1. BUSINESS OVERVIEW & REVENUE SEGMENTS

BSE Ltd. (Bombay Stock Exchange), Asia's oldest stock exchange founded in 1875, has transformed into a high-velocity, technology-led financial market infrastructure company. With over 5,200 listed companies, BSE operates across four key revenue-generating segments:

Revenue Segment	FY26 Revenue Mix	YoY Growth	Key Driver
Transaction Charges (F&O & Cash)	~55-60% of revenue	**+114% YoY Q4**	Options premium ADTO
Other Operating Income	~18% of revenue	**+43% YoY Q4**	Co-location services (~₹480mn/Qtr)
StarMF Platform	~12% of revenue	**+35% YoY Q4**	Mutual fund transaction volumes
Other Income (Listing, Data, CDSL)	~10-15% of revenue	+12% YoY FY26	CDSL dividends, listing fees

Source: Company

Transaction charges – driven by index options premium ADTO – now constitute the dominant and fastest-growing revenue stream, reflecting BSE's remarkable pivot from a cash equity laggard to a formidable derivatives exchange. The introduction of co-location services in Q2FY26 (generating ~₹480mn/quarter) and the 35% YoY growth in StarMF add meaningful revenue diversification and stability.

2. Q4FY26 RESULTS — STRONG DERIVATIVES REALIZATION

BSE Ltd reported strong Q4FY26 performance, with total revenues surging 76% YoY to ₹16,302mn, EBITDA doubling to ₹11,280mn (+101% YoY), and PAT rising 61% YoY to ₹7,955mn. Net income was 9% below estimates due to a one-off ₹400mn ECL provision for ICCL clearing corporation.

+76% YoY	+101% YoY	69.2%	₹7,955mn	+49% QoQ
Total Revenue Growth	EBITDA Growth	EBITDA Margin	Q4 PAT	Options Premium ADTO

₹ mn	Q4FY25	Q3FY26	Q4FY26	FY25	FY26	YoY%
Revenue from Operations	8,466	12,441	**15,635**	29,685	48,344	**+63%**
EBITDA	5,607	8,676	**11,280**	18,691	34,698	**+86%**
EBITDA Margin	60.5%	65.0%	**69.2%**	57.5%	67.4%	**+9.9ppt**
PAT (post exceptional)	4,937	5,967	**7,955**	13,224	24,873	**+88%**

Source: Company, Way2wealth

The margin expansion to 69.2% in Q4 (from 60.5% a year ago) reflects the inherent operating leverage in exchange economics – Incremental transaction volume drops directly to the bottom line. Management indicated SGF contributions will moderate going forward (cut to 2.5% of profits), which should further improve earnings stability.

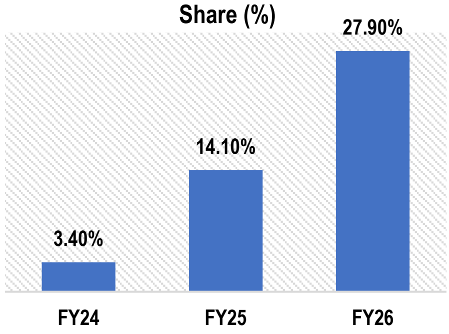
Important Data

Nifty	23,914
Sensex	76,010
Key Stock Data	
Close*	4,403
MCAP (bn)	~1,770
52-WHigh/Low	4,447/2,022
NSE Code	BSE
Bloomberg Code	BSE:IN

Close as on 26th May 2026*

Shareholding Pattern (%)	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
FIIs	16.78	18.14	16.25	17.45	19.42
DIIs	12.33	11.27	19.91	23.74	25.09
Government	-	-	0.09	0.09	0.09
Public	48.78	50.01	63.76	58.73	55.40
Others	22.11	20.58	-	-	-

BSE Option Premium Turnover Market Share (%)



