

Issue Detail	
Type	100% Book Building
Issue Size	Rs. 1300 Crore
Offer Price	*Rs (805 - 806)/Equity Share
Min App Size	18 Shares
Issue Open	23-Jan-17
Issue Close	25-Jan-17
Shares Offer	1.540
Face Value	Rs 2
Lead Mgrs	Axis Capital Ltd, Edelweiss Capital Ltd, Motilal Oswal Investments Advisors Pvt Ltd
Listing	NSE
Registrar	Karvy Computershare Pvt Ltd
Market Cap (Post Issue)	8788.7

No of shares (Post & Pre Issue)	
No of Shares (Pre Issue)	109,176,344
Offer for Sale	15,427,197
Fresh Issue made	
No of Shares (Post Issue)	109176344

Bid allocation pattern	
QIB	50%
Non-Institutional	15%
Retail	35%

Company Overview

BSE Ltd was incorporated in 1875 which is first stock exchange in Asia and the world's largest exchanges by number of listed companies and world's 11th largest exchange by market capitalization. It owns & operator of BSE Exchange (Bombay Stock Exchange). Worlds two leading global exchanges, Deutsche Bourse and Singapore Exchange are strategic partners of BSE.

BSE offers trading in Equity, Debt Instruments, Derivatives, Mutual Funds and SME Equity. Company operate in three primary lines of business namely:

- 1) The listing business, which consists of the primary market, which relates to the issuance of new securities
- 2) The market business, which consists of (i) the secondary market, which relates to the purchase and sales of previously-issued securities
- 3) The data business, which consists of the sale and licensing of information products.

Company has highly developed electronic systems for entry, trading, clearing and settlement and depository services and It continually seek to improve our core IT capabilities, the reliability and consistency

Company Strategies

> BSE is strong brand recognizable company in india. Company built band by historically anticipating and responding investors needs through introduces of new product & services like BSE Star, BSE SME . BSE also provide a variety of hi-tech product and services offering such as co-location services for algorithmic trading , intra asset management switches, direct pay-out to clients, multiple payment modes, overnight funds management for liquid mutual funds and XSIP.

> BSE operate a diversified and integrated business model including trading, clearing and settlement of products listed and traded on the BSE as well as the provision of data products, IT services and solutions, index products and training. BSE's efforts to actively engage with market participants have led to an increase in the number of unique members rising from 1375 in FY14 to 1440 as of June 30, 2016.

> BSE has electronic systems for entry, trading, clearing and settlement and depository services and company continually seek to improve core IT capabilities, the reliability and consistency of which help to maintain our competitive position. BSE has an experienced team of internal IT professionals, supported by third party IT service providers, to operate and support our infrastructure and software as well as to create and implement new technologies.

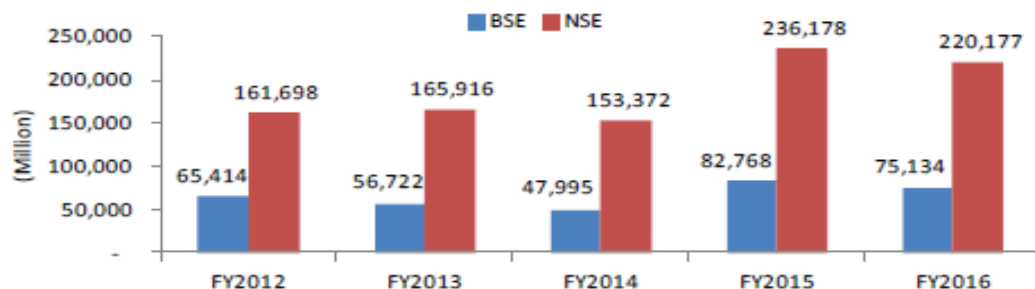
Objects of the Issue:

Particulars
To achieve the benefits of listing the equity shares on NSE
For the sale of equity shares by the selling shareholders.

