

# HSIE Results Daily

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- BSE:** BSE reported a strong quarter, with revenue and PAT coming better than our estimate. The revenue growth of 9.5% QoQ was led by 35% QoQ increase in options revenue, but was offset by a drop in cash volume (-33% QoQ) and book building revenue (IPO related). BSE saw an impressive gain in its options premium market share, which increased by ~630bps to reach 18.8% in Q4, following the regulatory changes introduced in January 2025. The April 2025 options ADTV further increased by ~25% MoM to INR 155 bn, achieving a market share of 21%. We have taken a conservative volume of INR 135/152bn for FY25/27E, resulting in a market share of ~20%. The core EBITDA margin expanded by 87bps QoQ, but the expansion was lower vs expectation due to one-off in clearing & settlement cost. The SGF reversal boosted PAT for the quarter, and we expect SGF to be at ~5% of transaction revenue. We expect the core margins to expand gradually with the shift towards better quality volumes and expansion in P/N ratio. We increase our estimates by 5/6% for FY26/27E EPS and core multiple to 40x vs 38x earlier, led by market share gains. The revenue/EPS CAGRs of ~20/27% over FY25-27E are robust. We maintain our ADD rating with a revised target price of INR 6,200, which is based on 40x core FY27E PAT + CDSL stake + net cash ex SGF. The stock is trading at a P/E of 46/39x FY26/27E EPS.
- Kajaria Ceramics:** We maintain REDUCE on Kajaria Ceramics (KJC) with a lower target price of INR 800/share (30x its Mar'27E consolidated EPS). We anticipate that the dumping of Morbi tiles in the domestic market will cause the organized sector to lose market share. Furthermore, volatility in tile exports will indirectly affect both the company's volume and margin. Revenue saw a slight 1% YoY increase in Q4, due to weak volume growth (+2% YoY) and a decline in tile realization (-2% YoY). Operating margin reached a 19-quarter low of 11.3%, a decrease of 300bps YoY and 200 bps QoQ. The company will discontinue its plywood operations. Management noted muted domestic demand but anticipates outperforming industry growth. Currently, the company has no expansion plans. We believe that if the company continues to report sub-par volume growth and margin, there is scope for further de-rating of its multiple.

HSIE Research Team

[hdfcsec-research@hdfcsec.com](mailto:hdfcsec-research@hdfcsec.com)

# BSE

## Options driving growth; market share gain continues

BSE reported a strong quarter, with revenue and PAT coming better than our estimate. The revenue growth of 9.5% QoQ was led by 35% QoQ increase in options revenue, but was offset by a drop in cash volume (-33% QoQ) and book building revenue (IPO related). BSE saw an impressive gain in its options premium market share, which increased by ~630bps to reach 18.8% in Q4, following the regulatory changes introduced in January 2025. The April 2025 options ADTV further increased by ~25% MoM to INR 155 bn, achieving a market share of 21%. We have taken a conservative volume of INR 135/152bn for FY25/27E, resulting in a market share of ~20%. The core EBITDA margin expanded by 87bps QoQ, but the expansion was lower vs expectation due to one-off in clearing & settlement cost. The SGF reversal boosted PAT for the quarter, and we expect SGF to be at ~5% of transaction revenue. We expect the core margins to expand gradually with the shift towards better quality volumes and expansion in P/N ratio. We increase our estimates by 5/6% for FY26/27E EPS and core multiple to 40x vs 38x earlier, led by market share gains. The revenue/EPS CAGRs of ~20/27% over FY25-27E are robust. We maintain our ADD rating with a revised target price of INR 6,200, which is based on 40x core FY27E PAT + CDSL stake + net cash ex SGF. The stock is trading at a P/E of 46/39x FY26/27E EPS.

- **Q4FY25 highlights:** Revenue grew 9.5/73.4% QoQ/YoY to INR 8.47bn (vs our estimate of INR 8.29bn), led by 19.7/7.9% QoQ increase in transaction/listing income, offset by 68.4/20.3% QoQ decline in book building and other services. The transaction revenue growth was driven by derivatives (+ 34.5%), offset by 4.7/33.2% QoQ decline in StarMF/cash segment. There was a one-off in the clearing and settlement expenses, adjusted for which the core EBITDA margin stood at 60%. There was a SGF reversal of INR 1,094mn for the quarter due to excess SGF provision in currency segment and reported PAT stood at INR 4.94bn. PAT adjusted for SGF and INR 250mn one-off in clearing expenses stood at INR 4.31bn vs our PAT estimate of INR 4.11bn. Currently, the company has 300 racks for their co-location facility and it plans to add 200 more racks by the end of FY26E. The derivative UCC stood at 7.1mn in Mar 2025. At the year-end, net cash stood at INR 87.73bn, ~ 10% of market cap and core ROE was 28.4%.
- **Outlook:** We expect revenue growth of +27.3/13.3% and EBITDA margins of 62.6/65% in FY26/27E respectively. Revenue CAGR of 20.1% over FY25-27E assumes derivatives revenues of INR 21.66/24.48bn in FY26/27E. Core PAT CAGR over FY25-27E is at 32.7%.

