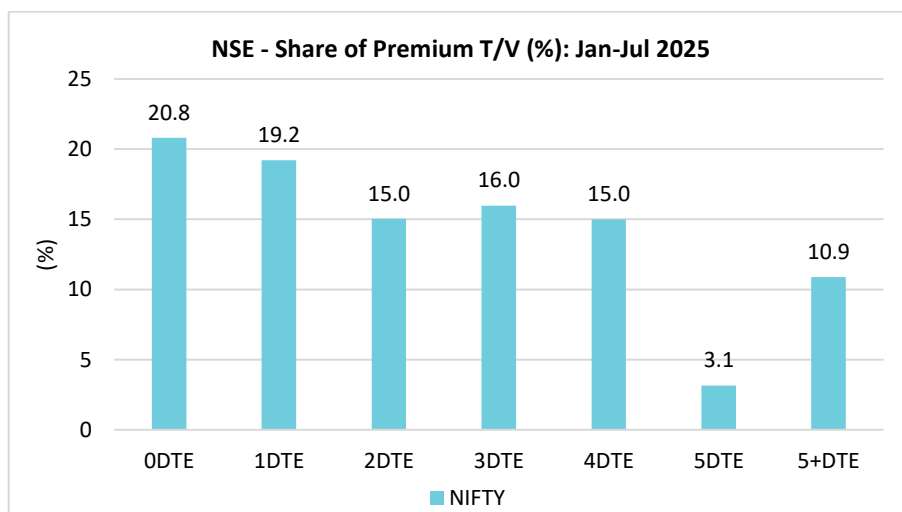
Source: Company, Nuvama Research

Exhibit 7: Jan-Jul'25: BSE's expiry day premium turnover share decreases to 44%

Source: Company, Nuvama Research

Exhibit 8: Apr-Oct'24: NSE's expiry day premium turnover share around 30%

Source: NSE, Nuvama Research

Exhibit 9: Jan-Jul'25: NSE's expiry day premium turnover share stood around 20%

Source: NSE, Nuvama Research

Exhibit 10: Scenario 1: Introduction of fortnightly index option expiries to result in 26.8% cut in BSE's FY27E EPS

	Earlier		Revised		Change (%/bps)	
(INR bn)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
ADPTV (INR bn)	149	174	66	77	(55.8)	(55.8)
Revenue	44.6	51	31.4	35.6	(29.6)	(30.1)
EBIT	26.8	31.7	18.7	21.9	(30.1)	(30.9)
EBIT margin (%)	60.1	62.2	59.6	61.5	(46)bp	(69)bp
NOPLAT	20	23.7	14	16.4	(30.1)	(30.9)
NOPLAT margin (%)	44.9	46.5	44.6	46	(34)bp	(52)bp
APAT	22.4	26.6	16.4	19.1	(26.8)	(28.3)
EPS	54.5	64.6	39.9	46.3	(26.8)	(28.3)
ROE (%)	35.9	36.4	26.9	27.7	(900)bp	(872)bp

Source: Company, Nuvama Research

Exhibit 11: Scenario 1: Introduction of fortnightly index option expiries to result in a 24.7% cut in NSE's FY27E EPS

	Earlier		Revised		Change (%/bps)	
(INR bn)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
ADPTV (INR bn)	484	557	261	300	(46.1)	(46.1)
Revenue	166	186.9	126.2	141.1	(24.0)	(24.5)
EBIT	120	136.7	84.7	95.8	(29.4)	(29.9)
EBIT margin (%)	72.3	73.2	67.1	67.9	(513)bp	(525)bp
NOPLAT	89.5	102	63.1	71.4	(29.5)	(30.0)
NOPLAT margin (%)	53.9	54.6	50	50.6	(389)bp	(398)bp
APAT	106.6	119.8	80.3	89.4	(24.7)	(25.4)
EPS	43.1	48.4	32.4	36.1	(24.7)	(25.4)
ROE (%)	33.7	35.7	25.5	27.2	(815)bp	(848)bp

Source: NSE, Nuvama Research

Potential offsets: Exchanges may increase charges to offset the impact of any volume reduction. Currently, NSE charges INR3,500 per crore of PTV, but it used to charge as high as INR7,500/5,500 per crore PTV during FY13/17. NSE may increase charges on the same to compensate for volume loss.

In all the scenarios, we have taken a linear approach to reduce volume. Thus, we have not incorporated any increase in trading activity for the available expiries due to loss of expiry days.

We have also not built in any increase in investors entering the market over time.