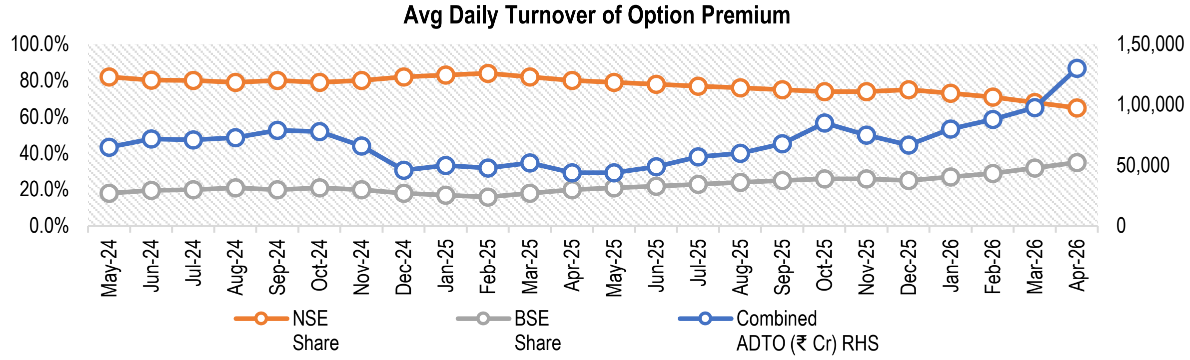
Source: Company, Way2Wealth

3. DERIVATIVES MARKET SHARE — THE CORE GROWTH ENGINE

BSE's index options segment has undergone a structural re-rating. Options premium ADTO reached ₹290bn in Q4FY26 (+49% QoQ), and by April 2026 had climbed to ₹331bn – a trajectory that underscores the exchange's momentum in capturing institutional and retail derivatives flow.

Metric	Q3FY26	Q4FY26	Apr-26
Index Premium ADTO Market Share	29.7%	30.2%	37.1%
Options Premium ADTO (₹ bn)	195bn	290bn	331bn
Next-Week Contract Participation	5%	15%	~15%+
Long-Term Contract Market Share	0.3%	1.4%	~2%+
Cash Equity Market Share	~6%	~7-8%	~8%

Source: Company, Way2Wealth



Source: Company, Way2Wealth

The company market share of option premium turnover improved in last two years while NSE market share has declined in the same period.

Key catalysts driving share price include: (1) the shift of expiry to Thursday (improving liquidity on non-expiry days), (2) Bankex contract revamp boosting volumes, (3) higher participation from FPI and institutional desk, and (4) lower premium-to-notional ratios vs. NSE offering traders better risk-adjusted exposure. Monthly derivatives penetration remains low at ~5%, implying significant structural upside as the market deepens.

4. VALUATION & PEER GROUP ANALYSIS

Metric	FY25A	FY26	FY27E	FY28E	FY29E
Revenue (₹ mn)	29,685	48,344	63,302	74,232	86,765
EBITDA Margin	57.5%	67.4%	72.7%	74.0%	-
EPS (₹ diluted)	32.54	60.61	80.68	96.22	115.04
EPS Growth YoY	183%	86.2%	33%	19.2%	19.5%
P/E (x)	-	**69.51x**	**52.3x**	43.83x	36.66x
EV/EBITDA (x)	25.8x	**52.8x**	38.78x	32.37x	27.87x
ROE (%)	34.2%	**45.0%**	41.4%	37.9%	39.03%
DPS (₹)	7.67	**21.84**	28.9	39.45	47.26

Source: Bloomberg, Way2 Wealth

Peer Group Analysis — BSE vs. NSE Ltd. (Unlisted)

Parameter	BSE Ltd.	NSE Ltd. (Unlisted)
Revenue Base (FY26E)	~₹48.3 bn	~₹170+ bn (est.)
F&O Market Share (Index Options)	**30-37% & rapidly gaining**	~63-70% & declining
EBITDA Margin	**69.2% (Q4FY26)**	~75-80% (est.)
Valuation	₹1,769bn, 69x FY26 P/E	~₹5,000-6,000bn (mkt source)
Listing Status	**Listed — strong price discovery**	Unlisted – IPO pending
Key Moat	Sustain market share growth in derivatives	**Cash market leader with sustain derivative segment**
Risk Profile	Sustaining market share a challenge	Incumbent – stable but market share risk

Source: Bloomberg, Way2Wealth

While NSE commands a dominant lead in revenue and market share lead, the valuation gap between the two is narrowing as BSE's derivatives segment accelerates. NSE's unlisted valuation of ~₹5,000-6,000bn (mkt source) implies ~3-4x BSE's market cap for ~3.5x the revenue – broadly consistent if BSE sustains its trajectory.

5. STRUCTURAL TAILWINDS

India's capital markets are at an inflection point, underpinned by strong macro fundamentals and deepening financial market participation:

- Financialisation of Savings: Household financial assets as % of GDP rising structurally, with SIP inflows sustaining >₹250bn/month.
- Derivatives Democratisation: Monthly derivatives penetration remains low (~5%), with significant room for FPI/institutional involvement to expand both premium and long-duration strategies.
- **Regulatory Tailwind**: SEBI's Investor Protection initiatives, once calibrated, should stabilise volumes. SGF rationalisation (cut to 2.5% of profits) reduces drag on earnings.
- Technology Investments: **Co-location revenues (~₹480mn/quarter) represent a defensible**, recurring stream as algo traders deepen their infrastructure commitments.
- **Market Volatility Dividend**: Higher VIX periods (e.g., April 2026 – geopolitical events + additional expiry) drove ADTO to ₹331bn, revealing significant earnings upside in volatile markets.

