



Webinar Topic



NSE

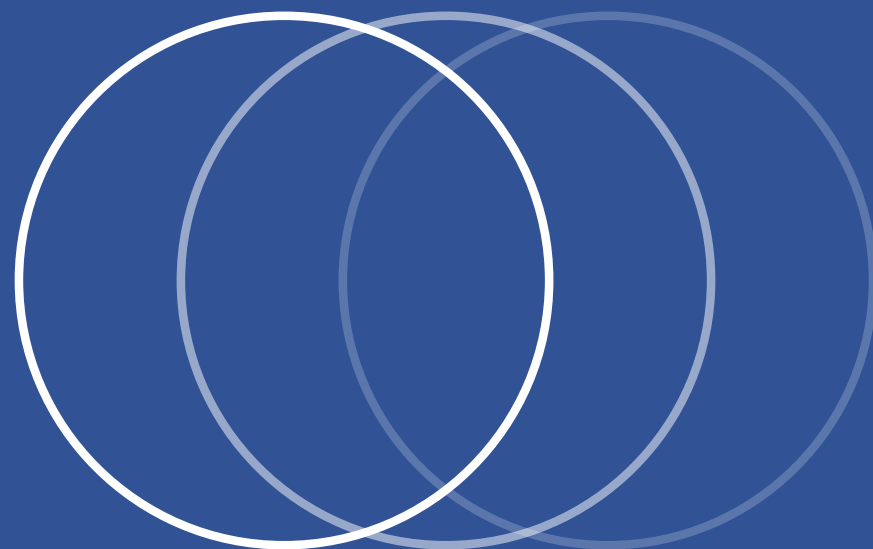
NSE - A Proxy for Indian Capital Markets Exposure

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Matters on the Docket

A brief look at what we will discuss on this report



01 E-Pharma Industry Overview

02 PharmEasy and its revenue model

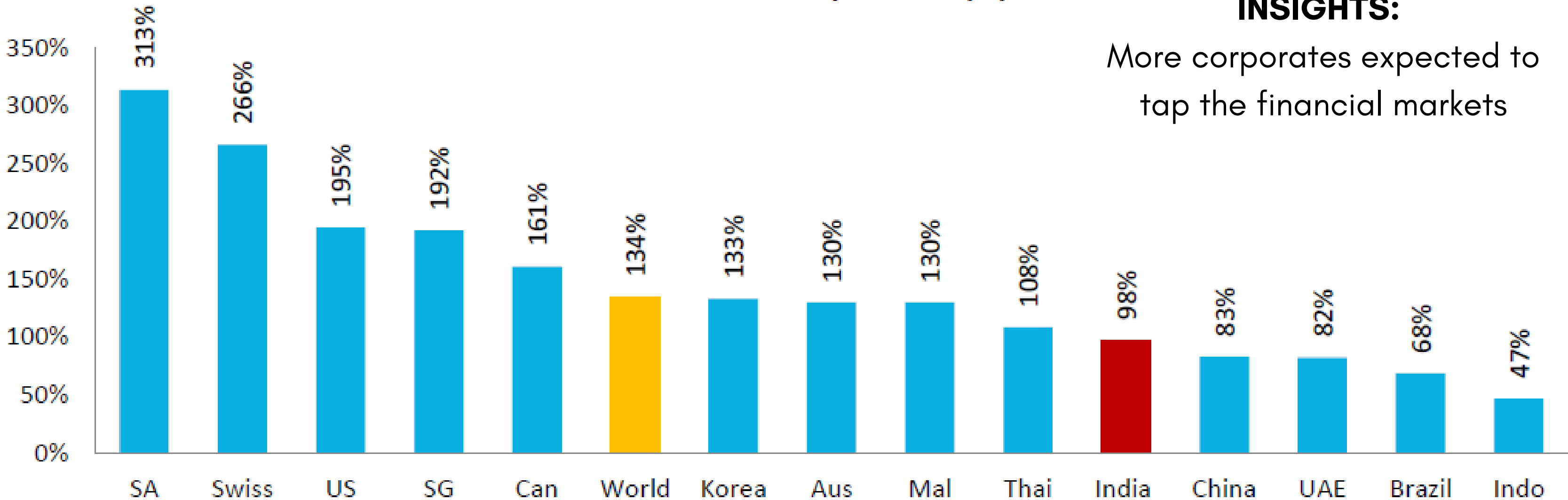
03 Highlights - Financials, Revenue Mix

04 Co-location & GIFT City Opportunities

05 Valuation & Pre-IPO performance

Under Penetration of Capital Markets

Global: Market cap to GDP (%)

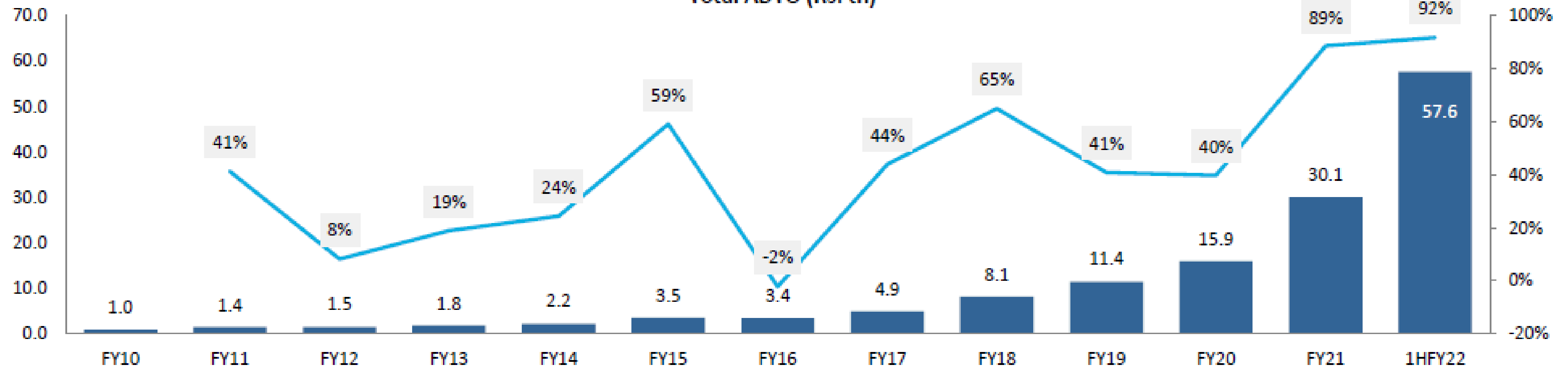


INSIGHTS:

More corporates expected to tap the financial markets

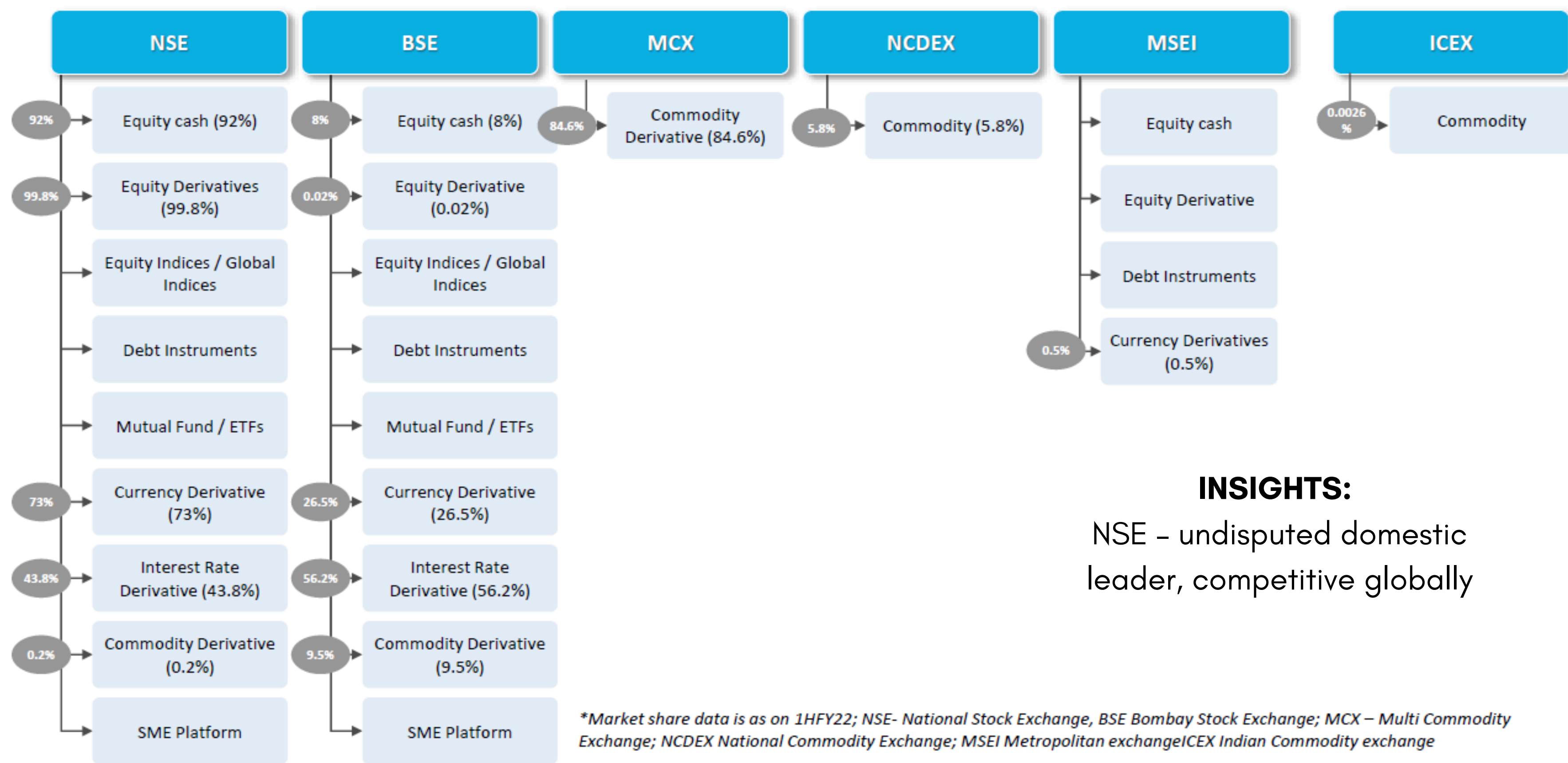
Incremental Growth in Average Daily Turnover (ADTO)

Total ADTO (Rs. tn)



- Sustained growth in ADTO over last one decade.
- Continued buoyancy in equities and new client additions led to ADTO hitting decadal highs.
- Equity market volumes registered strong YoY growth in FY22 despite tightening of margin norms.

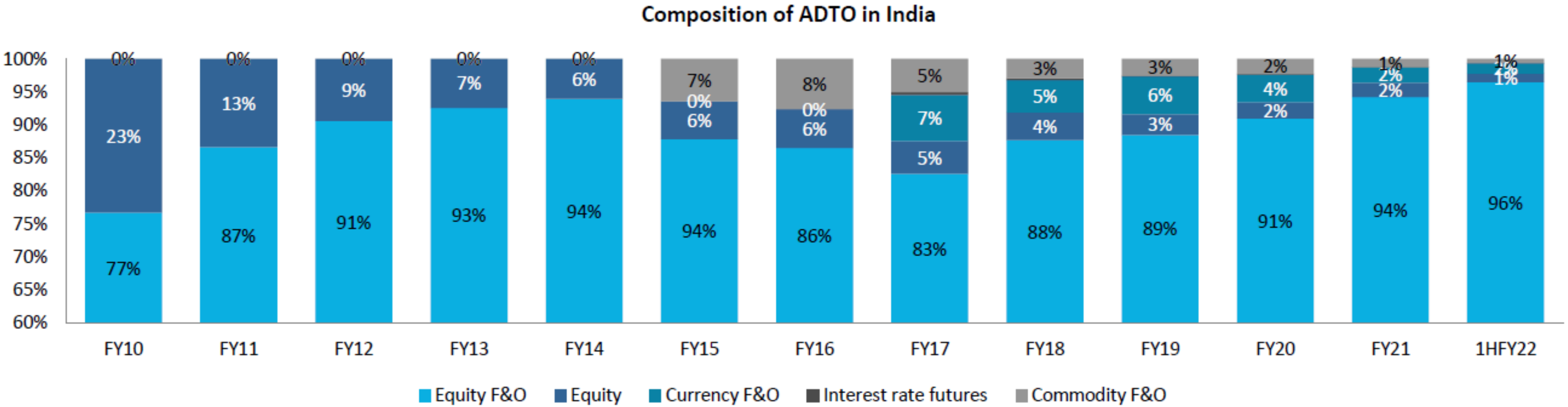
Landscape of Exchanges in India



INSIGHTS:
NSE – undisputed domestic leader, competitive globally

**Market share data is as on 1HFY22; NSE- National Stock Exchange, BSE Bombay Stock Exchange; MCX – Multi Commodity Exchange; NCDEX National Commodity Exchange; MSEI Metropolitan exchange ICEX Indian Commodity exchange*

High F&O contribution



- Equity volumes see strong growth in FY22 despite tightening of margin norms
- The equity cash market grew 9 per cent and derivative volumes jumped 2.6 times

National Stock Exchange

Market Leader

- NSE is an undisputed market leader in most of the asset classes
 - Ranked among the top 10 global exchanges in various asset classes.
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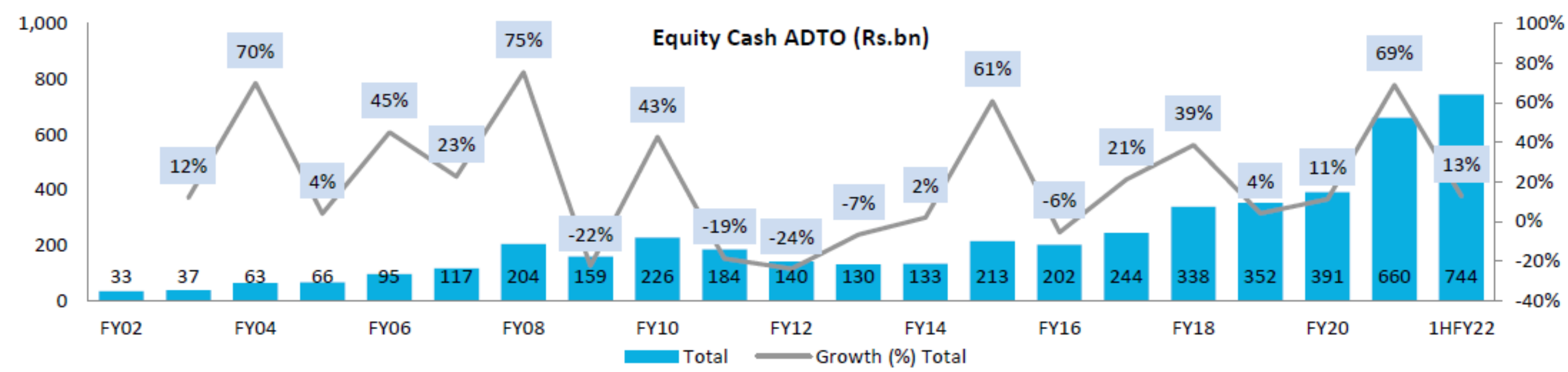
Structural increase in activation level