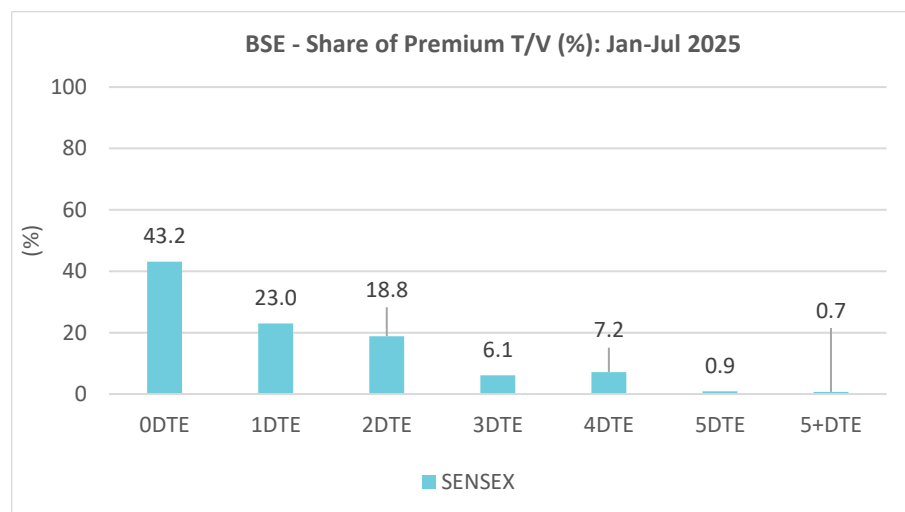
Scenario 2: Different day (Tue/Thu) monthly expiry

In a different day monthly expiry scenario, we expect only one expiry per month, and BSE to continue with Thursday and NSE with Tuesday as their respective expiry days. This drags FY27E market ADPTV by 66.8% to INR210bn, and we reckon BSE shall capture a market share of 15.9%.

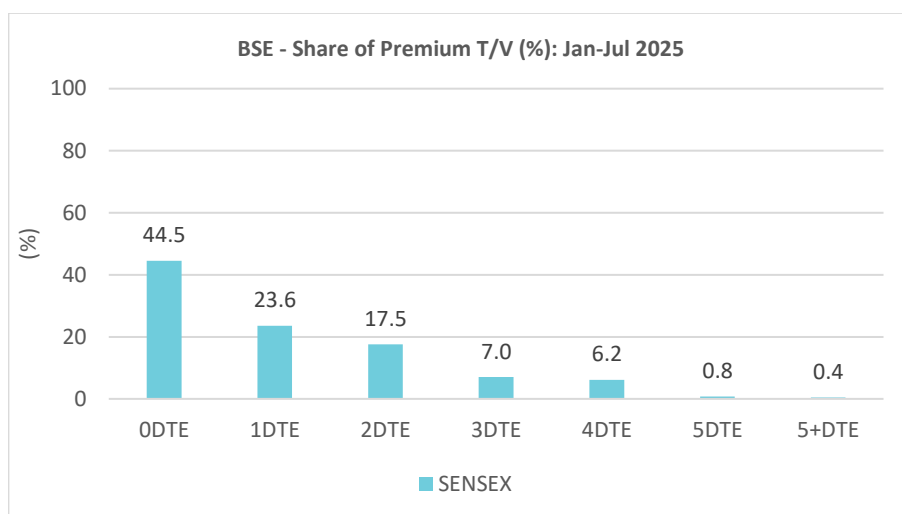
The distribution of option premiums across expiry day is similar for both weekly and monthly contracts of BSE. Hence, under an only monthly expiry scenario, ADPTV would reduce proportionately, just as in the fortnightly case. If only monthly expiries are allowed, we expect BSE's FY27E ADPTV to suffer a massive hit of 77.5% to INR33bn, resulting in a cut of 36.7% in FY27E EPS to INR34.5.

For NIFTY weekly contracts, 58.6% of PTV was recorded within three days of expiry versus 45.3% for monthly contracts. Monthly NIFTY index option generates better premium quality as 24.7% of premium is recorded at 5+DTE versus 5.8% for weekly option. As monthly contracts have deeper market participation, ADPTV reduction for NSE under this scenario would be less severe than for BSE. Since weekly NIFTY options account for 58.9% of total premium, this is what would be lost if expiries were restricted to monthly. We expect NSE's FY27E ADPTV to reduce by 63.5% to INR177bn, resulting in a cut of 34% in FY27E EPS to INR28.4.

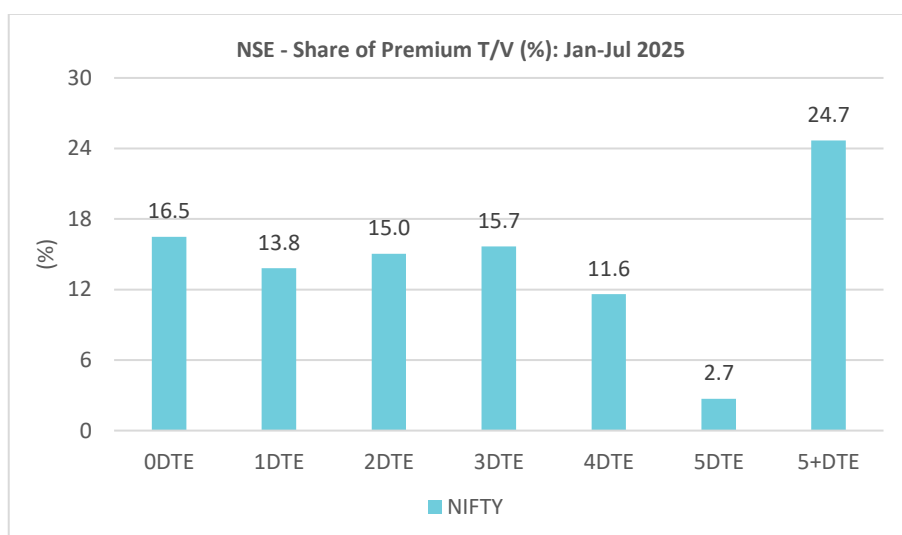
Exhibit 12: Jan–Jul'25: Expiry day Sensex monthly contract PTV share is 43.2%