6. INVESTMENT RATIONALE — 1-2 YEAR PERSPECTIVE

Bull Case (Base)	Bear Case / Key Risks
• Options premium ADTO sustains > ₹300bn/month	• SEBI regulatory tightening on F&O volumes
• F&O market share crosses 35-40% by FY27	• NSE changes expiry to Monday – compresses BSE window
• EBITDA margins stable at 70-73%	• Market downcycle reduces equity/derivative volumes
• EPS CAGR of ~26% FY26-28E	• Smart Order Routing (SOR) delays limit cash equity share gains
• StarMF platform deepens mutual fund AUM penetration	

7. Global Exchanges

Exchange	Market Cap (USD Bn)	Revenue (USD Bn)	Mkt Cap / 2025 Rev (x)	EBITDA Margin (%)	PE Ratio
CME Group	102.9 B	6.5 B	15.8x	65.0	23.0
ICE (Intercontinental Exchange)	90.9 B	12.4 B	7.3x	60.0	30.0
HKEX (Hong Kong Exchanges)	64.7 B	3.7 B	17.3x	72.0	28.5
Deutsche Boerse	60.0 B	6.7 B	8.9x	55.0	24.0
LSEG (London Stock Exchange Group)	57.0 B	11.7 B	4.9x	49.0	28.0
Nasdaq Inc.	50.9 B	8.3 B	6.2x	47.0	27.5
Cboe Global Markets	35.3 B	4.7 B	7.5x	58.0	22.0
BSE Limited (India)	20.7 B	0.6 B	36.0x	67.4	72.0
SGX (Singapore Exchange)	18.0 B	1.0 B	17.4x	64.0	22.5
Euronext	16.9 B	2.0 B	8.5x	60.0	19.0
ASX Limited	12.0 B	0.7 B	16.3x	65.0	26.0

Source: Bloomberg, Way2 Wealth

Global exchange operators continue to deliver outstanding financial resilience driven by near-monopolistic market infrastructure. ICE and CME dominate in scale and profitability, with both posting record revenues in 2025 ($9.9B and $6.5B respectively).

HKEX surged 30% to $3.7B in revenue, driven by record IPO fundraising and China-connect volumes. Nasdaq crossed $5B in net revenue and $8B in total revenue for the first time. Cboe delivered 17% net revenue growth in last year.

BSE Limited's FY2026 performance is the standout — revenue ₹4,834crs (+63%) and PAT ₹2,497crs (+88%), cementing its status as Asia's fastest-growing listed exchange. Elevated P/E multiples across the sector reflect durable moats and long-duration growth potential.

View

BSE is one of the most compelling structural re-rating stories in the Indian capital markets. The exchange has successfully leveraged a high-margin, scalable derivatives franchise to deliver ~86% EPS growth in FY26, while laying the foundation for sustained 26% CAGR through FY28E. The premium model — where revenue is earned on the options premium rather than notional value — provides natural insulation during volume compression. With EBITDA margins expected to sustain above 70%, a cash-rich balance sheet (₹90bn net cash), and a rapidly growing derivatives franchise, BSE offers a compelling 1–2-year compounding opportunity.

Valuation: At CMP of ₹4,403, BSE trades at 72x FY26 P/E and 54x FY27E P/E higher compared to global peers. However, if current ADTO trends sustain, there is meaningful upside to consensus FY27E EPS of ₹80. At CMP looking at the sharp rise in couple of months it seems positive developments are largely discounted but with medium to long term perspective it still has lot of value, if current momentum of market share growth sustains. **In short term, the stock may go upto higher range of around ₹4800 (50x FY28E) in bull case scenario, whereas ₹3500 around (36x FY28E EPS) would be a good level to re-enter or accumulate.**

12M Forward P/E Graph: BSE Ltd

Source: Bloomberg

Technical Insight

BSE Continues Strong Uptrend; Declines Can Be Used to Add Longs

Source: Bloomberg

- On the weekly chart, the stock price of BSE Limited has witnessed a strong rally over the past **eight weeks**, gaining nearly **62%**, indicating sustained buying momentum.
- The long-term moving averages and momentum oscillators continue to suggest a **bullish outlook**, while the near-term trend also remains positively placed.
- Technically, the stock has triggered a **Cup and Handle pattern breakout**, which has further strengthened the bullish undertone and supported the recent upmove.
- Going ahead, any corrective decline towards the **38.2% Fibonacci retracement zone near 3,660** can be viewed as an opportunity to re-enter fresh long positions.

View: The bias remains **positive**, and declines should be utilised to **add long positions** from a medium-term perspective.

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Disclosure of Interest Statement: BSE Ltd. as on 27 May 2026

Name of the Security	BSE Ltd.
Name of the analyst	
Analysts' ownership of any stock related to the information contained Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	NIL No No No
Conflict of Interest	No
Receipt of Compensation	No
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