### Quarterly financial summary

YE March (INR mn)	4Q FY25	4Q FY24	YoY (%)	3Q FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Revenues	8,466	4,884	73.4	7,735	9.5	8,155	13,900	29,742	37,874	42,915
EBITDA	4,842	2,658	82.2	4,357	11.1	2,887	6,477	15,929	23,704	27,891
PAT	4,944	1,070	361.9	2,197	125.1	2,207	7,784	13,259	18,286	21,520
APAT	4,944	2,344	111.0	2,197	125.1	2,479	5,364	13,259	18,286	21,520
Diluted EPS (Rs)	36.5	17.3	111.0	16.2	125.1	18.3	39.6	98.0	135.1	159.0
P/E (x)						341.2	157.6	63.8	46.2	39.3
EV/EBITDA						286.5	127.0	51.2	34.2	28.8
ROE (%)						8.2	25.9	34.3	37.8	34.7

Source: Company, HSIE Research, Consolidated Financials

### Change in estimates

YE March (INR mn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %
Revenue	36,735	37,874	3.1	41,108	42,915	4.4
EBITDA	22,424	23,704	5.7	26,163	27,891	6.6
EBITDA margin (%)	61.0	62.6	154bps	63.6	65.0	135bps
APAT	17,443	18,286	4.8	20,316	21,520	5.9
EPS (INR)	128.9	135.1	4.8	150.1	159.0	5.9

Source: Company, HSIE Research

## ADD

CMP (as on 06 May 2025)	INR 6,245
Target Price	INR 6,200
NIFTY	24,380

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 5,500	INR 6,200
EPS %	FY26E +4.8	FY27E +5.9

### KEY STOCK DATA

Bloomberg code	BSE IN
No. of Shares (mn)	135
MCap (INR bn) / (\$ mn)	845/10,012
6m avg traded value (INR mn)	16,041
52 Week high / low	INR 6,808/2,115

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	12.2	33.3	119.5
Relative (%)	8.9	33.0	110.4

### SHAREHOLDING PATTERN (%)

	Dec-24	Mar-24
Promoters	0.00	0.00
FIs & Local MFs	12.07	12.33
FPIs	16.03	16.78
Public & Others	71.9	70.9
Pledged Shares	0.00	0.00

Source : NSE

Pledged shares as % of total shares

**Amit Chandra**

amit.chandra@hdfcsec.com  
+91-22-6171-7345

**Dhananjay Jain**

dhananjay.jain@hdfcsec.com  
+91-22-6171-7339

# Kajaria Ceramics

## Nineteen-quarter low EBITDA margin

We maintain REDUCE on Kajaria Ceramics (KJC) with a lower target price of INR 800/share (30x its Mar'27E consolidated EPS). We anticipate that the dumping of Morbi tiles in the domestic market will cause the organized sector to lose market share. Furthermore, volatility in tile exports will indirectly affect both the company's volume and margin. Revenue saw a slight 1% YoY increase in Q4, due to weak volume growth (+2% YoY) and a decline in tile realization (-2% YoY). Operating margin reached a 19-quarter low of 11.3%, a decrease of 300bps YoY and 200 bps QoQ. The company will discontinue its plywood operations. Management noted muted domestic demand but anticipates outperforming industry growth. Currently, the company has no expansion plans. We believe that if the company continues to report sub-par volume growth and margin, there is scope for further de-rating of its multiple.

- **Q4FY25 performance:** Revenue reported marginal 1% growth YoY owing to sub-par volume growth (+2% YoY) and weak tiles realization (-2% YoY). EBITDA declined 20% YoY owing to 300bps dilution in operating margin, entirely attributed to op-lev loss. Employee expense/other expenses increased 14/16% YoY. So, operating margin hit a 19-quarter low and was down 300/200bps YoY/QoQ to 11.3%. APAT (excluding discontinued ply operations) declined 31% YoY owing to weak EBITDA, lower other income, and high capital charges and tax rate, but was partially offset by higher JV income. JV formed 9% of APAT vs -1/-1% YoY/QoQ. Tiles sales volume grew 2% YoY (our est: 6% YoY), impacted by muted demand. This implies a three-year CAGR of 5%. NSR declined 2% YoY (flat QoQ) owing to weak pricing.
- **Con call KTAs and outlook:** The company has decided to discontinue its plywood operations. Management highlighted that domestic demand is muted. Currently, there are no expansion plans. According to management, the Nepal operation is profitable at the EBITDA level. We believe that the dumping of Morbi tiles in the domestic market will lead to a loss of market share for the organized sector. Factoring in the weak Q4 results and a slow ramp-up in Nepal, we have cut our APAT estimates by 8/13% for FY26/27E. We maintain REDUCE with TP of INR 800/sh by valuing company at 30x EPS Mar-27E. We believe that if the company continues to report sub-par volume growth and margin, there is scope for further de-rating of its multiple.

### Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q4 FY25	Q4 FY24	YoY (%)	Q3 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Tiles sales (MSM)	30.1	29.6	1.8	28.9	4.2	101.7	108.1	114.7	122.4	129.8
NSR (Rs/Kg)	361	369	(2.1)	360	0.4	431	414	404	409	415
Tiles Revenue	10,884	10,917	(0.3)	10,407	4.6	39,515	40,609	41,720	44,933	48,078
Other Revenue	1,335	1,165	14.6	1,150	16.1	4,305	4,131	4,630	5,170	5,779
Net Sales	12,219	12,082	1.1	11,556	5.7	43,819	44,740	46,351	50,103	53,857
EBITDA	1,384	1,730	(20.0)	1,533	(9.8)	5,920	7,068	6,262	6,840	7,412
EBITDAM (%)	11.3	14.3		13.3		13.5	15.8	13.5	13.7	13.8
APAT	740	1,070	(30.8)	849	(12.8)	3,524	4,435	3,483	3,968	4,247
Diluted EPS (Rs)	4.6	6.7	(30.8)	5.3	(12.8)	22.1	27.8	21.9	25.0	26.7
EV / EBITDA (x)						21.3	17.6	19.8	18.0	16.6
P/E (x)						36.0	28.7	36.4	32.0	29.9
RoE (%)						15.4	17.5	12.7	13.7	13.7

Source: Company, HSIE Research

## REDUCE

CMP (as on 06 May 2025)	INR 798
Target Price	INR 800
NIFTY	24,380

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 920	INR 800
EPS	FY26E	FY27E
revision %	(7.7)	(12.6)

### KEY STOCK DATA

Bloomberg code	KJC IN
No. of Shares (mn)	159
MCap (INR bn) / (\$ mn)	127/1,508
6m avg traded value (INR mn)	254
52 Week high / low	INR 1,579/759

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(17.8)	(35.3)	(31.7)
Relative (%)	(21.1)	(35.7)	(40.9)

### SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	47.48	47.48
FIs & Local MFs	27.91	27.68
FPIs	16.04	15.79
Public & Others	8.57	9.05
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

### Keshav Lahoti

keshav.lahoti@hdfcsec.com  
+91-22-6171-7353

### Rajesh Ravi

rajesh.ravi@hdfcsec.com  
+91-22-6171-7352

### Mahesh Nagda

mahesh.nagda@hdfcsec.com  
+91-22-6171-7319

### Riddhi Shah

riddhi.shah@hdfcsec.com  
+91-22-6171-7359

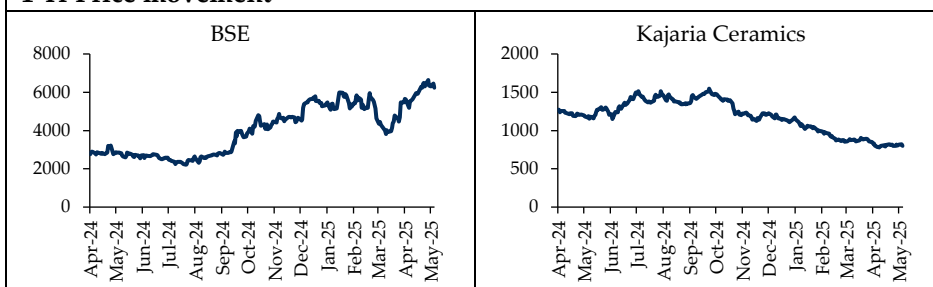
### Rating Criteria

**BUY:** >+15% return potential  
**ADD:** +5% to +15% return potential  
**REDUCE:** -10% to +5% return potential  
**SELL:** > 10% Downside return potential

### Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Amit Chandra	BSE	MBA	NO
Dhananjay Jain	BSE	CA	NO
Keshav Lahoti	Kajaria Ceramics	CA, CFA	NO
Rajesh Ravi	Kajaria Ceramics	MBA	NO
Riddhi Shah	Kajaria Ceramics	MBA	NO
Maresh Nagda	Kajaria Ceramics	CA	NO

### 1 Yr Price movement



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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: [complianceofficer@hdfcsec.com](mailto:complianceofficer@hdfcsec.com) Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: [customercare@hdfcsec.com](mailto:customercare@hdfcsec.com) Phone: (022) 3901 9400

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## **HDFC Securities**

### **Institutional Equities**

Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board: +91-22-6171-7330 [www.hdfcsec.com](http://www.hdfcsec.com)