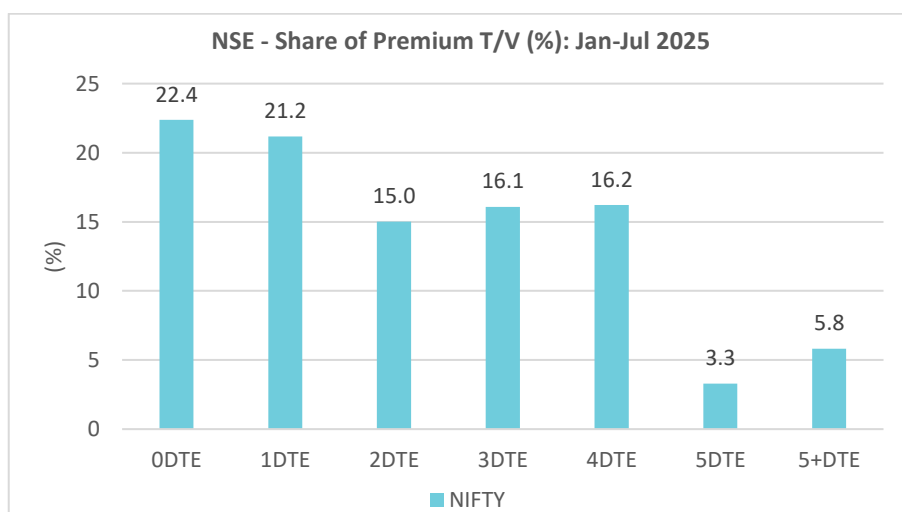
Source: Company, Nuvama Research

Exhibit 13: Jan-Jul'25: Expiry day Sensex weekly contract PTV share is 44.5%

Source: Company, Nuvama Research

Exhibit 14: Jan-Jul'25: Expiry day NIFTY monthly contract PTV share is 16.5%

Source: NSE, Nuvama Research

Exhibit 15: Jan-Jul'25: Expiry day NIFTY weekly contract PTV share is 22.4%

Source: NSE, Nuvama Research

Exhibit 16: Scenario 2: Index option expiries limited to monthly would hit BSE's FY27E EPS by 36.7%

	Earlier		Revised		Change (%/bps)	
(INR bn)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
ADPTV (INR bn)	149	174	33	39	(77.5)	(77.5)
Revenue	44.6	51	26.3	29.7	(41.0)	(41.7)
EBIT	26.8	31.7	15.8	18.1	(41.1)	(42.8)
EBIT margin (%)	60.1	62.2	60	61	(10)bp	(116)bp
NOPLAT	20	23.7	11.8	13.6	(41.1)	(42.8)
NOPLAT margin (%)	44.9	46.5	44.9	45.6	(7)bp	(87)bp
APAT	22.4	26.6	14.2	16.2	(36.7)	(39.2)
EPS	54.5	64.6	34.5	39.2	(36.7)	(39.2)
ROE (%)	35.9	36.4	23.5	24	(1,241)bp	(1,241)bp

Source: Company, Nuvama Research

Exhibit 17: Scenario 2: Index option expiries limited to monthly would result in a 34% cut in NSE's FY27E EPS

	Earlier		Revised		Change (%/bps)	
(INR bn)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
ADPTV (INR bn)	484	557	177	203	(63.5)	(63.5)
Revenue	166	186.9	111.2	123.8	(33.0)	(33.8)
EBIT	120	136.7	71.3	80.3	(40.5)	(41.3)
EBIT margin (%)	72.3	73.2	64.2	64.9	(808)bp	(830)bp
NOPLAT	89.5	102	53.1	59.8	(40.7)	(41.4)
NOPLAT margin (%)	53.9	54.6	47.8	48.3	(612)bp	(629)bp
APAT	106.6	119.8	70.3	77.9	(34.0)	(35.0)
EPS	43.1	48.4	28.4	31.5	(34.0)	(35.0)
ROE (%)	33.7	35.7	22.4	23.9	(1,126)bp	(1,180)bp

Source: NSE, Nuvama Research

Potential offsets: Exchanges may increase charges to offset the impact of any volume reduction. Currently, NSE charges INR3,500 per crore of PTV, but it used to charge as high as INR7,500/5,500 per crore PTV during FY13/17. NSE may increase charges on the same to compensate for volume loss.

In all the scenarios, we have taken a linear approach to reduce volume. Thus, we have not incorporated any increase in trading activity for the available expiries due to loss of expiry days.

We have also not built in any increase in investors entering the market over time.

