

INITIATING COVERAGE

Initiating coverage

SHARE INDIA

SECURITIES LTD.



Hem Securities

HEM INSTITUTIONAL EQUITIES RESEARCH



Share India Securities Ltd (SISL) has shown consistent healthy financial performance since 2015. Being a new-age financial service provider that capitalizes on technology to offer customized capital market tech-based solutions, SISL have consistently grown and expanded, with key focus on maintaining strong balance sheet. Company is the market leader in low latency automated trading strategies & possess strong expertise in executing the same. With the healthy track record of over 24 years, company is on its way of growing through both organic & inorganic route which will give hefty boost to its business & financial performance. In FY20, SISL has posted solid set of numbers with ROE & ROCE coming at more than 20% which infuse optimism in strong fundamentals of company. Going forward, we expect SISL to grow at decent CAGR of 27% in topline while bottomline is expected to grow at whopping CAGR of 35 % from FY20 to FY23E. Hence we are initiating coverage on the stock. Currently stock is trading at 17x of FY21E eps while it is trading reasonably at 13x of FY22E eps & 11x of FY23E eps. Hence, we initiate "BUY" on the stock with price target of Rs 425/- per share (17x of FY22E eps & 14x of FY23E eps) depicting healthy upside of 30% from current level.

Company has wide network of 729 branches & franchisees in 15+states with strong base of over 1300 employees providing full fledged financial solutions. Company is also now aggressively expanding in other services including NBFC business, Insurance broking, merchant banking & wealth management.

INVESTMENT HIGHLIGHTS

Strong & Consistent financial performance:

SISL's financials have grown at impressive CAGR of more than 30 % in topline, operating profit & bottomline from FY17 to FY20. Company is expected to continue its growth with robust CAGR of 27% in topline and 35% in bottomline from FY20-FY23E going forward.

Consistently maintaining dominant market share in equity & currency market:

Company has commanded strong market share of 7%+ in NSE cash options premium turnover since July'17 to Feb'21 while in currency's options turnover, company has commanded strong market share of 12% in Feb'21.

Inorganic growth & consolidation strategy as drivers for future financial growth:

Merger of Total Securities in Dec'19, ushers the company in strengthening its financial position, enhancement in leadership and increase in geographical presence.

Diversified into high growth NBFC, Insurance broking & Mutual Fund distribution business:

Company's diversification into other segments helps the company in building new profitable revenue stream.

Using prop technology as growth catalyst:

SISL is the market leader in low latency automated arbitrage trading strategies. To maintain tech leadership, company have strong in-house technology/development team.

Expanding geographical presence by focussing on asset light franchisee model:

Over the years, company has scaled up its asset light franchisee model & has increased its presence from 587 franchisee(including branches) in FY20 to 729 in 9MFY21.

CMP (As on 16th April)	326.10
Target	425.00
Upside Scenario	30%
Downside Risk	270.00
BSE Code	540725
NSE Code	SHAREINDIA
Industry	Finance
Sub-Industry	Finance - Stock Broking
Market Cap (Rs Cr)	1040.26
52 week High/Low	344/52.50
Face Value	10.00
Equity (No of shares)	3.19 Cr
TTM EPS	19.38
Book Value	75.63
P/E	16.82
P/B	4.31

Key Financial Figures (Rs Cr)

Particulars	FY20	FY21E	FY22E	FY23E
Sales	278.14	395.81	477.04	571.41
Op Profit	72.09	92.46	114.82	138.39
PAT	39.01	63.26	78.46	96.24
EPS	12.23	19.83	24.60	30.17

Shareholding Pattern (%)

	Q3FY21	Q2FY21	Q1FY21
Promoter	55.87%	55.02%	50.87%
Public	44.13%	44.98%	49.13%

Quarterly Figures (Rs Cr)

Particulars	Q3FY21	Q2FY21	YoY %	Q2FY21
Net Sales	110.96	58.93	88.29	100.94
Tot Op Profit	93.65	45.57	105.51	81.19
PBIDT	17.31	13.36	29.57	19.74
EBIT	25.66	18.06	42.08	23.46
PBT	21.64	11.62	86.23	18.10
PAT	17.61	10.11	74.18	13.86
Eq Capital	31.91	24.23	31.70	31.91
EPS	5.52	4.17	32.26	4.34
OPM%	15.60	22.67	-31.19	19.56
NPM%	15.87	17.16	-7.49	13.73

Astha Jain: Senior Research Analyst



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STORY THROUGH THE CHARTS

EXHIBIT 1

WE EXPECT REVENUE (IN RS CR) TO GROW AT CAGR OF 27% FROM FY20-FY23E

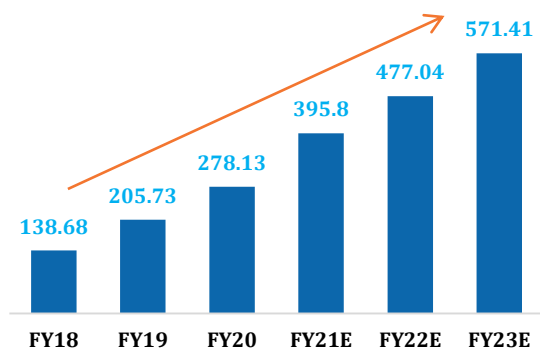


EXHIBIT 2

WITH GRADUALLY INCREASING MARGINS

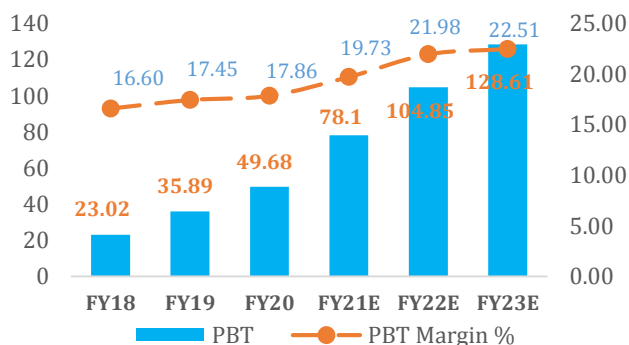


EXHIBIT 3

LEADING TO HIGH NET PROFIT CAGR OF 35% FROM FY20-FY23E

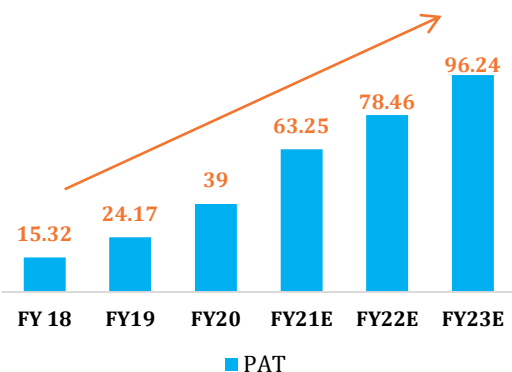


EXHIBIT 4

BY CONVERTING PROFITS EARNED INTO CASH

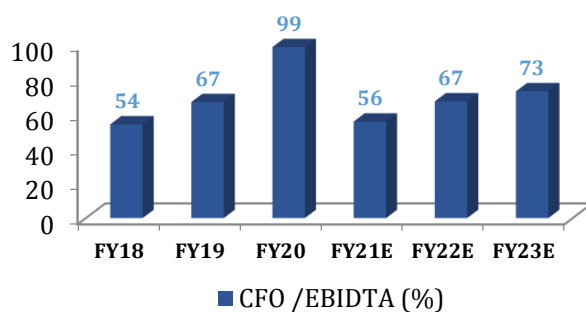


EXHIBIT 5

MAINTAINING LOWER DEBT/EQUITY RATIO

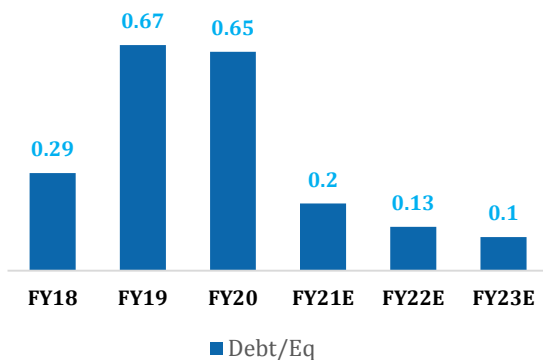
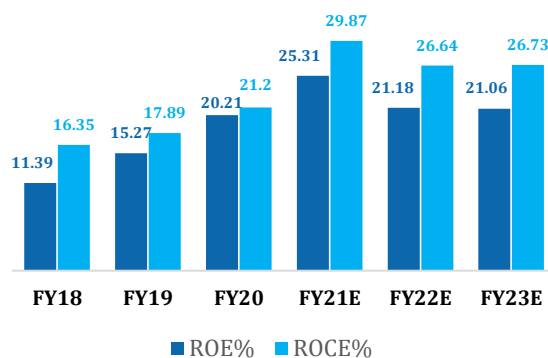


EXHIBIT 6

& GIVING HIGH RETURNS TO THE STAKE HOLDERS





COMPANY SNAPSHOT

SISL began operations in the financial market in 1994. Over the past 26 years since incorporation, company have evolved into a 360-degree financial services conglomerate by foraying into the NBFC business, insurance broking, merchant banking, portfolio management and mutual fund distribution. Company have consistently grown and expanded, with continuous focus on strong balance sheet. Through network of over 700 franchises & branches, across 15 states in India, company offer personalized services to a diversified client base that includes corporate clients as well as HNIs. Company provides business offerings in capital market related activities catering to segments like Equity, Derivative, Commodity, Currency, Depository Participant, Research, proprietary & Investment banking with retail & institutional investors as clients base. Also, company offers services in wealth & asset management activities consist of Portfolio management Services & Mutual fund distribution with HNIs & Retail investors as clientele. Other segments in which company offers services consist of non -banking financial services like LAS, structured financial& loan products , retail loan etc to retail & corporate clients. Towards becoming a one-stop-financial-shop that provides a comprehensive range of financial services under one roof, SISL is members of both the NSE and BSE, a Depository Participant through CDSL, an AMFI-registered distributor of all leading mutual funds operating in India, a SEBI-registered Research Analyst as well as a SEBI-registered Portfolio Manager.