- Highest growth rates in Demat account opening and NSE active clients in the last 2-years.
 - Account activations, improved to 34-35% during FY21-22E, which was 20-22% during FY14-17
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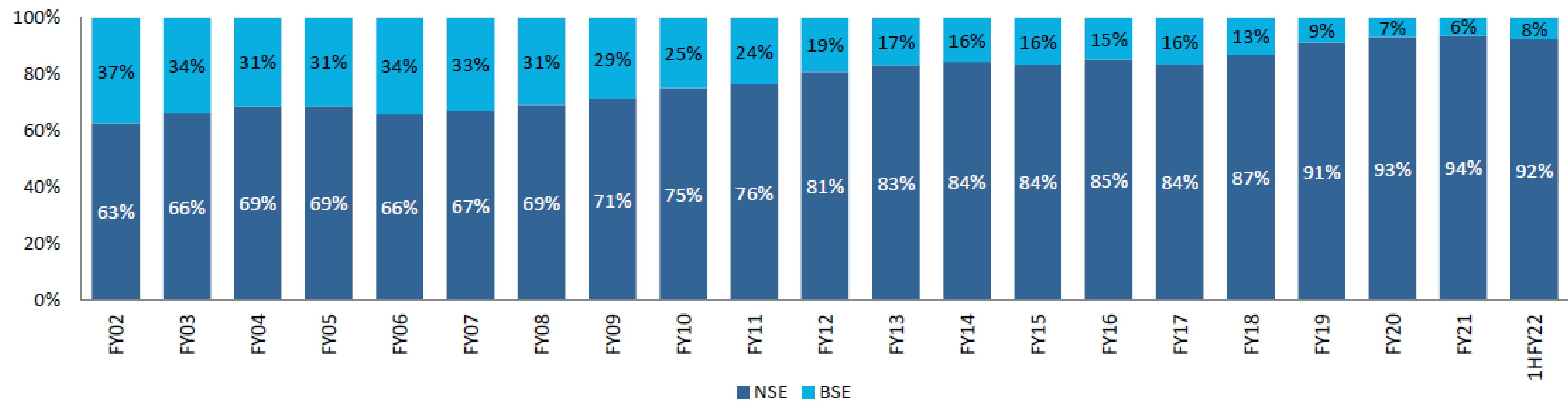
Classic operating leverage play

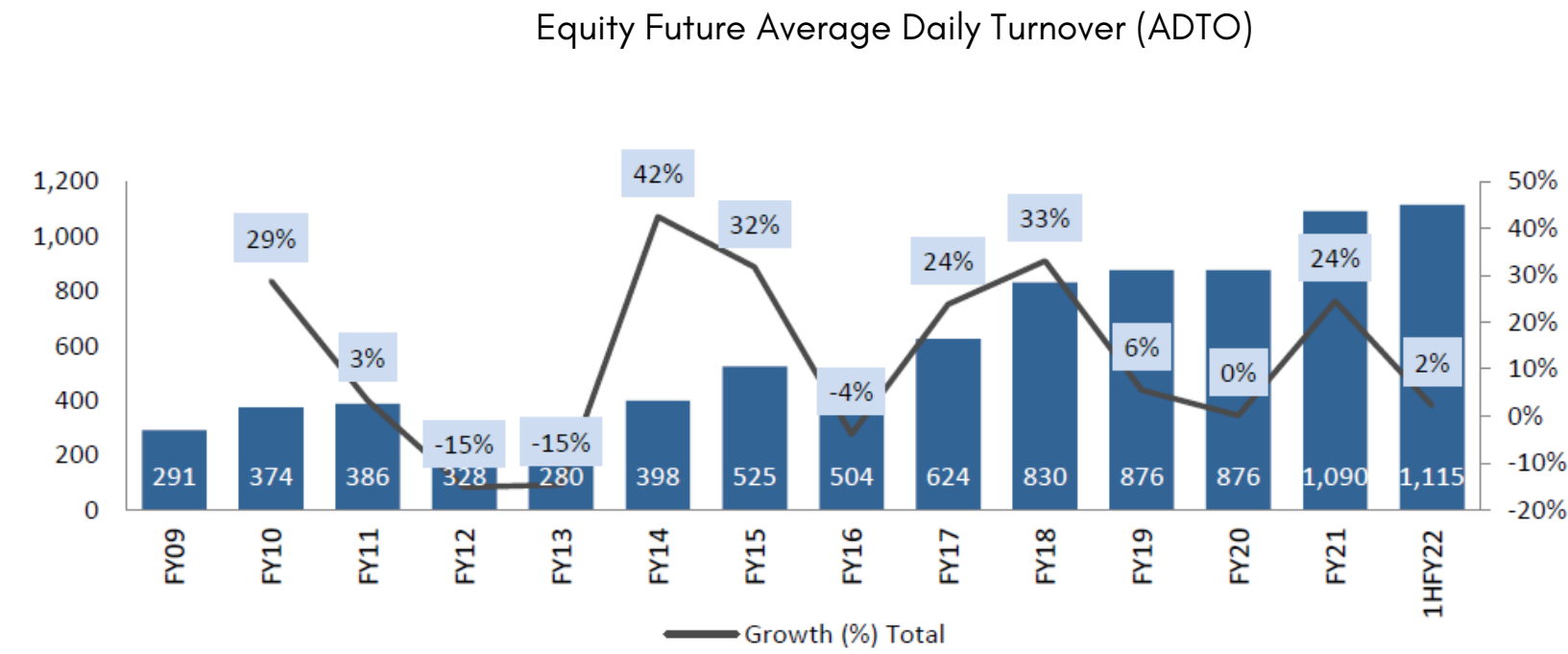
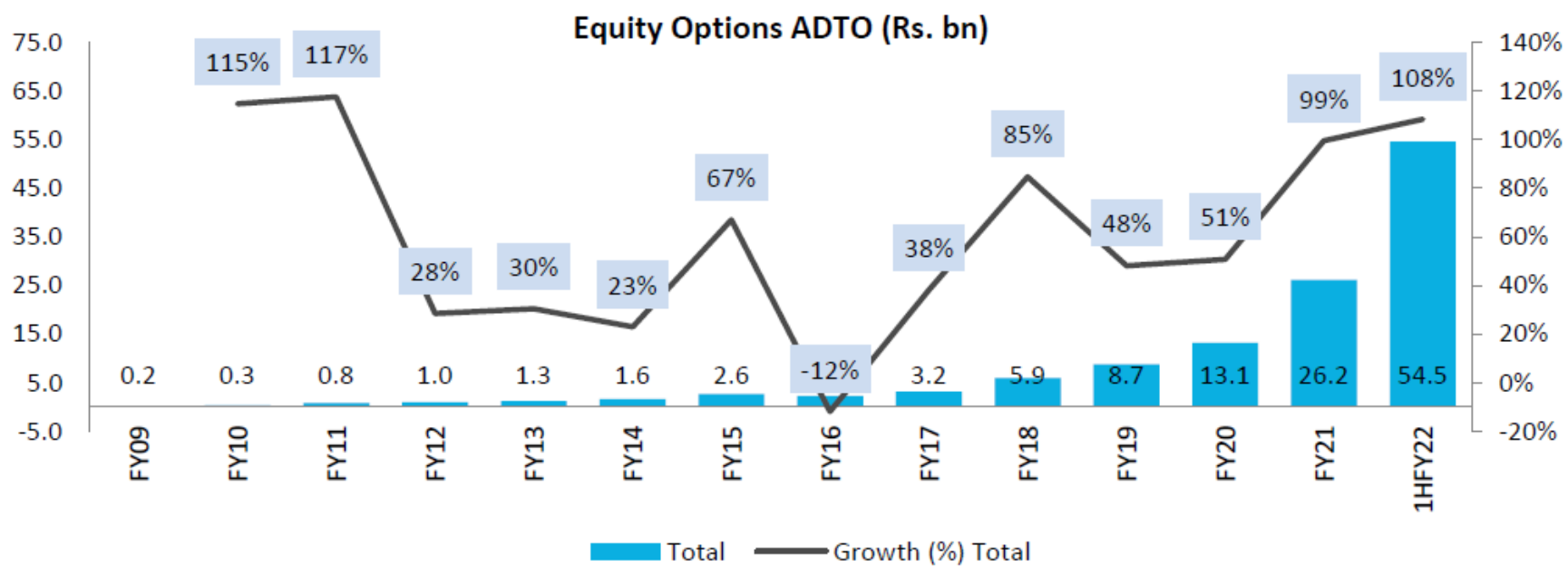
- Fixed costs such as employee and tech expenses constitute 50% of the total operating expenses
- EBIDTA Margin of ~67% during FY17-21.