Scenario 3: Mid-month/end-month same expiry

This scenario is an alternative to only monthly expiry, in which we assume BSE will have a mid-month expiry versus NSE's end-month expiry. The expiry day for both exchanges shall remain the same. In this scenario, contracts will be month-long, but expiries will have about a two-week gap. We expect FY27E market ADPTV to reduce by 54% to INR291bn with BSE improving its market share to 27.5%. While trading volumes will reduce overall considering NSE's expiry will be further out to BSE's expiry day, we would expect BSE to gain market share.

If only mid monthly expiry is allowed for BSE and monthly expiry for NSE, we expect BSE's FY27E ADPTV to reduce 46.3% to INR80bn, resulting in a 19.8% cut in FY27E EPS to INR43.7. We expect NSE's FY27E ADPTV to reduce 56.4% to INR211bn, resulting in a 29.9% cut in FY27E EPS to INR30.2.

Exhibit 18: Jan–Jul'25: Weekly NIFTY option recorded INR343bn ADPTV

Index	Duration	PTV (INR bn)	ADPTV (INR bn)
BANKNIFTY	Monthly	11,155	76
NIFTY	Monthly	13,932	95
	Weekly	38,070	343
MIDCPNIFTY	Monthly	1,192	8
FINNIFTY	Monthly	361	2

Source: NSE, Nuvama Research

Note: *Only weekly trading days were used to calculate weekly ADPTV for NIFTY

Exhibit 19: Jan–Jul'25: Weekly SENSEX option recorded INR138bn ADPTV

Index	Duration	PTV (INR bn)	ADPTV (INR bn)
BANKEX	Monthly	154	1
SENSEX	Monthly	3,892	27
	Weekly	15,334	138

Source: Company, Nuvama Research

Note: *Only weekly trading days were used to calculate weekly ADPTV for SENSEX

Exhibit 20: ADPTV estimate under scenario 3

	ADPTV (INR bn)			Market Share (%)	
	NSE	BSE	Total market	NSE	BSE
Week 1	57	44	101	56.6	43.4
Week 2 (BSE expiry)	76	220	297	25.8	74.2
Week 3	191	28	219	87.4	12.6
Week 4 (NSE expiry)	518	28	546	95.0	5.0
Total	211	80	291	72.5	27.5

Source: NSE, BSE, Nuvama Research

Exhibit 21: Scenario 3: Index option monthly expiries with 2-week gap for each exchange would hit BSE's FY27E EPS by 19.8%

	Earlier		Revised		Change (%/bps)	
(INR bn)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
ADPTV (INR bn)	149	174	80	94	(46.3)	(46.3)
Revenue	44.6	51	33.7	38.3	(24.5)	(24.9)
EBIT	26.8	31.7	20.8	23.6	(22.2)	(25.6)
EBIT margin (%)	60.1	62.2	61.9	61.6	183bp	(54)bp
NOPLAT	20	23.7	15.6	17.6	(22.2)	(25.6)
NOPLAT margin (%)	44.9	46.5	46.3	46.1	137bp	(41)bp
APAT	22.4	26.6	18.0	20.4	(19.8)	(23.4)
EPS	54.5	64.6	43.7	49.5	(19.8)	(23.4)
ROE (%)	35.9	36.4	29.4	29.2	(659)bp	(725)bp

Source: Company, Nuvama Research

Exhibit 22: Scenario 3: Index option monthly expiries with 2-week gap for each exchange would dent NSE's FY27E EPS by 29.9%

	Earlier		Revised		Change (%/bps)	
(INR bn)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
ADPTV (INR bn)	484	557	211	243	(56.4)	(56.4)
Revenue	166	186.9	117.2	130.8	(29.4)	(30.0)
EBIT	120	136.7	77.2	87.2	(35.6)	(36.2)
EBIT margin (%)	72.3	73.2	65.8	66.7	(640)bp	(647)bp
NOPLAT	89.5	102	57.5	65.0	(35.7)	(36.3)
NOPLAT margin (%)	53.9	54.6	49.0	49.7	(486)bp	(490)bp
APAT	106.6	119.8	74.7	83.0	(29.9)	(30.7)
EPS	43.1	48.4	30.2	33.6	(29.9)	(30.7)
ROE (%)	33.7	35.7	23.8	25.4	(989)bp	(1,031)bp

Source: NSE, Nuvama Research

Potential offsets: Exchanges may increase charges to offset the impact of any volume reduction. Currently, NSE charges INR3,500 per crore of PTV, but it used to charge as high as INR7,500/5,500 per crore PTV during FY13/17. NSE may increase charges on the same to compensate for volume loss.

In all the scenarios, we have taken a linear approach to reduce volume. Hence, we have not incorporated any increase in trading activity for the available expiries due to loss of expiry days.

We have also not built in any increase in investors entering the market over time.

Scenario 4: Same day fortnightly expiry

In this scenario, we expect exchanges to have a fortnightly expiry, but the expiry day remains same for both exchanges i.e. either Tuesday or Thursday, or any other day. We expect FY27E market ADPTV to shrink 47.6%, and BSE to have a market share of 15.2%.