Broking in Equity,
F&O, Commodity and
Currency Segment



Proprietary
Trading



Mutual Fund
Distribution



Portfolio
Management
Services



Depository
Participant



Insurance
Broking



NBFC
Services



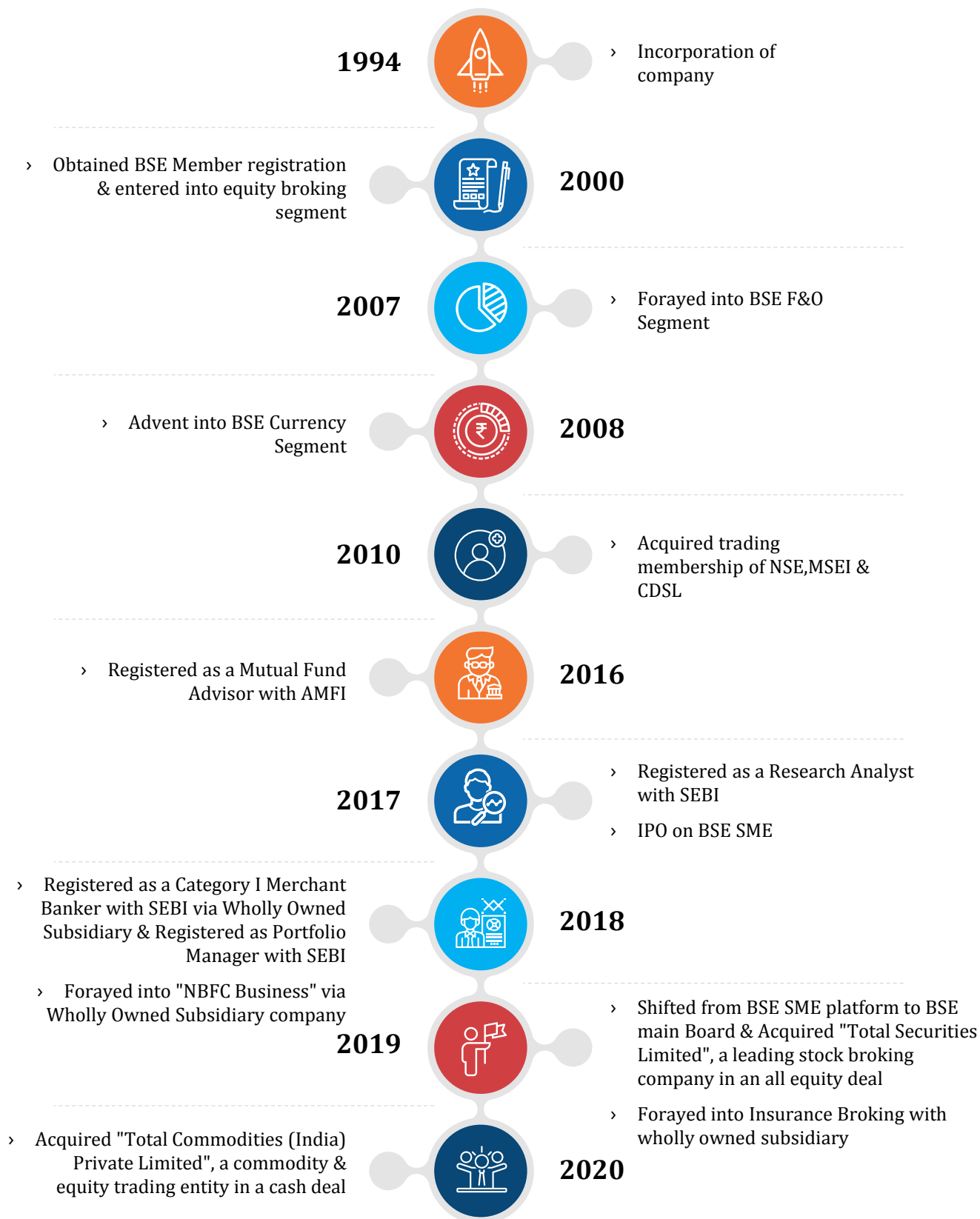
SHARE INDIA GROUP STRUCTURE



SUBSIDIARY	BRIEF DESCRIPTION
Share India Fincap Private Ltd	It is RBI registered NBFC provides loan against securities, retail loans, personal loans, vehicle loans and small and medium enterprises (SME) loans
Share India Insurance Brokers private Ltd (SIIBPL)	It operate as an insurance broking/distribution company (for life and general insurance) & obtained licence from the Insurance Regulatory and Development Authority of India (IRDAI) on December 26, 2019
Share India Securities (IFSC) Private Ltd (SISIFSCPL)	Engaged in the trading of derivatives in Gujarat International Finance Tec-City (Gift City) and is a registered member of the India International Exchange Limited (India-INX) and NSE International Exchange (NSE IFSC).
Share India Capital Services Private Ltd	Provides merchant banking services like investment banking, book running lead managers (BRLMs) for initial public offerings (IPOs) & registered with the Securities and Exchange Board of India (SEBI) as Category I Merchant Banker
Total Securities Overseas Ltd	TSOL is engaged in the trading of global equity derivatives in Mauritius.
Total Securities (IFSC) Private Ltd	TSIFSCPL is engaged in the trading of derivatives and is a registered member of the India International Exchange Limited (India-INX) and NSE International Exchange (NSE IFSC).
Total Commodities (India) Private Ltd	TCIPL, the trading arm of SIG, is engaged in strategy based trading for equity, commodity, currency on manual and algorithmic platforms



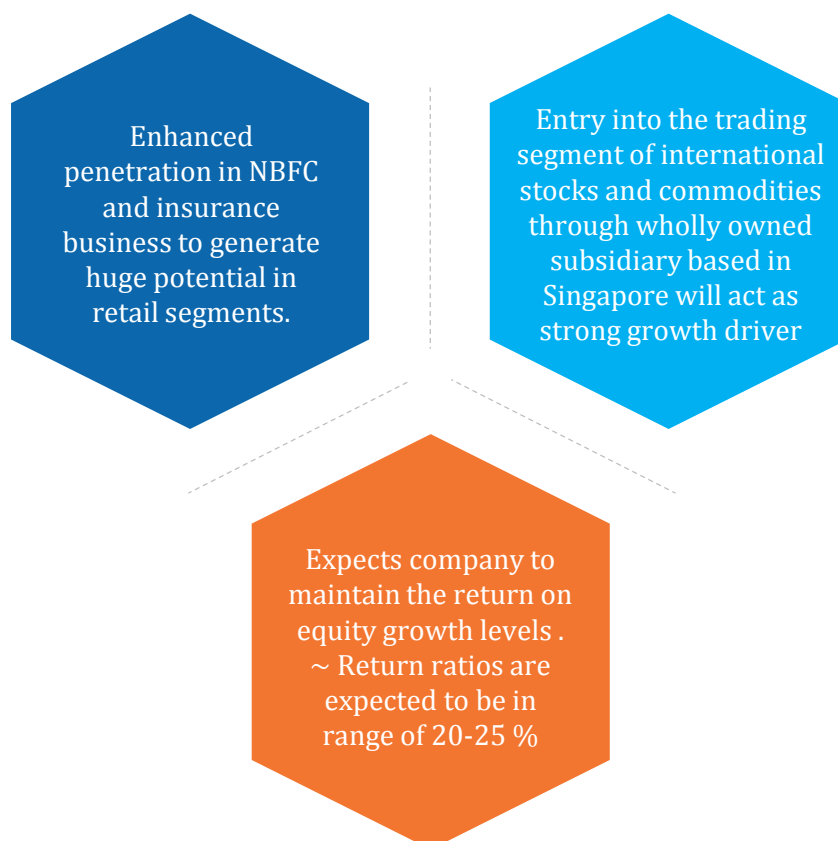
JOURNEY SO FAR





WHAT DO WE LIKE

WHAT DO WE LIKE				
Consistently maintaining dominant market share in equity & currency options premium turnover	Robust & consistent growth with topline widening at strong 35 % CAGR from FY17 to FY20, EBIDTA extending at whopping 62% while bottomline magnifying at rock solid CAGR of 70% during the same years	Expanding geographical presence by focusing on asset light franchisee model	Forayed into different segments like merchant banking, lending business and distribution, to diversify business	One of the leading player in the proprietary trading business, with strong expertise in executing various arbitrage & non arbitrage strategies and owns an in-house trading platform to execute proprietary trading strategies





ONE OF THE LARGEST HIGH FREQUENCY & STRATEGY BASED TRADING COMPANY IN INDIA

Share India Group, a financial services group in India, is primarily engaged in the high frequency & strategy based trading on all exchanges including equities, commodities & currencies in India. SISL uses extensive prop developed technological solutions to automate trades on various asset classes . Company has over 1300 employees , serving Institutional clients, HNIs & retail clients . Company uses self developed trading strategies over years to its advantage & also provides strategy based solutions to its clientele .SISL also provides coding services to its clients requiring the same & provides API or automated transaction routing through its platform. Other services offered by company includes lending services, mutual fund (MF) advisory and distribution, and portfolio management services, merchant banking services and insurance broking services & also is a depository participant.

Company is not an regular full fledged broking company .The unique business model of company which is strategy based trading , segregates itself to its advantage from other full fledged discount brokers in India. Company currently has





STRONG FINANCIAL PERFORMANCE

Company has grown at double digit CAGR from FY17 to FY20. The topline of company has grown at CAGR of almost 35% from FY17 to FY20 while operating profit of company has registered whopping CAGR of 62% during the same years. The bottom line of company has also registered healthy CAGR of 70%. The Net Worth of company has shown outstanding CAGR of 80% during the same years. The company has posted stable margins with strong growth since last few years. Company has posted EBIDTA margin with steady growth from approx. 15% in FY17 to 26% in FY20 while net profit margin of company grew from 8.63% in FY17 to 14.02% in FY20. Company has grown manifold in the last few years while expanding its geographical presence to over 15 states and union territories and more than 700 franchises & branches.