Equity Cash Average Daily Turnover (ADTO)

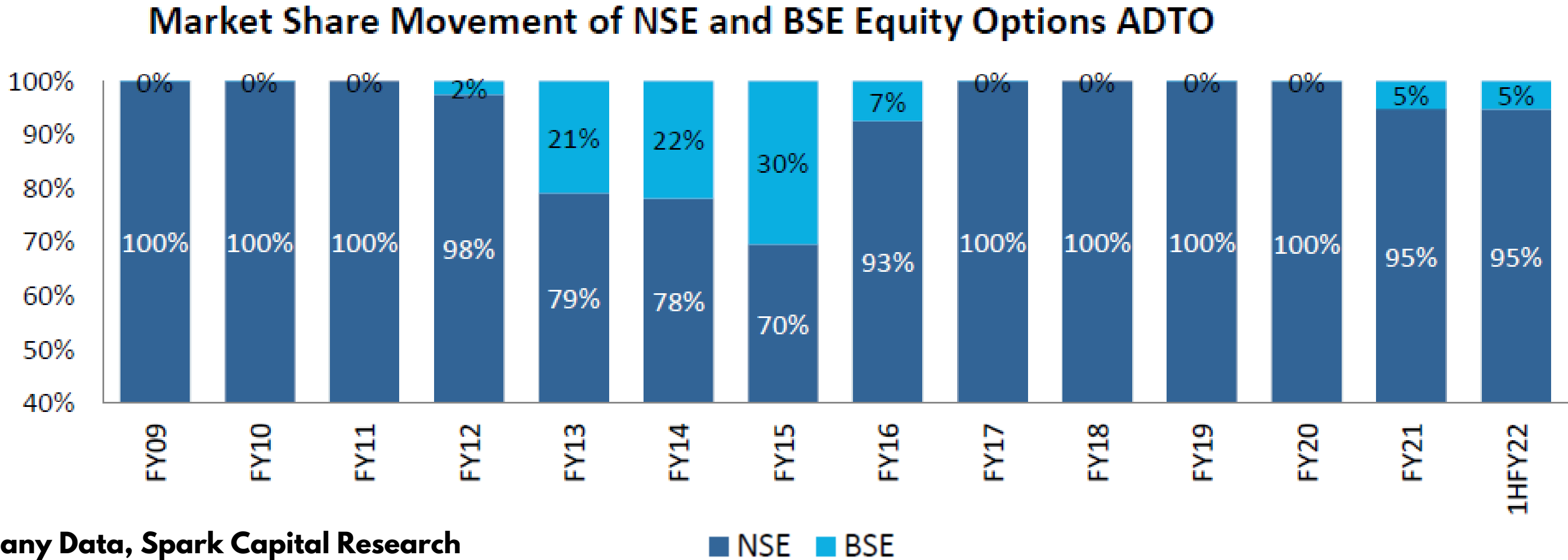


Market Share Movement of NSE and BSE Equity Cash ADTO





Option market is driven by indices – NIFTY and Bank NIFTY are most traded contracts