During Jan–Aug'25, total market ADPTV stood at INR577bn. In this scenario, we expect the same to fall by 42.6% versus FY27 market estimate to INR331bn. NSE will be able to retain its volumes, and we expect it to capture a market share of 85%. In this scenario, we expect BSE's FY27E ADPTV to shrink 66.3% to INR50bn, resulting in a 32% cut in FY27E EPS to INR37. We expect NSE's FY27E ADPTV to reduce by 41.9% to INR281bn, resulting in a 22.4% cut in FY27E EPS to INR33.4.

Exhibit 23: Total market ADPTV in scenario 4 to come close to INR 331bn

Weeks	ADPTV (INR bn)
Monthly expiry week	510
Non-expiry week	219
Mid-month expiry week	375
All weeks	331

Source: BSE, NSE, Nuvama Research

Note: There will be 2 non-expiry weeks in this scenario

Exhibit 24: Scenario 4: Index option monthly expiries with 2-week gap for each exchange and same expiry day to hit BSE's EPS* by 32%

	Earlier		Revised		Change (%/bps)	
(INR bn)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
ADPTV (INR bn)	149	174	50	59	(66.3)	(66.3)
Revenue	44.6	51	28.9	32.8	(35.1)	(35.7)
EBIT	26.8	31.7	17.2	20.1	(35.9)	(36.6)
EBIT margin (%)	60.1	62.2	59.3	61.3	(78)bp	(89)bp
NOPLAT	20	23.7	12.8	15.0	(35.9)	(36.6)
NOPLAT margin (%)	44.9	46.5	44.3	45.8	(58)bp	(67)bp
APAT	22.4	26.6	15.3	17.7	(32.0)	(33.5)
EPS	54.5	64.6	37.0	42.9	(32.0)	(33.5)
ROE (%)	35.9	36.4	25.1	26.0	(1,079)bp	(1,045)bp

Source: Company, Nuvama Research

*FY27E EPS

Exhibit 25: Scenario 4: Index option monthly expiry with 2-week gap for each exchange and same expiry day to hit NSE's EPS* by 22.4%

	Earlier		Revised		Change (%/bps)	
(INR bn)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
ADPTV (INR bn)	484	557	281	323	(41.9)	(41.9)
Revenue	166	186.9	129.8	145.2	(21.8)	(22.3)
EBIT	120	136.7	88.0	99.5	(26.6)	(27.2)
EBIT margin (%)	72.3	73.2	67.8	68.5	(446)bp	(462)bp
NOPLAT	89.5	102	65.6	74.2	(26.7)	(27.3)
NOPLAT margin (%)	53.9	54.6	50.5	51.1	(338)bp	(350)bp
APAT	106.6	119.8	82.7	92.2	(22.4)	(23.1)
EPS	43.1	48.4	33.4	37.2	(22.4)	(23.1)
ROE (%)	33.7	35.7	26.3	28.0	(738)bp	(770)bp

Source: NSE, Nuvama Research

*FY27E EPS

Potential offsets: Exchanges may increase charges to offset the impact of any volume reduction. Currently NSE charges INR3,500 per crore of PTV, but it used to charge as high as INR7,500/5,500 per crore of PTV during FY13/17. NSE may increase charges on the same to compensate for volume loss.

In all the scenarios, we have taken a linear approach to reduce volume. Thus, we have not incorporated any increase in trading activity for the available expiries due to loss of expiry days.

We have also not built in any increase in investors entering the market over time.

Scenario 5: Same day monthly expiry

In this scenario, we expect exchanges to have only monthly expiry, and the expiry day for both exchanges to remain same. In this case, we reckon FY27E market ADPTV shall reduce by 54.1% to INR291bn and BSE would have a market share of 9.8%. In this scenario, we expect BSE's FY27E ADPTV to shrink 80.8% to INR29bn, resulting in an 38.5% cut in FY27E EPS to INR33.5.

We reckon NSE's FY27E ADPTV shall reduce by 45.8% to INR262bn, resulting in a 24.2% cut in FY27E EPS to INR32.6. Given NSE has greater market depth as well as greater monthly volumes than weekly, we expect NSE to command a market share of close to 90%.

Exhibit 26: Scenario 5: ADPTV estimate for total market

Week	ADPTV (INR bn)
Monthly expiry week	510
Non expiry week	219
All weeks	291

Source: BSE, NSE, Nuvama Research

Note: There will be 3 non-expiry weeks in this scenario

Exhibit 27: Scenario 5: Index option monthly expiries for each exchange and same expiry day would hit BSE's FY27E EPS by 38.5%

(INR bn)	Earlier		Revised		Change (%/bps)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
ADPTV (INR bn)	149	174	29	33	(80.8)	(80.8)
Revenue	44.6	51	25.5	28.8	(42.8)	(43.5)
EBIT	26.8	31.7	15.2	17.5	(43.2)	(44.7)
EBIT margin (%)	60.1	62.2	59.7	60.9	(37)bp	(124)bp
NOPLAT	20	23.7	11.4	13.1	(43.2)	(44.7)
NOPLAT margin (%)	44.9	46.5	44.6	45.6	(28)bp	(93)bp
APAT	22.4	26.6	13.8	15.7	(38.5)	(40.9)
EPS	54.5	64.6	33.5	38.2	(38.5)	(40.9)
ROE (%)	35.9	36.4	22.9	23.4	(1,304)bp	(1,298)bp