Company's return on equity stood at 20% in FY20 while ROCE during the same year stood at 21.20%. The strong past financial performance coupled with healthy growth outlook in coming future is infusing optimism in rock solid fundamentals of company.

As strategic investments and acquisitions of businesses in the same industry act as an enabler of growing business, in this direction in 2019, Share India Securities acquired Total Securities Ltd. a leading Indian brokerage, along with its strong team and its huge expertise. Following the merger, Share India was able to diversify its business, optimize cost and achieve greater synergies. The company continued its expansion plans where Share India Securities acquired Total Commodities (India) Private Limited", a commodity and equity trading entity in a cash deal. The company also believes that diversification of business is the key to success which is why the company entered into Insurance and NBFC business and Mutual Funds Business in 2019 which has given tremendous results in such short span with Mutual Funds AUM standing at Rs. 113 Cr and NBFC's loan book now standing at Rs. 62 cr in FY20.

EXHIBIT 7

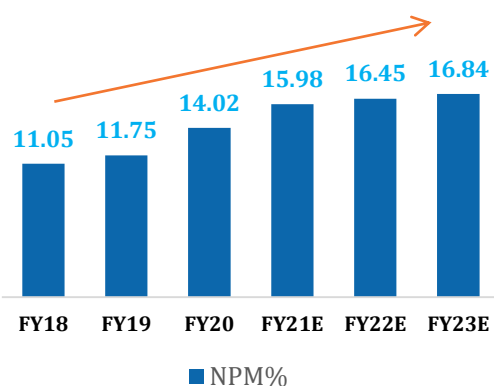


EXHIBIT 8

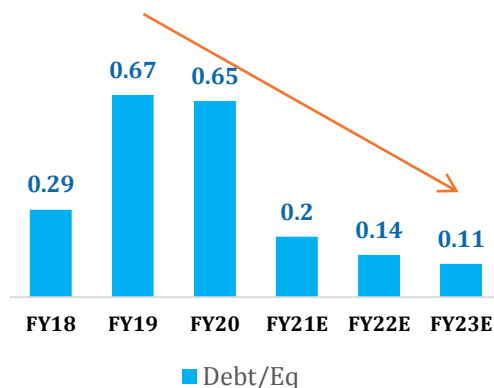
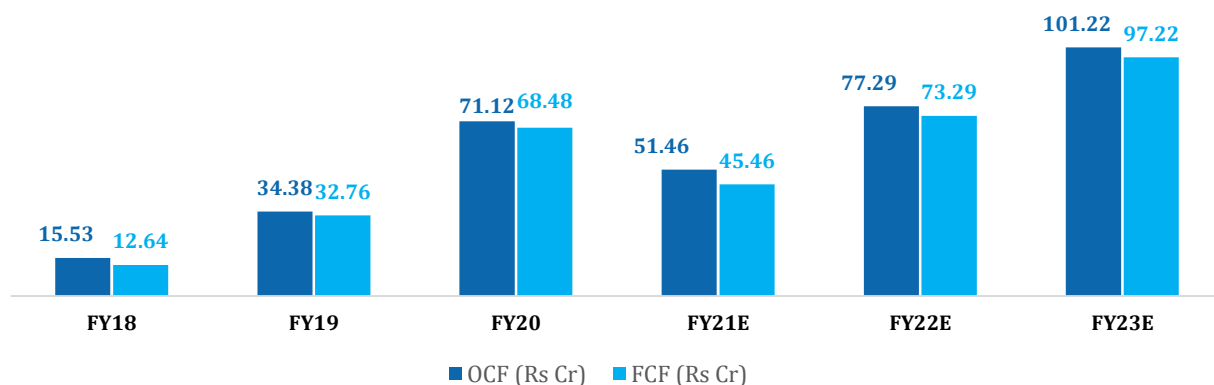


EXHIBIT 9





EXPANDING GEOGRAPHICAL PRESENCE BY FOCUSING ON ASSET LIGHT FRANCHISEE MODEL

Share India have undergone a significant expansion in recent years in an effort to capitalise on the attractive market opportunity which exists in the Indian Financial Services market. Company aim to grow within its existing geographies as well as in new geographies in a calibrated manner based on analytics and intelligence on industry growth. Company intend to continue expanding its network of broking outlets to drive greater and deeper penetration in current states. Today every remote town has formal broking channel.

Hence company's emphasis is on expanding the scale of operations as well as growing its network across India will provide attractive opportunities to grow client base and revenues.

EXHIBIT 10

STATE WISE BRANCH/FRANCHISEE NETWORK

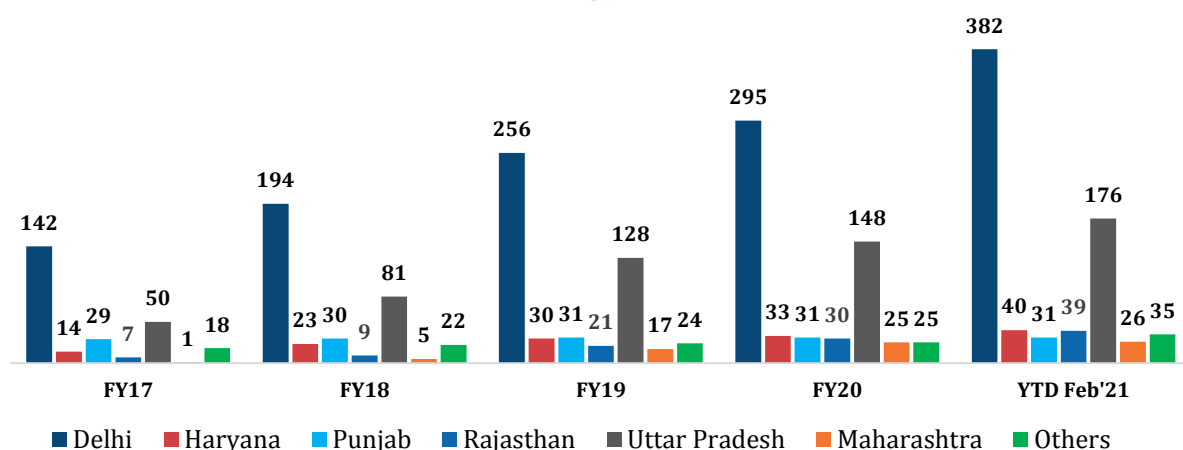


EXHIBIT 11

BRANCHES/FRANCHISEE

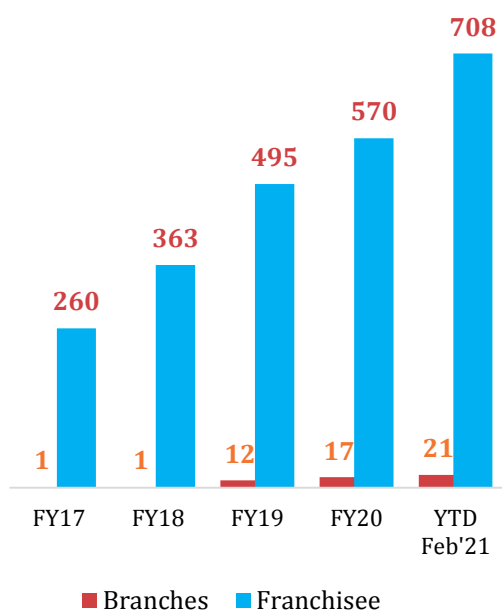


EXHIBIT 12

STATES OF PRESENCE



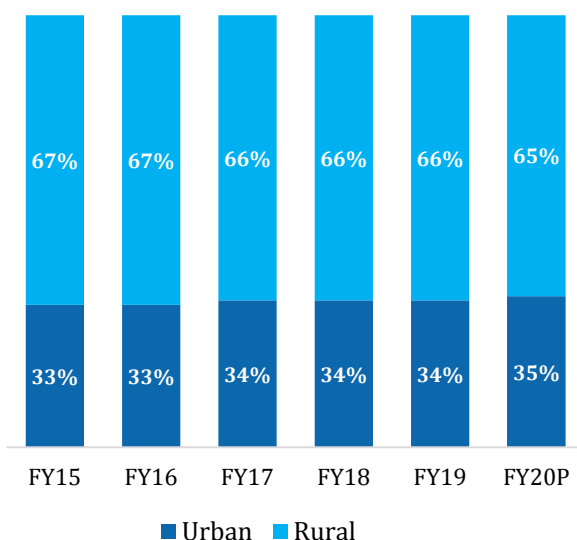


DIVERSIFIED INTO HIGH GROWTH NBFC, INSURANCE BROKING & MUTUAL FUND DISTRIBUTION BUSINESS

NBFC: Share India is carrying its NBFC business through its wholly owned subsidiary Share India Fincap private Ltd. Its offerings include personal loans, business loans, commercial vehicle loans, SME loans, loan against securities, properties and commodities. With this recent venturing into NBFC lending along with book size of Rs 62 Cr as on 31 mar'20, SISL is catering the strong opportunity present in the sector. Company is into unsecured lending & currently has 14 (nbfc) branches with average ticket size of Rs 25000-30000 through JLG. Entire loan book in personal space is for revenue generating activities. It is noteworthy that rural India accounts for about half of the GDP but only about 10% of total credit. Rural areas in India contributed to 47% of India's GDP, however, the share in total credit outstanding as of Fiscal 2020 was 9% in rural areas as compared to 91% in urban areas. Although the majority of Indian households are located in rural areas, the banking infrastructure in these regions is low and, there remains a gap in the supply and demand for financial services.