Revenue Model

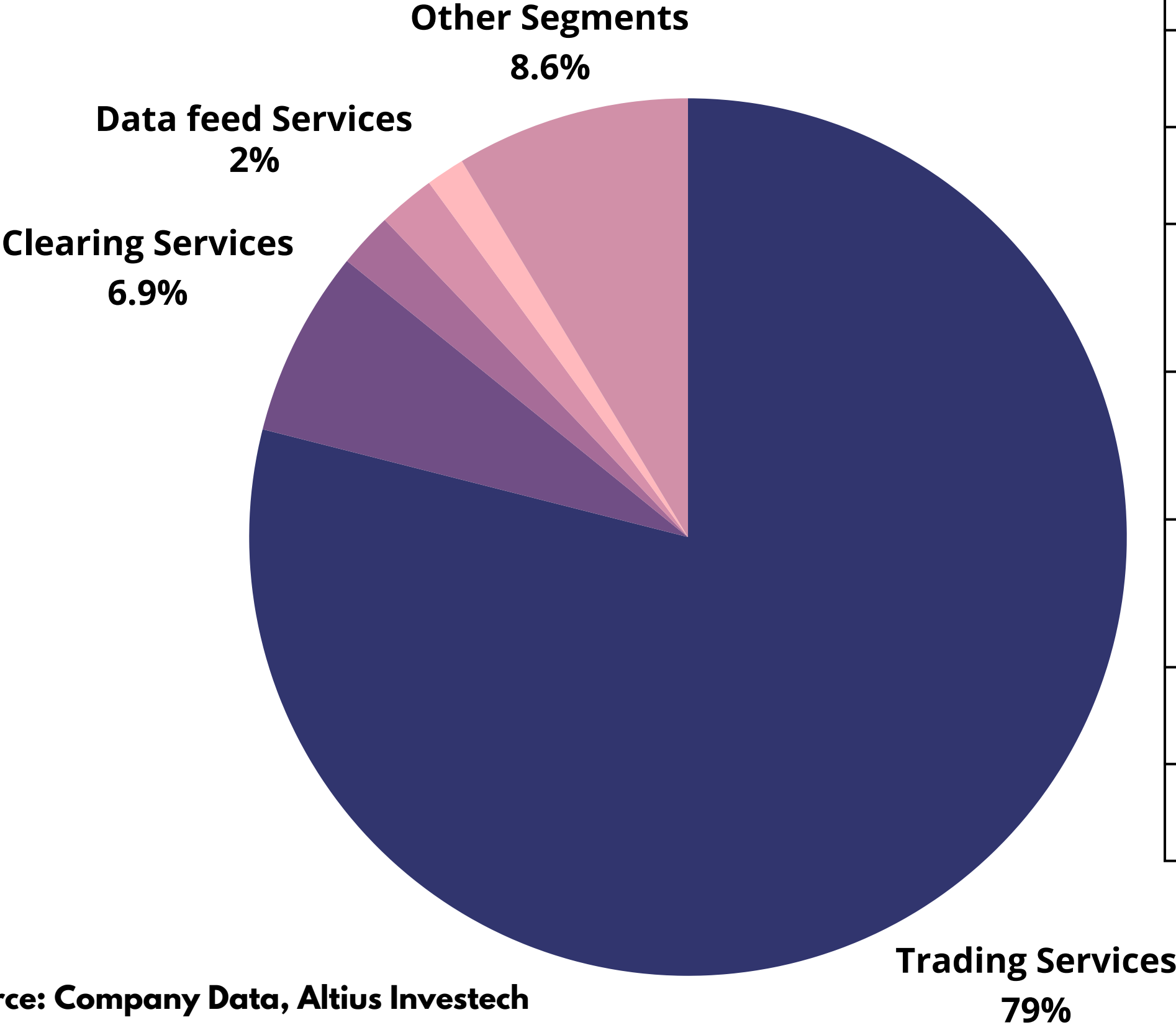
Linked to Market Activity
 Recurring

Transaction charges	<ul style="list-style-type: none"> Charges based on turnover under various categories 	<ul style="list-style-type: none"> Linked to market activity levels and household savings and investments
Treasury income on Clearing and settlement funds	<ul style="list-style-type: none"> Revenue from clearing corporation. Interoperability related income Interest income from SGF gets added to the SGF account 	<ul style="list-style-type: none"> Linked to interest rates and, to an extent, market activity since that would lead to more margin being deposited by members
Tech and Information solutions	<ul style="list-style-type: none"> Colocation, Network, platform and terminal charges 	<ul style="list-style-type: none"> Primarily consists of charges recovered from members for network connectivity
Services to corporates	<ul style="list-style-type: none"> Listing Fees Book Building fees 	<ul style="list-style-type: none"> Mostly derived from listing income that is not impacted by market activity Book building is linked to primary fund raising
Data dissemination fees	<ul style="list-style-type: none"> Live Data Feeds to third party aggregators Historical data for back testing 	<ul style="list-style-type: none"> Impacted primarily due to level of subscriptions and revision in pricing policies
Income from investments and deposits	<ul style="list-style-type: none"> Income from own cash (not client's money) 	<ul style="list-style-type: none"> Linked to investment yields
Other income	<ul style="list-style-type: none"> Recurring in nature 	<ul style="list-style-type: none"> Mostly derived from rent and training institution etc., which are stable source of income

- Unlike global exchanges, NSE have high dependency on transaction charges: while BSE's dependence is low due to poor market share
- Global exchanges generate revenue from data-related services; however, Indian exchanges are at nascent stages

Revenue Breakup

Segmental Breakup (FY 22)



Particulars	FY22	FY21
Trading Services	7,762.80	4,848.29
Clearing Services	676.75	501.73
Data feed Services	198.9	134.83
Index Licensing Services	206.25	150.99
Strategic Investments	140.37	147.78
Other Segments	847.33	477.44
	9,832.40	6,261.06

Financial Highlights

Rs in Cr.

category	31-Mar-2022	31-Mar-2021	31-Mar-2020	31-Mar-2019	31-Mar-2018	31-Mar-2017	CAGR (%)
Net Revenue	8929.48	5624.82	3507.93	2997.42	2609.14	2104.26	
➤ Total Operating Cost	2430.22	1484.14	1241.98	1073.11	832.27	899.55	
Operating Profit (EBITDA)	6499.26	4140.68	2265.95	1924.31	1776.87	1204.71	
Other Income	570.16	639.59	327.51	686.89	423.42	576.40	
Depreciation and Amortization Expense	338.36	226.01	180.78	142.02	125.59	118.14	
Profit Before Interest and Taxes	6731.06	4554.26	2412.68	2469.18	2074.70	1662.97	32.2%
Profit Before Tax and Exceptional Items Before Tax	6731.06	4554.26	2412.68	2469.18	2074.70	1662.97	
Exceptional Items Before Tax	90.95	-155.19	0.00	0.00	0.00	0.00	
Profit Before Tax	6822.01	4399.07	2412.68	2469.18	2074.70	1662.97	32.6%
Income Tax	1714.00	891.55	640.47	868.17	735.57	555.82	
Profit for the Period from Continuing Operations	5108.01	3507.52	1772.21	1601.01	1339.13	1107.15	
Minority interest and profit from associates and joint ventures	90.28	66.20	112.31	107.03	122.34	111.67	
Profit for the Period	5198.29	3573.72	1884.52	1708.04	1461.47	1218.82	33.6%

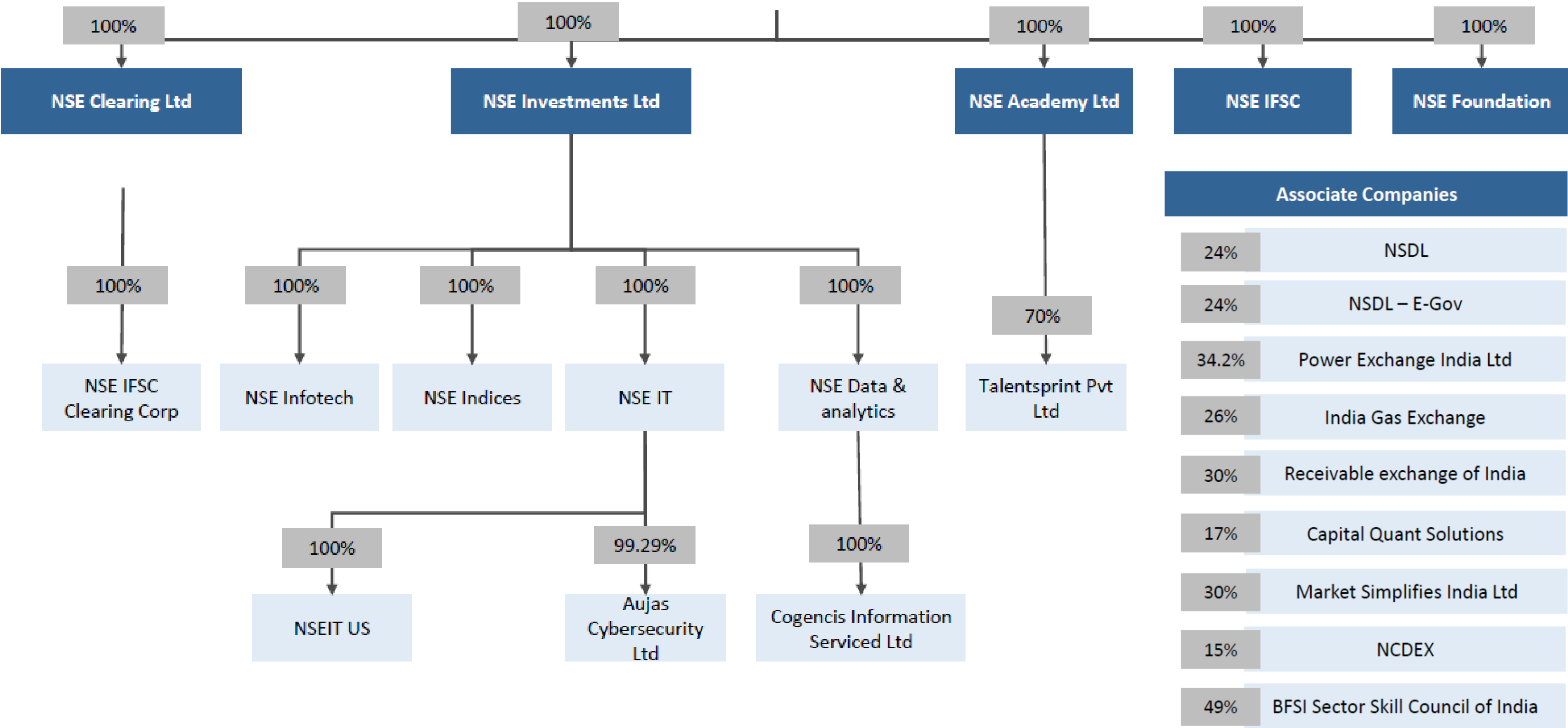
Source: Company Data, Altius Investech Platform