Source: Company, Nuvama Research

Exhibit 28: Scenario 5: Index option monthly expiries for each exchange and same expiry day would hit NSE's FY27E EPS by 24.2%

(INR bn)	Earlier		Revised		Change (%/bps)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
ADPTV (INR bn)	484	557	262	302	(45.8)	(45.8)
Revenue	166	186.9	126.4	141.3	(23.9)	(24.4)
EBIT	120	136.7	85.4	96.5	(28.8)	(29.4)
EBIT margin (%)	72.3	73.2	67.6	68.3	(467)bp	(489)bp
NOPLAT	89.5	102	63.6	71.9	(28.9)	(29.5)
NOPLAT margin (%)	53.9	54.6	50.3	50.9	(355)bp	(371)bp
APAT	106.6	119.8	80.8	89.9	(24.2)	(24.9)
EPS	43.1	48.4	32.6	36.3	(24.2)	(24.9)
ROE (%)	33.7	35.7	25.7	27.3	(798)bp	(834)bp

Source: NSE, Nuvama Research

Potential offsets: Exchanges may increase charges to offset the impact of any volume reduction. Currently, NSE charges INR3,500 per crore of PTV, but it used to charge as high as INR7,500/5,500 per crore PTV during FY13/17. NSE may increase charges on the same to compensate for volume loss.

In all the scenarios, we have taken a linear approach to reduce volume. Hence, we have not incorporated any increase in trading activity for the available expiries due to loss of expiry days.

We have also not built in any increase in investors entering the market over time.

Surgical approach to curb speculation

SEBI highlighted in a report titled “Study – Analysis of Profits & Losses in the Equity Derivatives Segment (FY22–FY24)” (dated 23rd September 2024) that, in FY24, 75% of individual F&O traders (~6.54mn) had declared annual income of less than INR0.5mn. About 91.1% of individual F&O traders incurred an average loss of INR0.12mn. About 0.4mn traders, who were top 3.5% of loss makers, made up 55.3% of total losses.

Another report titled “Comparative study of growth in Equity Derivatives Segment vis-à-vis Cash Market after recent measures” (dated 7th July 2025) highlighted that the percentage of traders making losses in the equity derivative segment in FY25 remained broadly unchanged at 91% vis-a-vis the earlier study. It highlighted that, in FY25, on average per person loss in the equity derivative segment was INR0.11mn.

According to the NSE’s Pulse report, 73.3% (~2.39mn) of equity options investors trade in turnover bracket of below INR1mn, contributing only 2.4% to PTV.

Another way to curb retail losses could be by introducing eligibility criteria, which would result in reduction in low value loss-making retail traders from entering the market. Eligibility criteria may be in the form of minimum income declaration, security deposit requirement, demat holding requirements, or examination. This approach could reduce STT loss for the government.

Exhibit 29: Distribution of turnover by range in equity options (premium turnover) for all investors

Turnover range	Mar-24	Mar-25	Apr-25	May-25	Jun-25	Jul-25
PTV (INR bn)						
< INR 10,000	1	1	1	1	1	1
INR 10,000- 100,000	24	15	17	16	17	17
INR 0.1mn-1mn	274	203	217	220	224	222
INR 1mn-10mn	1,220	1,041	1,129	1,273	1,158	1,142
INR 10mn-100mn	1,918	1,591	1,695	2,089	1,719	1,759
>INR 100mn	9,106	6,843	7,990	8,915	7,182	6,883
Total	12,543	9,695	11,049	12,514	10,300	10,023
PTV share (%)						
< INR 10,000	0.0	0.0	0.0	0.0	0.0	0.0
INR 10,000- 100,000	0.2	0.2	0.2	0.1	0.2	0.2
INR 0.1mn-1mn	2.2	2.1	2.0	1.8	2.2	2.2
INR 1mn-10mn	9.7	10.7	10.2	10.2	11.2	11.4
INR 10mn-100mn	15.3	16.4	15.3	16.7	16.7	17.5
>INR 100mn	72.6	70.6	72.3	71.2	69.7	68.7
Total	100	100	100	100	100	100
Investors (000s)						
< INR 10,000	862	440	490	440	460	460
INR 10,000- 100,000	1,126	710	780	750	790	800
INR 0.1mn-1mn	1,433	1,020	1,100	1,100	1,130	1,130
INR 1mn-10mn	783	660	710	790	740	720
INR 10mn-100mn	152	130	140	170	140	140
>INR 100mn	9	10	10	10	10	10
Total	4,366	2,970	3,230	3,260	3,270	3,260
Investor share (%)						
< INR 10,000	19.7	14.8	15.2	13.5	14.1	14.1
INR 10,000- 100,000	25.8	23.9	24.1	23.0	24.2	24.5
INR 0.1mn-1mn	32.8	34.3	34.1	33.7	34.6	34.7
INR 1mn-10mn	17.9	22.2	22.0	24.2	22.6	22.1
INR 10mn-100mn	3.5	4.4	4.3	5.2	4.3	4.3
>INR 100mn	0.2	0.3	0.3	0.3	0.3	0.3
Total	100	100	100	100	100	100
Average PTV per investor (INR)						
< INR 10,000	1,577	1,727	1,735	1,773	1,761	1,783
INR 10,000- 100,000	21,192	21,493	21,615	21,587	21,519	21,400
INR 0.1mn-1mn	191,159	199,431	197,473	200,164	198,558	196,434
INR 1mn-10mn	1,558,335	1,577,621	1,590,169	1,611,937	1,564,270	1,585,792
INR 10mn-100mn	12,642,041	12,237,692	12,110,500	12,286,353	12,275,214	12,563,071
>INR 100mn	962,613,108	684,294,000	798,953,000	891,467,000	718,216,000	688,267,000
Total	2,873	3,264	3,421	3,839	3,150	3,075