EXHIBIT 13

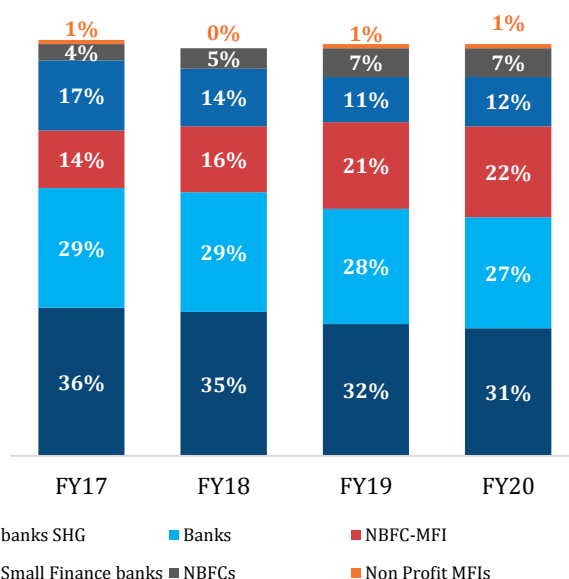
Two-thirds of total households are in rural India



Source: CRISIL Research available in Public Domain

EXHIBIT 14

NBFC-MFIs account for total gross loan portfolio is increasing consecutively from FY17 to FY20



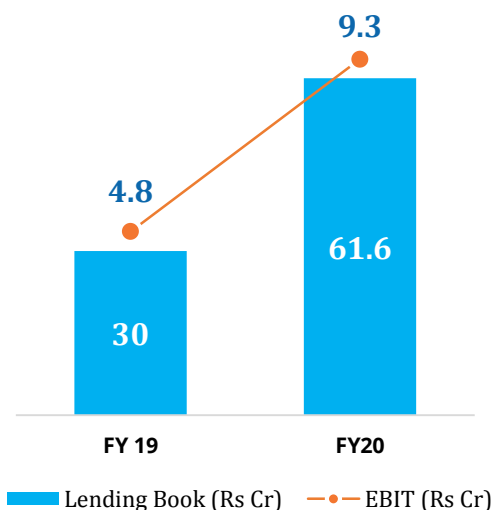
The divergence in the share of rural areas in India's GDP and banking credit indicates the low reach of banking in rural areas. Due to rural areas of India having lower financial inclusion and less competition for banking services compared with urban areas it is estimated that this presents NBFC/ (MFI) with significant growth opportunities in rural areas and, if effectively tapped, these lenders can capitalise on the situation by expanding their presence in these areas. Also, the share of Small Finance Banks in the microfinance industry has been reducing over the past years from 17% in Fiscal 2017 to 12% in Fiscal 2020 and the NBFC-MFIs have gained market share from 14% in Fiscal 2017 to 22% in Fiscal 2020.

Company's focus is to open one branch every month with the maximum AUM size of Rs 3 Cr. It is important to note that normally it takes 6-9 months for amount to get dispersed as loan. Going forward we are expecting company to continue to grow its loan book at a healthy CAGR of 25 % from Rs 62 Cr in FY20 to Rs 120 Cr in FY23E.



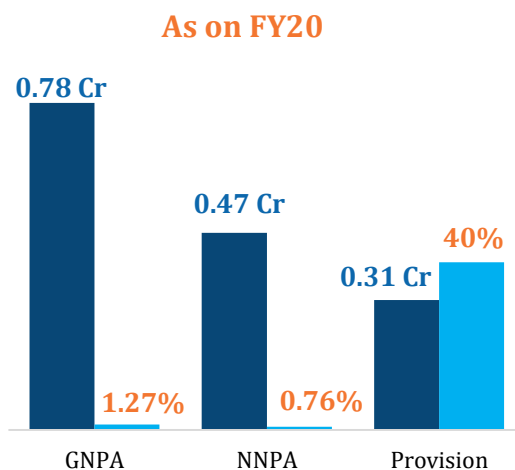
DIVERSIFIED INTO HIGH GROWTH NBFC, INSURANCE BROKING & MUTUAL FUND DISTRIBUTION BUSINESS

EXHIBIT 15



Source: Company/Hem Institutional Equities Research

EXHIBIT 16



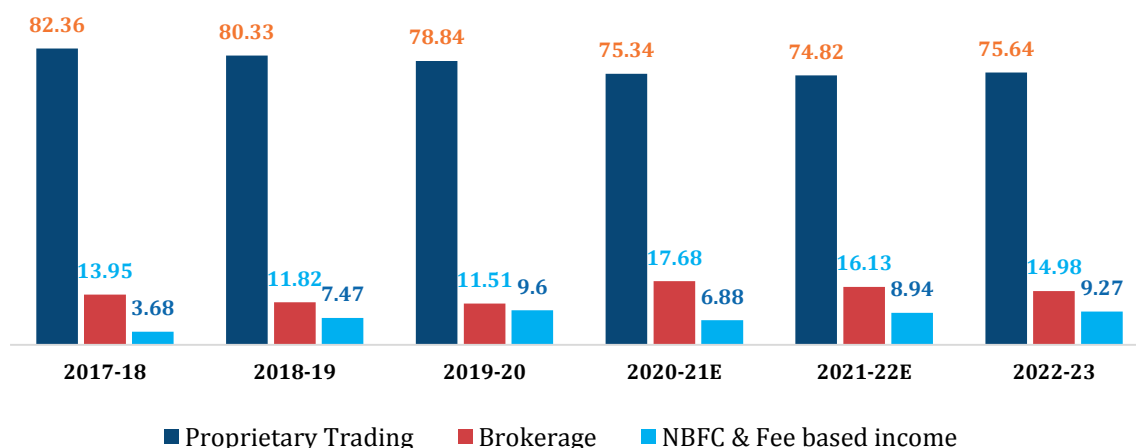
Insurance Distribution:

SISL, through its subsidiary, SIIBPL, ventured into the distribution of insurance products in FY2020. Company have tied up with over 40 leading insurance companies of India such as LIC, ICICI Prudential Life, New India Assurance, HDFC Life, SBI General Insurance etc. for providing tailor made insurance and risk mitigation solutions in the segment of Life insurance, Health insurance and commercial insurance. As broking business is highly cyclical in nature therefore venturing into this segment is expected to reduce the cyclicity as well as will boost the financial performance of company.

With the company diversifying into other segments the share of proprietary trading in total revenue will decline

EXHIBIT 17

% OF REVENUE CONTRIBUTION



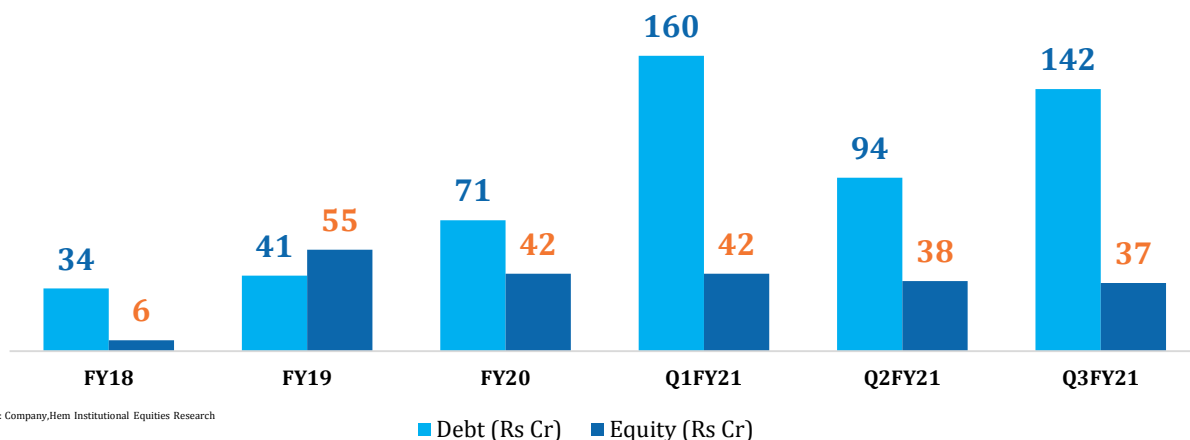
Source: Company/Hem Institutional Equities Research



MUTUAL FUND DISTRIBUTION

EXHIBIT 18

SISL MF AUM DISTRIBUTION



In FY 20, company witnessed increase in AuM by 17.73 % from Rs. 96 Cr in FY 19 to Rs. 113 Cr in FY 20. Company added 1132 new clients in FY 20, making it to over 3292 customers as on March 31, 2020.