Ratio Analysis

Particulars	YoY %
Revenue growth	36%
Cost to income ratio (%)	25%
EBIDTA growth	42%
PAT growth	35%
EBIDTA margin	77%
PAT Margin	57%

Particulars	Multiple
P/E	29.5x
EV/ EBITDA	26x
ROE (%)	38.70%
ROA (%)	16%
Dividend Yield (%)	1.35%

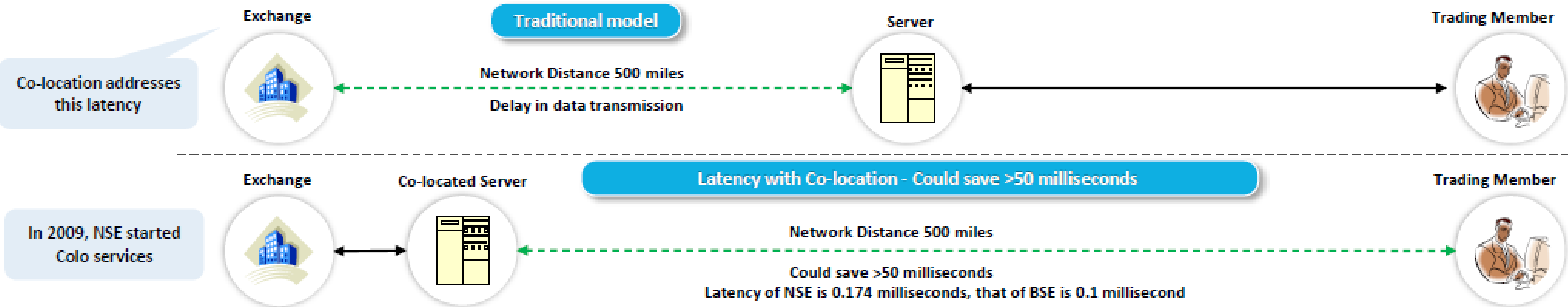
Subsidiaries & Group Companies of NSE



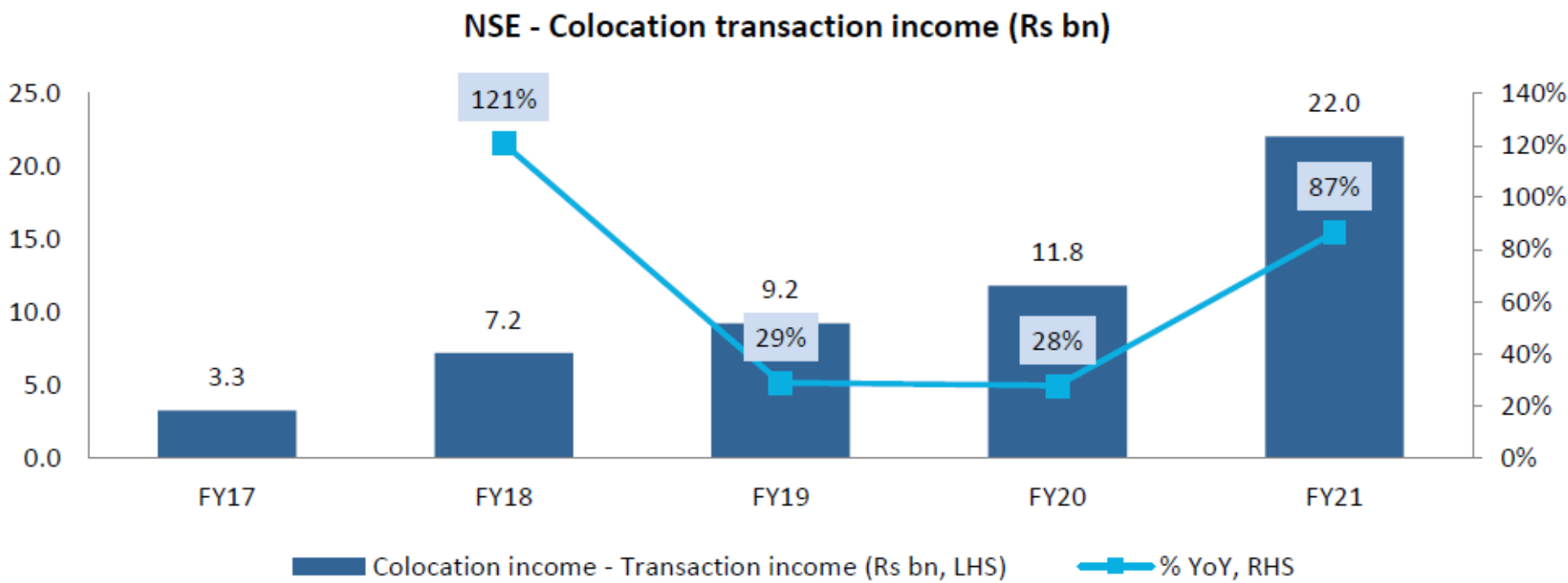
Peer Comparision

Peer Comparision	Market Cap (USD mn)	EV/EBITDA	PE _x	Net Income Margin %	EV/Sales
NSE Ltd.	154800 (in Cr)	26	29.5	57%	
CME Group Inc	82,342	24.8	31.2	53.50%	31
Intercontinental Exchange Inc	77,322	19.1	24.8	41.90%	24.5
Hong Kong Exchanges & Clearing	73,760	10.2	36.8	64.00%	36.5
London Stock Exchange Group PL	53,096	13.4	22.4	24.00%	22.1
Nasdaq Inc	35,112	20.6	27	36.50%	26.4