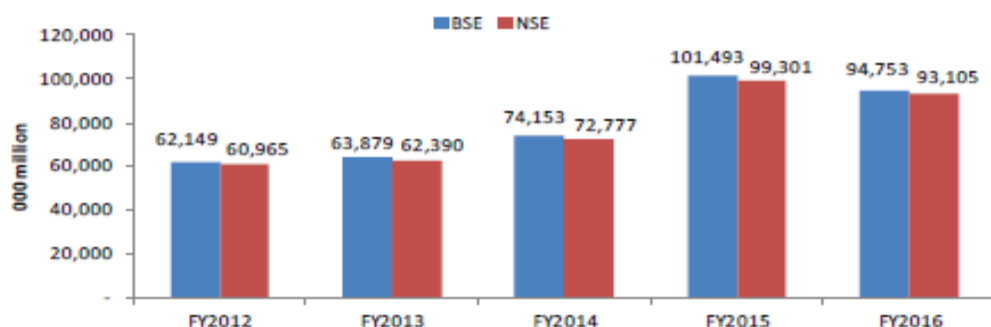
Recommendation

Strong moat, dynamic management and growth potential in context of Indian financial markets make the IPO highly interesting. Issue is prices attractively at 28 times FY17 earning and at P/B of 3.3, though MCX trades at P/E of 42 and P/B of 4+. Discontinuation of liquidity enhancement scheme and SEBI withdrawal of transfer of 25% profit to settlement guarantee fund will help raise NPM. BSE has seen its EBITDA margin falling to 45% and NPM to 24% in recent times, now we expect its NPM to scale above 30% again. (NSE NPM is 36%) These will also help operating cash-flow becoming positive and higher dividend payout. Its move to set up an international exchange in GIFT city, Gujarat may yield it rich dividends. This move will help BSE improve its asset turnover ratio. Along with rising NPM, this will help ROE to rise smartly. We recommend SUBSCRIBE.

Volume of Share Traded



Market Capitalisation



Competitive Risks

> Company Business is highly dependant upon the level of activities in exchange , particular upon the volume of financial assets traded, the number of listed securities. Inflation , changes in government monetary policy and foreign currency exchange rates , volatility in the prices of securities , tax policy, etc. If levels of activity on the exchange are materially adversely affected by any of the factors , then it could significantly reduce demand for services and harm business, financial condition and results of operations.

> There can be no assurance that we will be successful in implementing current and future . Company undertaken several initiatives in the past and continue to do so with a view to enhancing retail and institutional investment participation strategic plans. Company entered into strategic alliances with other global exchanges such as the BRICS Exchanges Alliance-BRICSMART, and the Dubai Gold. Any failure to do so may have a material adverse effect on prospects and future financial condition and result of operation.

> Trading on equity derivatives segment is less than that on the NSE and there is no guarantee that company can successfully compete in the equity derivatives segment against the NSE. Company may not be able to maintain or increase trading in equity derivatives segment and there is no guarantee that company will be able to compete in this segment with the NSE.

Financials Snap Shot
INCOME STATEMENT

	31 March 2014	31 March 2015	31 March 2016	31 June 2016
Securities Services	187	234	243	68
Services to Corporates	59	105	161	39
Data Dissemination Fees	20.41	22.1	22.42	6.08
and	218	223	190	47
Revenue (Net)	485	584	616	160
Other Income	45	41	42	18
Total Revenue	530	625	658	178
Employee Benefits Expense	85	100	112	30
Administration and Other E	157	220	246	64
EBITDA	287	305	301	84
Depreciation	32	59	62	12
EBIT	255	247	239	72
Finance Costs	0	1	1	0
Profit before Tax	255	246	238	72
TAX	34	44	32	10
Exceptional Item	61	51	47	14
PROFIT AFTER TAX	159	151	159	48
Share of Minority	24	21	36	7
Net profit after Share of M	135	130	123	41