Future prospects of mutual fund distribution industry looks strong as per AMFI, the commission paid by mutual funds to distributors grew at 26% CAGR between fiscals 2014 and 2019, to Rs 79 billion. This growth can mainly be attributed to healthy returns from mutual funds attracting investors, increasing awareness about financial savings, increasing push by distributors, and government policies. On the regulatory front, SEBI passed a directive in September 2012, which allowed AMCs to charge an additional expense of 30 bps in B15 locations. This allows fund houses to pay higher commissions to distributors in underpenetrated regions, thereby incentivising them to attract more investors. Hence this segment presents strong opportunity for company to segment grow

EXHIBIT 19

MUTUAL FUND INDUSTRY AUM BREAK UP (RS TN)

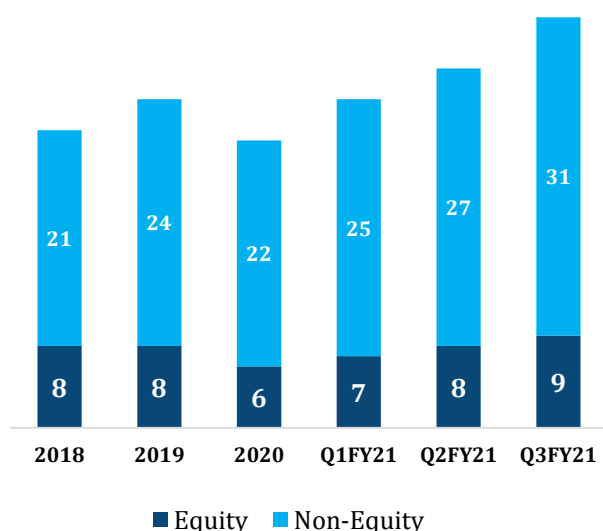
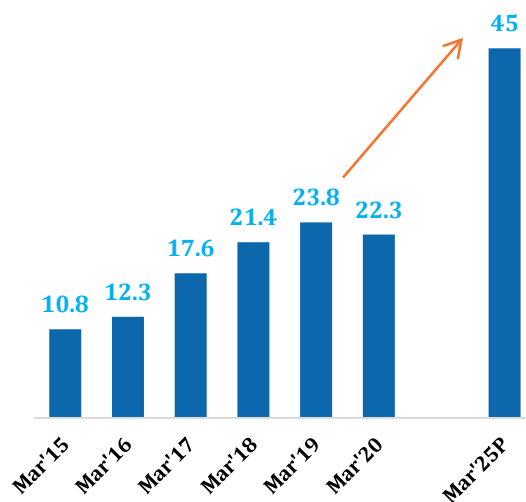


EXHIBIT 20

MF INDUSTRY AUM (RS TN)



P: Projected
Note: AUM is at the end of each fiscal
Source: AMFI, CRISIL Research



CONSISTENTLY MAINTAINING DOMINANT MARKET SHARE IN EQUITY & CURRENCY OPTIONS PREMIUM TURNOVER

EXHIBIT 21

MARKET SHARE % IN OPTION PREMIUM TURNOVER

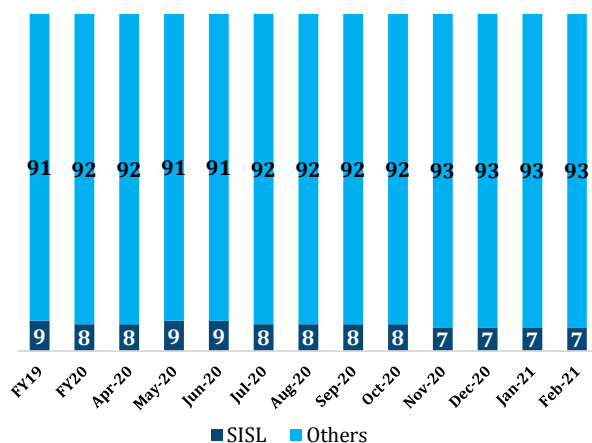


EXHIBIT 22

MARKET SHARE % IN CURRENCY OPTIONS PREMIUM TURNOVER

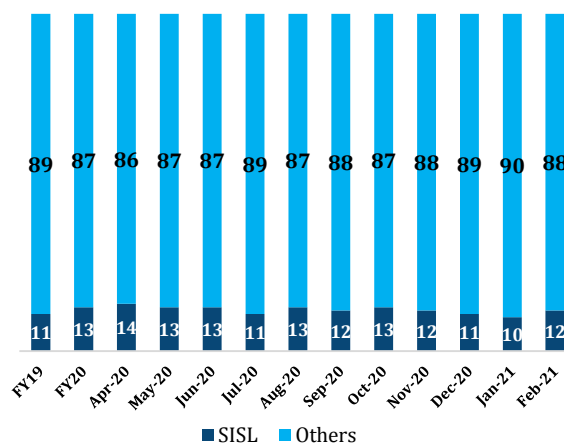


EXHIBIT 23

SISL TURNOVER

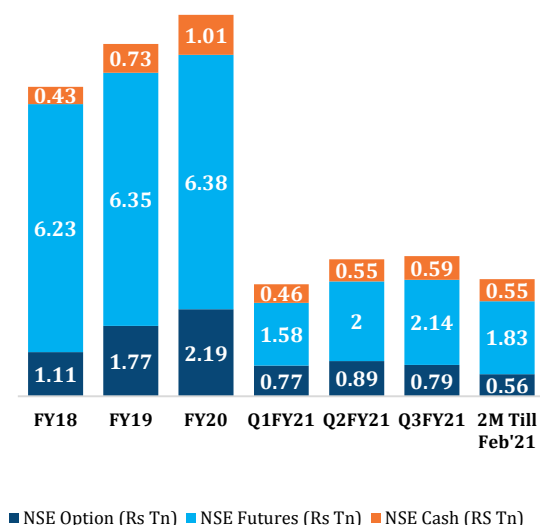
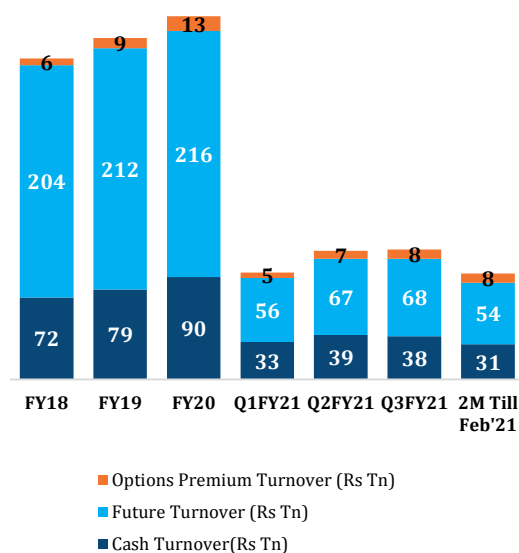


EXHIBIT 24

NSE TURNOVER



Source: NSE, Company, Hem Institutional Equities Research

Company has gained dominant position in market as evident from the robust turnover which it is clocking since last 3 years.

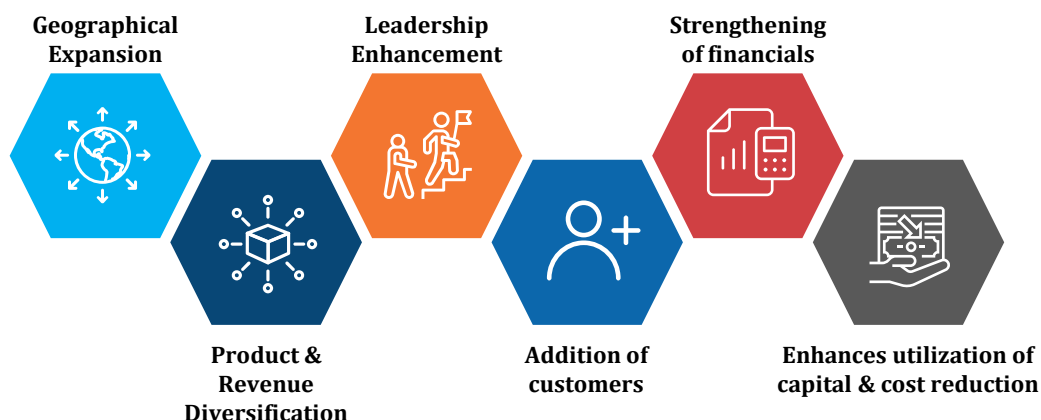
Company have developed a dedicated client base due to its client-centric approach in respect of the services it provide, tech enabled trading strategies; and the ability to provide seamless access to all segments of the stock markets. SISL primarily focuses on HNIs which forms the major part of its broking business, while its retail individual clients comprise a very small portion of its broking clientele. The Group has been expanding its presence by becoming a member of all exchanges in India while providing services to trade in the equity, commodity and currency segments.



INORGANIC GROWTH & CONSOLIDATION STRATEGY AS DRIVERS FOR FUTURE FINANCIAL GROWTH

In a landmark move to expand its broking business, company undertook the strategic decision to merge operations of Total Securities Limited with Share India in FY20 . In line with such acquisitions, company intend to create a network of synergistic companies within its existing corporate structure, and continuously find companies which have shown positive results in such business.

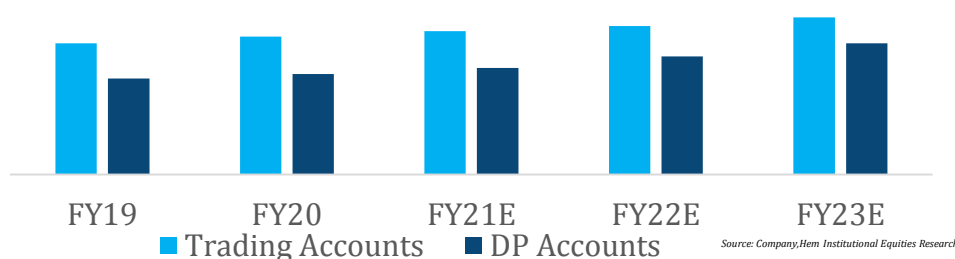
The merger will result into:



(Rs Cr)	Standalone (FY19 results) Pre Merger	Standalone (FY19 results) Post Merger	Impact*
Total revenue	174.39	197.26	13.12%
PAT	17.04	22.46	31.83%
PAT margin	9.77%	11.38%	16.48%
EBIDTA	33.96	45.24	33.21%
EBIDTA Margin	19.47%	22.91%	17.66%
Net Worth	90.01	153.99	71.07%
Return on Equity	18.93%	14.59%	-22.94%

As company is clocking strong turnover along with continuous rise in number of trades, company is getting the benefit of reduced transactions charges which is charged by exchange. This further results in getting more number of HNIs clients on board .In the line of same, company has got business from financial services firm like Crimson Financial Services. We expect such events to continue to happen in future & in turn provide strong growth to company.