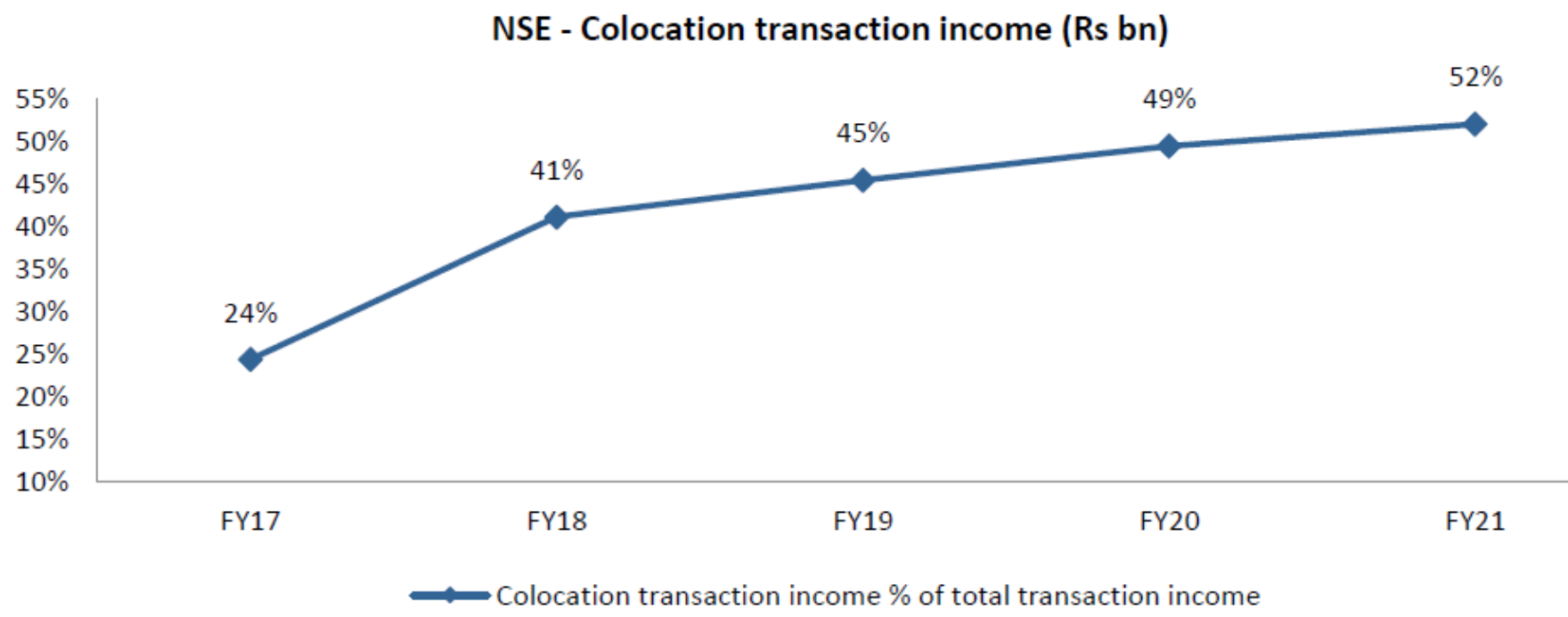
Co-location Opportunities



Co-location transaction income grew at higher rate than overall income



Co-location contributed more than 50% of total transaction income



• Colocation contributes ~47% of total turnover in F&O

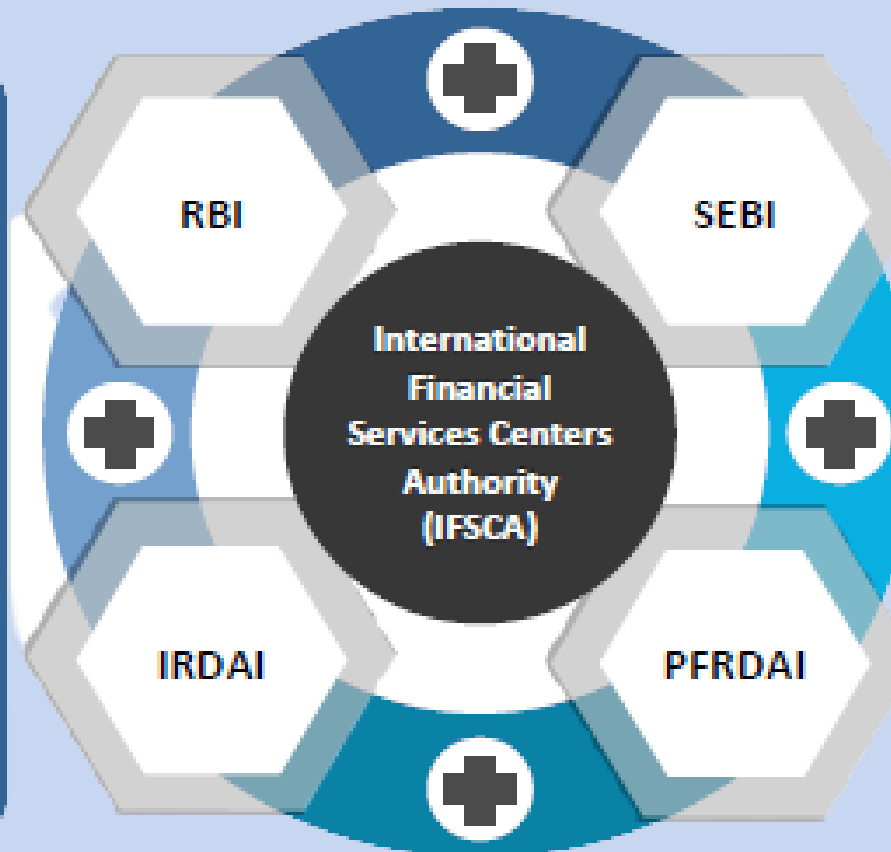
GIFT City - Opportunities

Gujarat International Finance Tec-City (GIFT) can be a huge potential opportunity

- GIFT city, setup in Jan'17, targets business segments like offshore banking, offshore asset management, capital markets players etc., by granting various tax incentives.

Some of the tax benefits the entities could avail are:

- Stamp Duty exemption
- GST exemption
- No TDS on interest payable to a non-resident by an IFSC unit on overseas borrowings
- 4 % withholding tax (excluding surcharge and cess) on interest on overseas borrowings.



International Financial Services Centers Authority (IFSCA)



- Established in April 2020 to regulate financial institutions, financial services and financial products in the IFSC, making it a *unified regulator* for the International Financial Services Centre in India.
- IFSC provides an opportunity to Stockbrokers, AIFs, PMs, Advisors, MFs etc. to carry out international financial services.

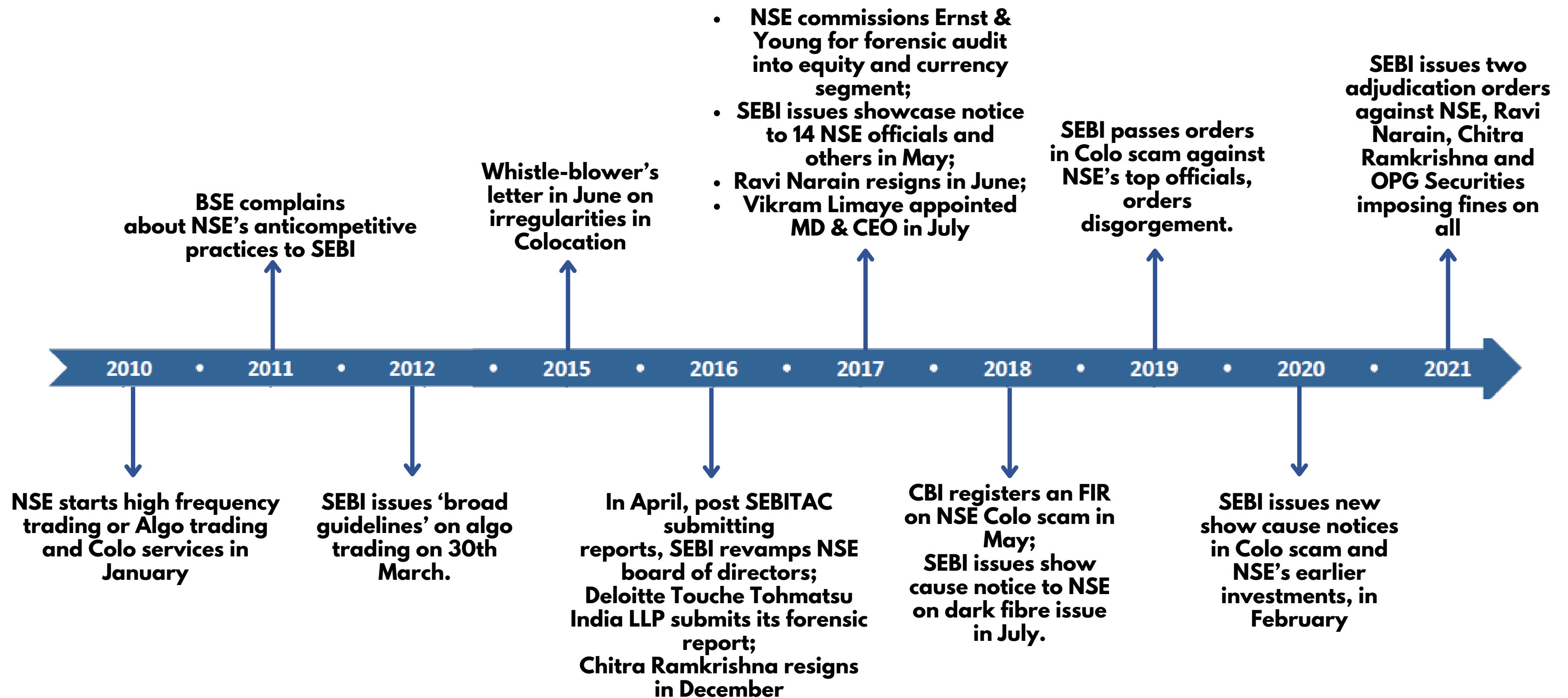
SEBI (IFSC) Guidelines, 2005

- Any Indian recognized stock exchange or foreign stock exchange can form a subsidiary to provide the services of stock exchange in IFSC
- Permitted to offer trading in securities in any currency other than the Indian rupee