Source: NSE, Nuvama Research

Note: 1) Turnover ranges are based on gross premium turnover i.e. buy premium turnover + sell premium turnover

2) Categorisation is based on gross premium turnover.

3) Data has been provided for single side i.e. (Buy premium turnover + sell premium turnover)/2

4) Investor count is based on unique PANs that have traded during the period.

Valuation

Each scenario shall have a different earnings impact on exchanges and would call for a re-rating. Overall, we believe any move to increase the tenure of equity derivatives will shrink the total market size. This will drag earnings growth potential for both exchanges. We have used the same and tweaked the multiple for each scenario to ascertain a target price. We believe the overhang will continue over the stock until further clarity emerges.

Exhibit 30: Consolidated impact of each scenario on ADPTV and earnings

	FY27E ADPTV (INR bn)			ADPTV change (%)			Market share (%)		FY27E EPS (INR)		FY27E EPS change vs current est (%)	
	NSE	BSE	Industry	NSE	BSE	Industry	NSE	BSE	NSE	BSE	NSE	BSE
Current FY27E	484	149	633				76.5	23.5	43.1	54.5		
Scenario 1	261	66	327	(46.1)	(55.8)	(48.4)	79.9	20.1	32.4	39.9	(24.7)	(26.8)
Scenario 2	177	33	210	(63.5)	(77.5)	(66.8)	84.1	15.9	28.4	34.5	(34.0)	(36.7)
Scenario 3	207	107	314	(57.2)	(28.3)	(50.4)	66.0	34.0	30.2	43.7	(29.9)	(19.8)
Scenario 4	281	50	331	(41.9)	(66.3)	(47.6)	84.8	15.2	33.4	37.0	(22.4)	(32.0)
Scenario 5	262	29	291	(45.8)	(80.8)	(54.1)	90.2	9.8	32.6	33.5	(24.2)	(38.5)

Source: NSE, BSE, Nuvama Research

Note: ADPTV/EPS change is with respect to FY27E

Scenario 1: Different day (Tue/Thu) fortnightly expiry

Scenario 2: Different day (Tue/Thu) monthly expiry

Scenario 3: Mid-month/end-month alternating expiry

Scenario 4: Same day fortnightly expiry

Scenario 5: Same day monthly expiry

Exhibit 31: BSE's valuation summary under various scenarios

Particulars	Current Est.	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Sep-27E APAT (ex-CDSL) (INR mn)	24,522	17,752	15,191	19,194	16,468	14,764
Multiple (x)	45	35	30	40	30	30
Core business market cap. (INR bn)	1,103,506	621,318	455,724	767,752	494,045	442,914
Add: CDSL (15%) (INR bn)	55,803	55,803	55,803	55,803	55,803	55,803
Market cap. (INR bn)	1,159,309	677,121	511,527	823,555	549,848	498,717
Valuation (INR/share)	2,820	1,650	1,250	2,000	1,340	1,220
CMP (INR/share)	2,204	2,204	2,204	2,204	2,204	2,204
Upside (%)	27.9	(25.1)	(43.3)	(9.3)	(39.2)	(44.6)

Source: Company, Nuvama Research

Note: Scenario 1: Different day fortnightly expiry

Scenario 2: Different day monthly expiry

Scenario 3: Mid-month / End-month alternating expiry

Scenario 4: Same day fortnightly expiry

Scenario 5: Same day monthly expiry

Company Description

BSE was established as 'The Native Share & Stock Brokers' Association' in 1875 and was the first stock exchange in Asia. It is the fastest stock exchange in the world with a speed of 6 microseconds. BSE became the first listed stock exchange in India in 2017. The exchange provides an efficient and transparent market for trading in equity, currencies, debt instruments, derivatives and mutual funds. Indian Clearing Corporation Ltd, a wholly-owned subsidiary of BSE, acts as the central counterparty to all trades executed on the BSE trading platform.

BSE SME is India's largest SME platform, with over 571 companies listed and continues to grow at a steady pace. BSE StAR MF is India's largest online mutual fund platform, which processed over 663mn transactions in FY25.