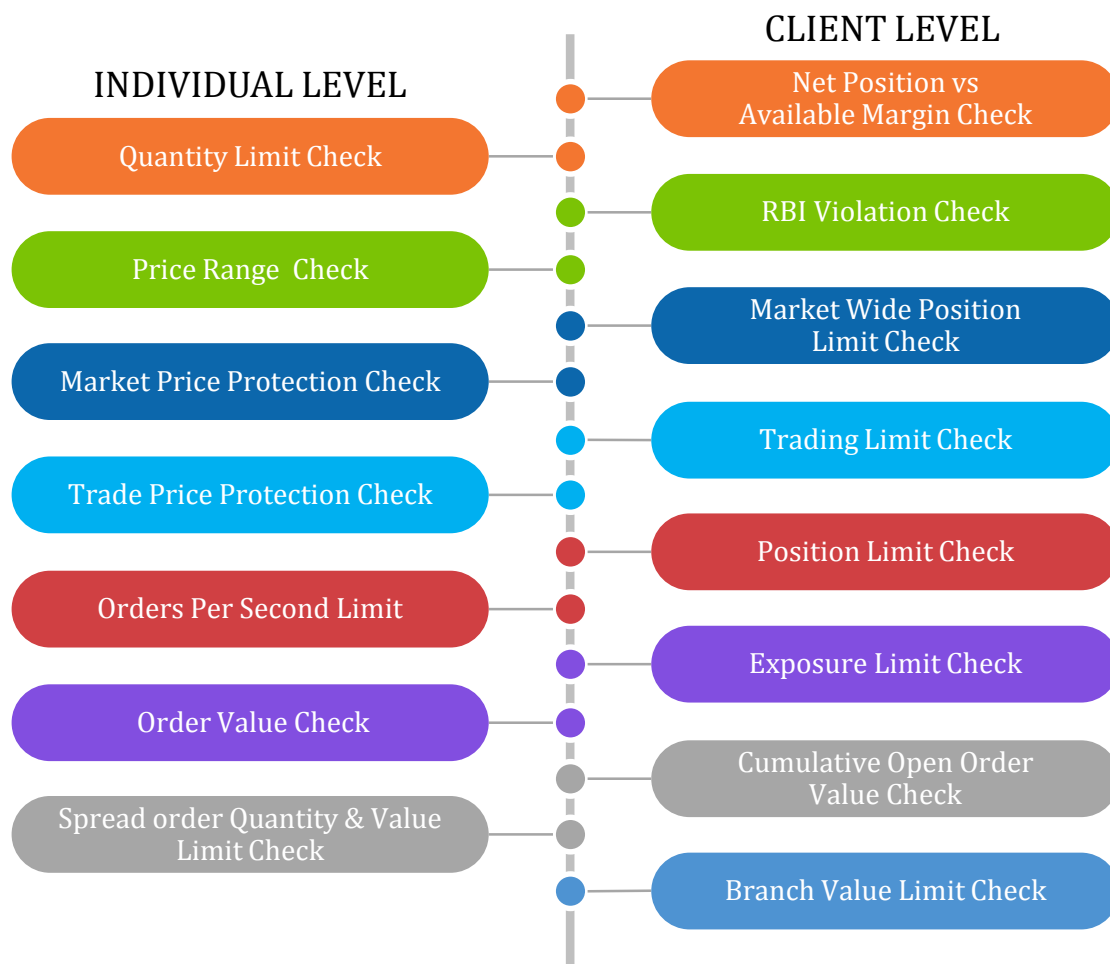
EXHIBIT 25



Source: Company, Hem Institutional Equities Research



EFFICIENT RISK MANAGEMENT SYSTEM WITH SUPERIOR TECHNOLOGY



SISL have deployed resources in terms of technology, people and processes to manage risk management function. Company have established general risk management procedures for trading activities, including instruments, strategies, position and trading limits for trading desks, business units and/or individual traders, periodic stress testing and cashflow. SISL periodically review and modify such procedures, as necessary or appropriate. These procedures cover company's internal control system, customer margin requirement and risk management of relationship managers.

Company's risk management system monitors its market exposure on the basis of the total margin collected from clients, the total margin deposited with the exchanges and the lines of credit available from the banks. Company's management team analyses this data in conjunction with its risk management policies and takes appropriate action where necessary to minimize risk. Risk management include practices like putting the real-time monitoring system to identify and subsequently stop algorithms which do not behave as per expectations.

Company's risk management framework is completely automated and remain committed to enhance company's systems to meet the growing needs and requirements of regulators, market participants and clients.

For real time risk management various in house RMS terminals are used. Company uses third party RMS softwares as well , in order to maintain client level data. The integrated risk management features allow risk management team to exercise a high degree of control over the entire process. This assists company in keeping a check over the exposure limit utilized by various clients and also enables company to take action to mitigate risk in due course.



SUPERIOR TECHNOLOGY

SISL have a dedicated information technology team that continues to develop and maintain company's information technology. Company have co-located data centres, have outsourced the core order management systems to third parties and have invested in high-performance trading software which are developed by company's in-house team. Company's technology infrastructure is aimed at ensuring that its trading and information systems are up-to-date, reliable and secure. SISL is also continuously investing in R&D to upgrade its technology & develop new trading strategies.

Company maintain its technology by undertaking regular audit of its applications and website to test for errors, vulnerabilities, data validation, hacking, authentication and authorisation. Such audit enables to identify and rectify any errors or vulnerabilities in order to provide clients with a secure and seamless experience.

EXHIBIT 26

SISL ADTO (RS BN)

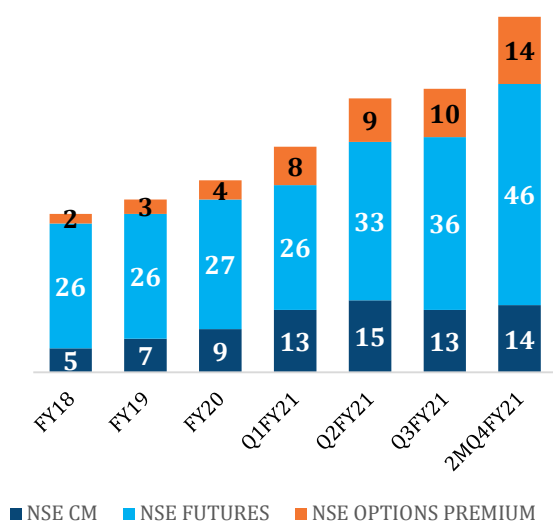


EXHIBIT 27

NSE ADTO (RS BN)

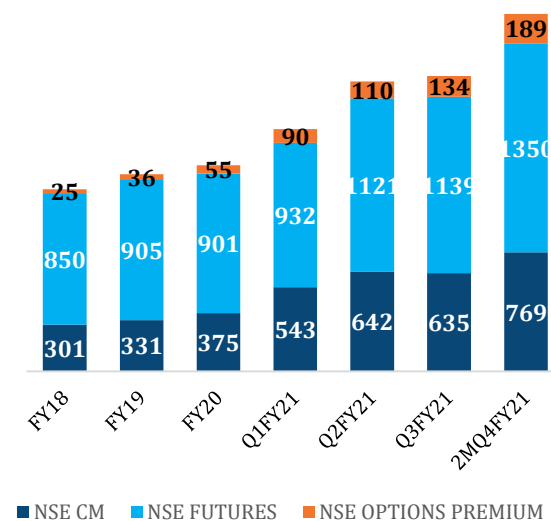


EXHIBIT 28

CURRENCY FUTURES ADTO (RS CR)

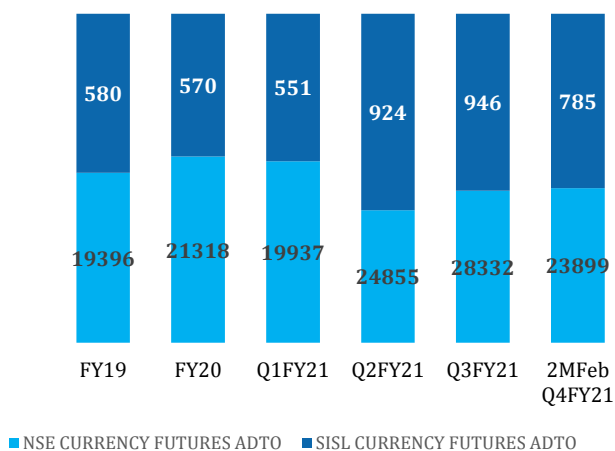
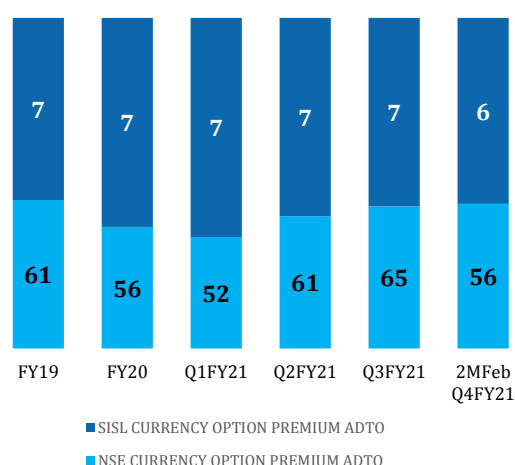


EXHIBIT 29

CURRENCY OPTION PREMIUM ADTO (RS CR)





STRONG PROSPECTS OF ALGOTRADING WORLDWIDE

Algorithmic trading, algo trading, automated trading, or black box trading is a technological advancement in the stock market. It is a programmed process that runs on a computer that follows a specific set of instructions (an algorithm) for placing a trade in order to generate profits at a speed and frequency that is impossible for human traders. Algorithmic trading is gaining significant traction which is useful for financial markets, and adopted in countries such as the U.S., India, the U.K., and South Korea. Accuracy, exceptional speed, and liquidity are unique features of algorithmic trading, which is expected to result in significant growth of the algorithmic trading market in the near future.