SEBI (IFSC) Guidelines, 2005

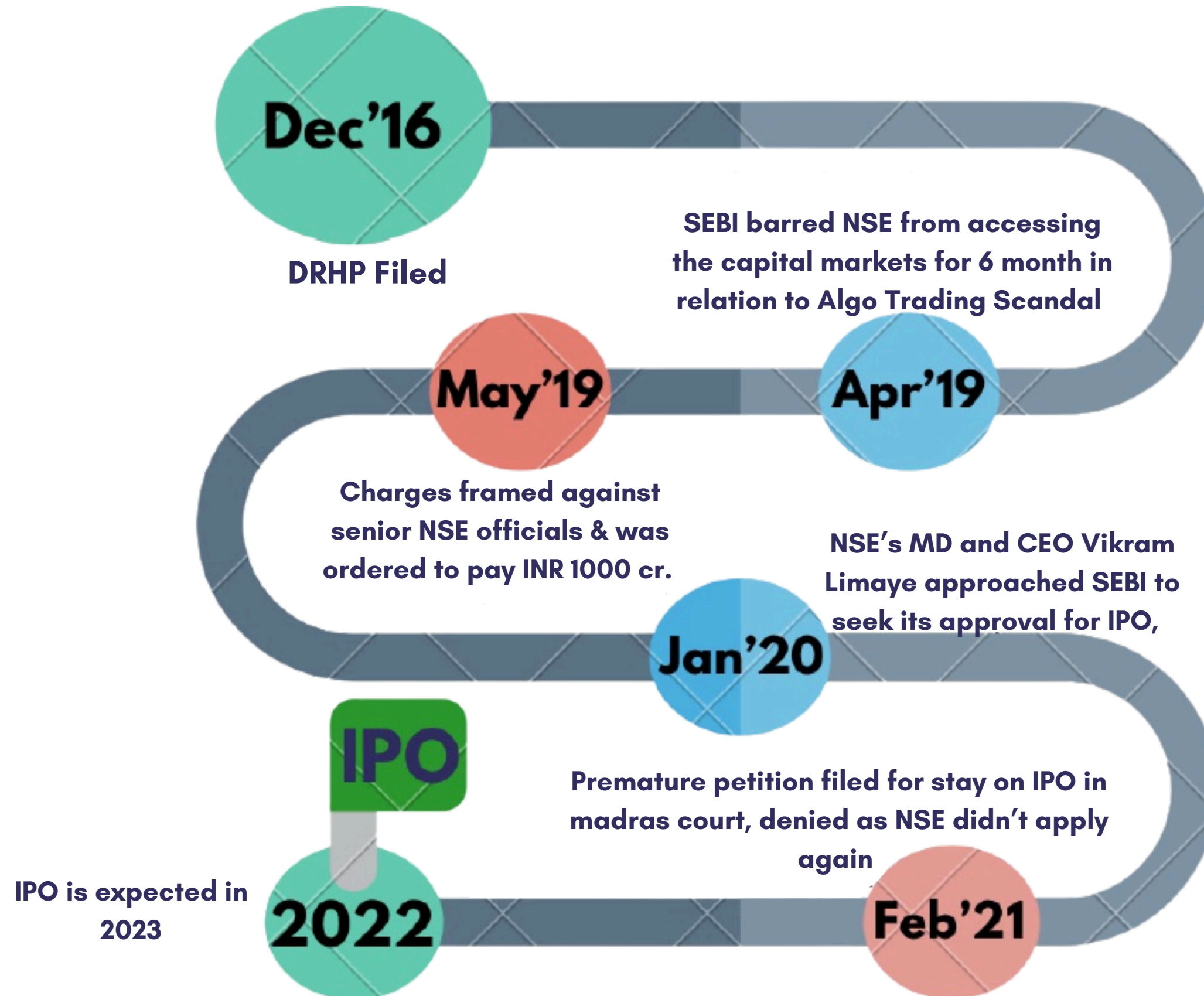
- Equity shares of companies incorporated outside of India
- Depository receipts, Debt securities of eligible issuers
- Currency, Index, Interest rate
- Non-agriculture commodity derivatives and all categories of exchange traded products

Co-location Controversy Timeline



2022: Court sends Chitra Ramkrishna to judicial custody under the money laundering act

IPO Roadmap



Valuation

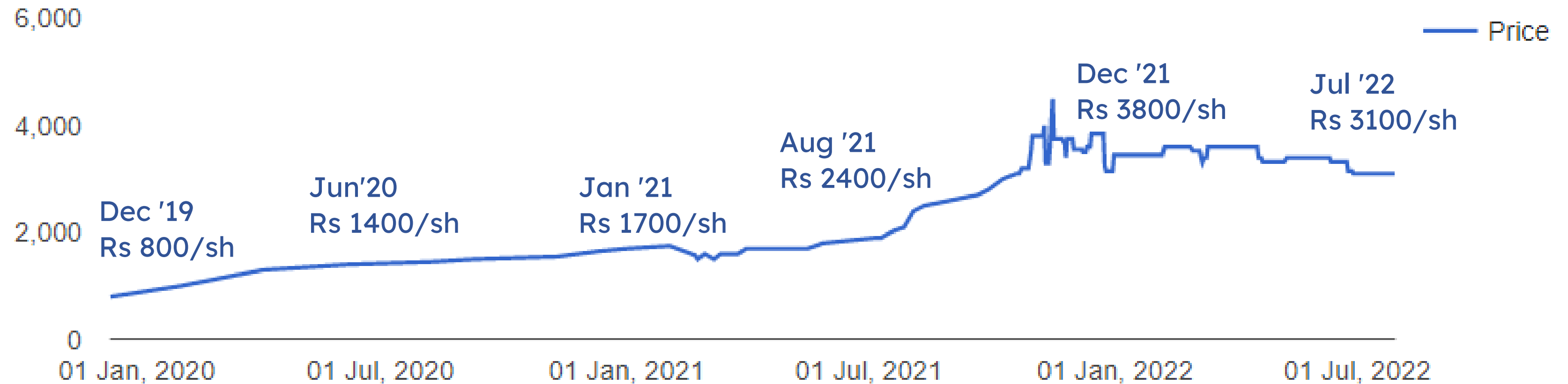
NSE is available in the Pre-IPO Markets at ~Rs 3000/share, valuing the company at ~Rs 1,52,000 Cr.

<u>Particulars</u>	<u>NSE</u>	<u>BSE</u>	<u>MCX</u>
P/E Ratio	28x	35.5x	28x
Dividend Yield	1.35%	2.05%	1.25%

NSE is trading at a 6x cheaper valuation compared to BSE.

Pre-IPO Stock Performance

NSE is available in the Pre-IPO Markets at ~Rs 3100/sh.



The share price of NSE has been consistently on an upward track from Rs 800/share in Dec 2019 to an all time high of Rs 3800/sh in Dec 2021. There has been a 25% correction from the highs in the CMP



Do you have any questions?

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