BSE has a diversified revenue stream comprising transaction charges, listing services, treasury income, index services, data feed and others.

Investment Theme

BSE is likely to be less hurt by a reduction in weekly contract volumes as discontinued weekly contracts comprise 21.3% of its index option premium volumes compared with NSE's 46.9%. We believe BSE has room to grow its derivative active customer base, which is at 1.5mn–2mn (monthly) versus NSE's 4.2mn; moreover, given that only one expiry day per week per exchange is now allowed, it is possible that at least part of the investor base at NSE also starts trading on the BSE. We expect higher contract sizes to result in reduced clearing charges as clearing charges are calculated on the number of contracts cleared, which is likely to reduce. BSE's diverse revenue streams include its dominant StAR MF platform, which had a market share of ~85% in FY24 and clocked 43.7% YoY revenue growth in FY25.

Key Risk

- Any change in regulations or any adverse regulatory actions can have material impact on the business, and may result in earnings volatility.
- Dependence on index options in derivative segment.
- Any large-scale macroeconomic slowdown may affect capital market sentiment, hurting trading volumes and revenue.
- Technological infrastructure or security failure may result in a loss of credibility and/or additional regulatory penalties on the exchange.
- Failure to obtain regulatory approvals required for operations may result in penalties by SEBI.
- Competition risk arising from the launch and success of new exchange/s.
- BSE's operating investment investments are exposed to interest rate risk.

Additional Data

Management

MD & CEO	Shri Sundararaman Ramamurthy
CRO	Ms. Kamala K.
CFO	Shri Deepak Goel
Auditor	M/s. S. R. Batliboi & Co. LLP

Holdings – Top 10*

	% Holding		% Holding
Corporate Tradi	11.69	Kotak Mahindra	1.42
Life Insurance	5.60	MSPL	1.33
Capital Group C	2.28	Blackrock Inc	1.26
Vanguard Group	2.07	Invesco Asset M	1.22
Nippon Life Ind	1.58	Tata AIA Life I	1.17

*Latest public data

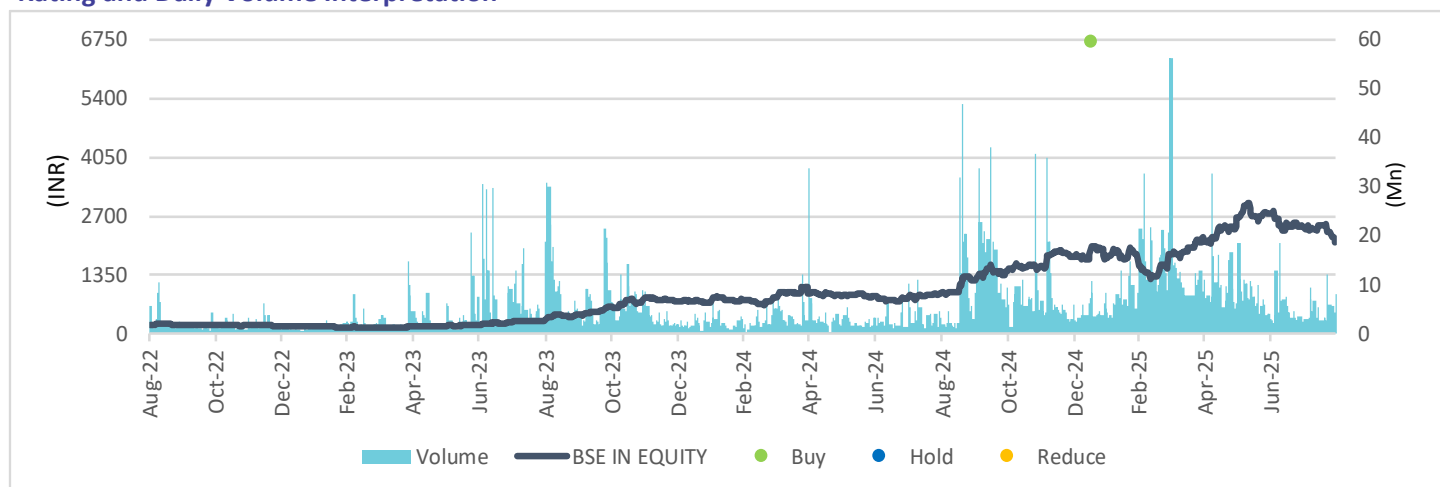
Recent Company Research

Date	Title	Price	Reco
07-Aug-25	Strong showing ; <i>Result Update</i>	2,442	Buy
02-Apr-25	Sustaining strong show; <i>Result Update</i>	6,245	Buy
07-Mar-25	Expiry wars; <i>Company Update</i>	4,253	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
11-Aug-25	Other services financial	Jul-25: Equity inflows scale all-time hi; <i>Sector Update</i>
07-Aug-25	MEDI HEALTHCARE SERVICES ASSIST	Soft showing; outlook remains positive; <i>Result Update</i>
31-Jul-25	CAMS	Yield pressure hurts earnings; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	69
Reduce	<-5%	37

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