ALGOTRADING BENEFITS



SPEED



EMOTIONLESS



PRECISION



HASSLE FREE



**FULLY
AUTOMATED**



**100%
CONTROL**



**MANAGED
RISKS**



**REDUCED
COST**

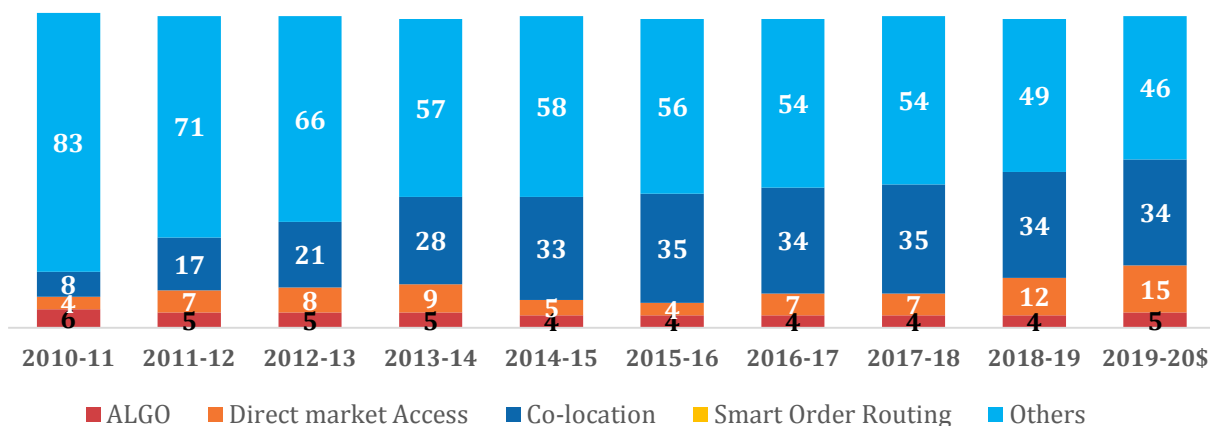
Global algorithmic trading market was valued at US\$ 10,346.6 Mn in 2018 and is expected to exhibit a CAGR of 10.7% over the forecast period to reach US\$ 25,257.0 Mn in 2027.



KEY DATA

EXHIBIT 30

MODE OF TRADING IN EQUITIES DERIVATIVES SEGMENT (AS % OF TOTAL TURNOVER)



Source: SEBI

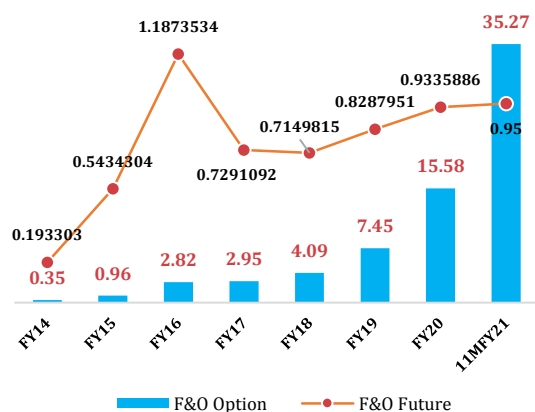
In India, algo trading arrived in the financial markets when Sebi allowed exchange members to offer DMA (direct market access & co location) to their institutional clients. Basically, investment banks and hedge funds with billions of dollars in AUMs (assets under management) are using algo trade to manage their portfolios in a more strategic manner. In India, they account for 35-40 per cent of total turnover on the exchanges.

Company is having deepest possible understanding of financial markets & it translates that understanding into great automated trading strategies.

With an operational track record of over 25 years, SISL is the market leader in low latency automated arbitrage trading strategies. To support proprietary trading, company have an in-house technology/development team. Company's trading technology platform is based on high volumes of market data, which are processed, analyzed, and acted upon. Also, quantitative trading strategy based on rules and defined risk parameters are automated and used in conjecture with the low latency trading platform. With technical team and processes in place, company is able to assist HNIs with quantitative trading strategies. Moreover, built on the most robust architecture and state-of-the-art technology, risk management is guiding principle for all platforms. Company's stock strategies are based on alpha-generating algorithms that take into account multiple fundamental and quantitative factors, to identify instruments which have potential to outperform the benchmark indices.

EXHIBIT 31

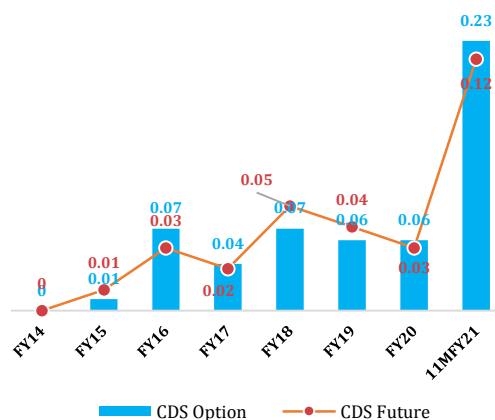
NUMBER OF TRADES IN EQUITIES F&O AT NSE (IN CR)



Source: Company, Hem Institutional Equities Research

EXHIBIT 32

NUMBER OF TRADES IN CURRENCY AT NSE (IN CR)





PROMOTER & DIRECTOR PROFILE

NAME	DESIGNATION	PROFILE
 PARVEEN GUPTA	Chairman and Managing Director)	He is the Promoter of the company and has over 27 years of experience in stock market operations and financing. Possessing a sound combination of vision, experience and knowledge about the intricacies of the Indian Stock Market, his active involvement and guidance have been instrumental in the company's progress. Besides looking after daily company affairs, he controls the planning, finance and strategy functions of Share India.
 KAMLESH VADILAL SHAH	Managing Director	Mr. Kamlesh Vadilal Shah, is Managing Director of Company. He holds a Bachelor's degree in Commerce from the University of Bombay and having an overall experience of more than 24 years in the financial industry and insight experience in legal, regulatory compliance, risk management in relation to brokerage, currency, commodity and derivatives segments and other trading activities. He is an Accredited Chartered Accountant and also a certified NISM, NCFM & MCCC professional. He is Vice President of Commodity Participants Association of India (CPAI). He is a key man behind new business opportunities and risk management.
 SACHIN GUPTA	CEO and Whole-Time Director	He has been associated with the company since 2003 and looks after the overall strategy, business and marketing operations. He was appointed as a Director in 2007 and further re-designated as Whole-Time Director in 2017. His efforts have been instrumental in a spurt in gross revenues in the recent past. He has expertise in formulating innovative solutions to various operational issues and leads by example
 RAJESH GUPTA	Non-Executive Director	He is the Promoter of the company and was appointed as its Director in 2008. He holds a degree in Law from the Guru Nanak Dev University and has over 22 years of experience in commercial financing and stock market operations. He looks after the overall financial matters and operations of Share India is actively involved and growing Share India Fincap's portfolio.
 VIJAY GIRDHARLAL VORA	Whole-Time Director	Mr. Vijay Girdharlal Vora, is a Wholetime Director of Company. He is having an overall experience of more than 30 years in different fields including business of jobbing, brokerage, currency, commodity and derivatives segments and also set new standards of derivative and arbitrage business as well as growth and development of the proprietary and asset management services in India.



KEY MANAGEMENT PROFILE

NAME	DESIGNATION	PROFILE
------	-------------	---------



**VIJAY KUMAR
RANA**

**Chief Financial
Officer**

Mr. Vijay Kumar Rana, with more than 27 years of working experience, heads the accounts and administrative departments of the Group.



**VIKAS
AGGARWAL**

**Company
Secretary**

Mr. Vikas Aggarwal is a compliance officer. He holds a degree of Company Secretary and is also a Law graduate by qualification, having more than 16 years of experience. He is responsible for legal and compliance related issues of the Group.

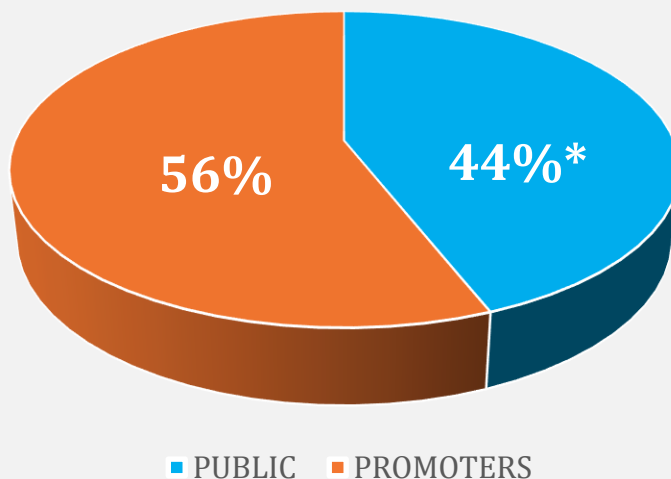


**AJAY
PATEL**

(CEO – SIIBPL)

Mr. Ajay Patel is the Chief Executive Officer of SIIBPL, an insurance broking arm of SIG. He holds an MBA degree and has more than 23 years of experience, including 17 years of working experience in an insurance sector.

SHAREHOLDING PATTERN



*: Includes 19.62% of holding held by erstwhile Promoters & Promoter Group of Total Securities Ltd



VALUATION & OUTLOOK

Share India Securities Ltd (SISL) has shown consistent healthy financial performance since 2015. Being a new-age financial service provider that capitalizes on technology to offer customized capital market tech-based solutions, SISL have consistently grown and expanded, with key focus on maintaining strong balance sheet. Company is the market leader in low latency automated trading strategies & possess strong expertise in executing the same. With the healthy track record of over 24 years, company is on its way of growing through both organic & inorganic route which will give hefty boost to its business & financial performance. In FY20, SISL has posted solid set of numbers with ROE & ROCE coming at more than 20% which infuse optimism in strong fundamentals of company. Going forward, we expect SISL to grow at decent CAGR of 27% in topline while bottomline is expected to grow at whopping CAGR of 35 % from FY20 to FY23E. Hence we are initiating coverage on the stock. Currently stock is trading at 17x of FY21E eps while it is trading reasonably at 13x of FY22E eps & 11x of FY23E eps. Hence, we initiate "BUY" on the stock with price target of Rs 425/- per share (17x of FY22E eps & 14x of FY23E eps) depicting healthy upside of 30% from current level.