	31 March 2014	31 March 2015	31 March 2016	31 June 2016
Share Capital	10.38	10.73	10.74	10.74
Reserves	2360	2450	2439	2480
Net Worth	2371	2461	2449	2491
Settlement Guarantee	6	111	176	187
Share Application Money	0.01	0.01	0.01	0.01
Minority Interest	188	199	222	215
Long-term borrowings	1.31	3.56	1.88	1.38
Deferred tax liabilities (net)	10	3	0	0
Other Long term Liability	28.63	44.99	52.06	51.55
Long Term Provisions	31.42	19.77	19.8	18.96
Non-current liabilities	70.95	70.99	73.89	72.12
Trade payables	46.95	58.05	69.66	76.48
Other current liabilities	1,331	1,214	1,139	1,162
Short-term provisions	58.17	83.11	76.65	27.62
Current liabilities	1436.01	1355.56	1285.43	1265.87
Total Liabilities	4071	4197	4207	4231
Fixed assets (Total)	139	169	165	164
Goodwill on Consolidation	85	85	85	85
Non-current Investments	1,125	1,410	1,525	1,197
Long term Loans and Advan	79	86	120	108
Other Non-current Assets	7.67	8.41	12.28	12.09
Non-current Assets	1,436	1,759	1,907	1,566
Current Investments	1,061	866	537	856
Trade Receivables	34.43	36	47.99	71.86
Cash and Bank Balances	1,469	1,452	1,610	1,491
Short-term Loans and Adva	16.88	24.7	19.7	49.87
Other Current Assets	52.87	59.72	84.55	196.99
TOTAL Assets	4,071	4,197	4,207	4,231

RATIOS

	31 March 2014	31 March 2015	31 March 2016	31 June 2016
EPS	12.4	11.9	11.3	15.2
Book Value Per share	217.3	225.6	224.5	228.3
Valuation(x)				
P/E (Upper Band)	34.55	35.79	36.95	30.64
P/E (Lower Band)	34.5	35.7	36.9	30.6
Price / Book Value	3.7	3.6	3.6	3.4
EV	7319.9	7339.1	7179.8	7298.8
EV/Sales	15.09	12.57	11.65	45.54
EV/EBITDA	25.46	24.04	23.89	87.11
Profitability Ratios				
RoE	6%	5%	5%	7%
RoCE	11%	10%	10%	12%
Liquidity Ratios				
Net Debt/Equity	0.001	0.001	0.001	0.001
Interest Coverage Ratio	671.3	373.5	356.5	360.0
Current Ratio	1.83	1.80	1.79	2.11

	31 March 2014	31 March 2015	31 March 2016	31 June 2016
OP/(Loss) before Tax	193.4	195.1	191.6	58.2
Less: Other Income/Exception	208.8	183.8	147.2	33
Depreciation	32.4	58.8	61.7	11.8
Interest paid	0.4	0.7	0.7	0.2
Direct taxes paid	54.8	48	73.3	-8.1
Change in Working Capital	210.3	-175.6	-82.5	-32.1
Cash Flow from operations (A)	172.9	-152.8	-49	13.2
Change in Fixed Assets	-30.5	-101.5	-64.6	-6.4
Change in CWIP	-12.3	29.3	2.5	-6.4
Change in Investments	-208	231.4	62.6	-148.9
Others	176.1	209.5	164.2	35.7
Cash Flow from Investing (B)	-74.7	368.7	164.7	-126
Change in Equity	1	1	0	0
Debt Raised/(Repaid)	0.4	2.3	-1.7	-0.5
Dividend paid	-60.7	-60.7	-124.4	-67
Interest paid	-0.2	-0.7	-0.7	-0.2
Others	-211.7	12.7	5.1	-0.2
Cash Flow from Financing (C)	-271.2	-45.4	-121.7	-67.9
Net Change in Cash (a+b+c)	-173	170.5	-6	-180.7
Opening Cash	343.8	170.7	341.2	335
Closing Cash	170.8	341.2	335.2	154.3