PEER COMPARISON

(Rs Cr)	Revenue	EBIDTA	PAT	Debt/Eq (X)	ROE %	ROCE%	Rev CAGR (F17- FY20)	PAT CAGR (F17- FY20)	TTM P/E*	CMP
Share India	278.13	72.08	39.00	0.65	20.22	21.20	36%	70%	16.82	326.10
Motilal Oswal	2357.55	671.34	215.40	1.52	7.12	9.79	9%	(21)%	16.34	605.05
ICICI Securities	1719.08	879.06	542.00	1.25	48.16	39.89	7	17%	15.02	416.85
Geojit Financial	305.43	100.71	50.91	0.00	9.97	14.05	4%	(7)%	10.73	47.50
Edelweiss Financial	9859.76	2479.30	(2043.77)	6.06	(29.89)	4.84	(11)%	---	---	63.75
Dolat Investment	156.28	116.25	71.34	0.04	38.53	61.94	#	#	10.75	64.15
Angel Broking	729.35	156.80	82.35	0.84	14.73	13.30	19%	38%	32.10	323.05

Note: Figures taken on Consolidated FY20 financials basis

#: Since on consolidated basis data is not available for FY17 & FY18 hence have not calculated CAGR

Source: Peers data taken from Ace Equity database

*: Calculated on CMP taken as on 16th April '21

KEY RISKS

- Volume of trading in securities adversely affected by market movements and volatility.
- Higher risk of defaults by clients or counterparties on their contractual obligations.
- Increased competition in all businesses


CONSOLIDATED INCOME STATEMENT

Particulars (Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Total Income	138.68	205.73	278.13	395.80	477.04	571.41
Expenditure	109.96	154.37	206.05	303.35	362.22	433.02
EBIDTA	28.72	51.36	72.08	92.45	114.82	138.39
Other Income	1.78	1.46	1.21	1.20	1.20	1.20
Depreciation	2.07	5.53	5.76	4.04	4.00	4.00
EBIT	28.43	47.29	67.53	89.61	112.02	135.59
Interest	5.41	11.40	17.85	11.51	7.17	6.98
PBT	23.02	35.89	49.68	78.10	104.85	128.61
Tax	7.70	11.72	10.68	14.85	26.39	32.37
PAT	15.32	24.17	39.00	63.25	78.46	96.24

GROWTH %

Particulars (in %)	FY19	FY20	FY21E	FY22E	FY23E
Total Income	48.35	35.19	42.31	20.53	19.78
EBIDTA	78.83	40.34	28.26	24.20	20.53
EBIT	66.34	42.80	32.70	25.01	21.04
PBT	55.91	38.42	57.21	34.25	22.66
PAT	57.77	61.36	62.18	24.05	22.66


CONSOLIDATED BALANCE SHEET

Particulars (Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Sources Of Funds						
Share Capital	24.42	24.42	31.91	31.91	31.91	31.91
Share Application Money	-	-	-	-	50.00	50.00
Reserves	110.12	133.89	161.02	217.95	288.56	375.18
Shareholder's Fund	134.55	158.31	192.93	249.85	370.46	457.09
Non Current Liabilities	1.49	1.29	1.17	1.27	1.38	1.51
Long Term Borrowings	0.32	0.16	0.11	0.10	0.10	0.10
Long Term Provisions	1.17	1.13	1.06	1.17	1.28	1.41
Current Liabilities	95.57	182.96	266.09	205.54	237.37	274.34
Short term Borrowings	39.05	105.87	125.49	50.00	50.00	50.00
Trade payable	38.10	53.45	83.56	92.45	111.37	133.35
Other Current Liabilities	9.35	11.38	28.90	30.46	36.69	43.93
Short Term provisions	9.08	12.26	28.14	32.63	39.31	47.06
Total Equities & Liabilities	231.61	342.56	460.20	456.66	609.21	732.94
Application Of Funds						
Non Current Assets	75.66	133.85	143.05	150.85	164.31	186.05
Gross Block	48.69	48.69	51.33	57.33	61.33	65.33
Less:Accumulated Dep	10.15	13.49	17.96	22.00	26.00	30.00
Net Block	38.54	35.19	33.37	35.33	35.33	35.33
Non Current Investment	4.65	14.15	3.18	3.82	4.59	5.50
Deferred tax Assets	5.01	6.07	7.58	7.84	7.84	7.84
Long term Loans & Advances	0.07	30.21	61.64	64.72	75.45	86.73
Other Non Current Assets	27.40	48.23	37.28	39.15	41.10	50.66
Current Assets	155.94	208.71	317.15	305.81	444.90	546.89
Current Investment	42.87	28.06	32.88	41.09	51.37	64.21
Inventories	12.71	20.57	16.28	29.37	35.38	42.36
Sundry Debtors	19.82	12.96	8.69	13.05	15.72	18.83
Cash & bank	48.20	116.83	199.45	140.84	236.12	293.42
Short Loans & Advances	30.92	27.15	58.30	78.19	102.39	123.36
Other Current assets	1.42	3.14	1.56	3.26	3.93	4.71
Total Assets	231.61	342.56	460.20	456.66	609.21	732.94


CONSOLIDATED CASH FLOW

Particulars (Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
(A) cash flow from operating activities	15.53	34.38	71.12	51.46	77.29	101.22
Net profit/(loss)before tax	23.04	36.79	50.98	78.10	104.85	128.61
Add/(less): adjustment for non cash /non operating items:	5.29	14.48	18.79	15.55	11.17	10.98
Operating profit before changes in working capital	28.33	51.27	69.77	93.65	116.02	139.60
Adjustment for changes in working capital	-4.75	-8.57	11.01	-27.09	-12.34	-6.01
Cash generated from operations	23.58	42.70	80.77	66.57	103.68	133.59
Less: taxes paid(net of refund received)	-8.06	-8.32	-9.65	-15.10	-26.39	-32.37
Net cash flow from operating activities(a)	15.53	34.38	71.12	51.46	77.29	101.22
Net cash flow from investing activities(b)	-20.08	-20.62	13.26	-16.72	-17.00	-27.31
Net cash flow from financing activities(c)	19.70	54.86	-1.76	-93.36	34.98	-16.60
Opening balance of cash	33.05	48.20	116.83	199.45	140.84	236.12
Net inc/(dec) in cash & equivalent	15.15	68.63	82.62	-58.60	95.28	57.30
Closing balance of cash	48.20	116.83	199.45	140.82	236.10	293.40

Note: Figures been adjusted due to regrouping



RATIO ANALYSIS

PROFITABILITY & TURNOVER RATIOS

	FY18	FY19	FY20	FY21E	FY22E	FY23E
EBIDTA Margin (%)	20.72	24.96	25.92	23.36	24.07	24.22
PAT Margin (%)	11.06	11.74	14.02	15.98	16.45	16.84
Return On Equity (%)	11.40	15.26	20.22	25.32	21.18	21.06
Return on Capital Employed (%)	16.36	17.89	21.20	29.88	26.63	26.73
Return on Assets (%)	6.62	7.05	8.48	13.85	12.88	13.13
Dividend Yield(%)	0.00	0.00	0.41	0.75	0.93	1.13
Dividend payout ratio (%)	0.00	0.00	8.90	10.04	10.01	10.00
Debt/Equity(x)	0.29	0.67	0.65	0.20	0.14	0.11
Debt/EBIDTA(x)	1.37	2.06	1.74	0.54	0.44	0.36

PER SHARE DATA

Particulars in (Rs)	FY18	FY19	FY20	FY21E	FY22E	FY23E
EPS	4.80	7.58	12.23	19.83	24.60	30.17
CEPS	5.46	9.31	14.03	21.09	25.85	31.42
Book Value	42.18	49.63	60.48	78.32	116.13	143.29
Dividend Per share	0.00	0.00	0.98	1.99	2.46	3.02

VALUATION RATIO

Particulars in (x)	FY18	FY19	FY20	FY21E	FY22E	FY23E
P/E	67.90	43.04	36.67	16.45	13.26	10.81
P/B	7.73	6.57	5.39	4.16	2.81	2.28
EV/Sales	7.72	5.52	3.93	.53	1.90	1.48
EV/EBIDTA	37.26	22.10	15.15	10.81	7.87	6.12


CONSOLIDATED QUARTERLY FINANCIAL PERFORMANCE

Particulars (Rs Cr)	Q3FY21	Q3FY20	YoY%	Q2FY21	QoQ%
Net Sales	110.96	58.93	88.29	100.94	9.93
Tot Op Exp	93.65	45.57	105.51	81.19	15.35
PBIDT	17.31	13.36	29.57	19.74	-12.31
Other Income	9.53	6.07	57.00	4.70	102.77
Depreciation	1.18	1.37	-13.87	0.98	20.41
EBIT	25.66	18.06	42.08	23.46	9.38
Interest	4.02	6.44	-37.58	5.36	-25.00
PBT	21.64	11.62	86.23	18.10	19.56
Tax	4.03	1.51	166.89	4.24	-4.95
PAT	17.61	10.11	74.18	13.86	27.06
Eq Capital	31.91	24.23	31.70	31.91	0.00
EPS	5.52	4.17	32.26	4.34	27.06
OPM %	15.60	22.67	-31.19	19.56	-20.23
NPM%	15.87	17.16	-7.49	13.73	15.58

KEY FINANCIAL HIGHLIGHTS

- › The consolidated total revenues of the Company registered a growth of 88.29% (YoY) and grew significantly to Rs. 110.96 cr in Q3FY21 from Rs. 58.93 Cr in Q3FY20.
- › Consolidated EBIT of company registered whopping 42% growth in Q3FY21 on YoY basis
- › The consolidated profit after tax reflected for Q3FY21 registered a growth of 74.00% (YoY) and stood at Rs. 17.61 Cr.
- › A second interim dividend of Re. 1/- per share has been approved by the Board .



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