November 11, 2026

To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1
G Block, Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051

Symbol: BSE **ISIN: INE118H01025**

Ref: **Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Sub: **Transcript of the Conference Call held on November 4, 2026**

Dear Sir/ Madam,

With reference to our letter dated October 27, 2026, intimating about the conference call with Analysts/Investors held on November 4, 2026, please find attached the transcript of the aforesaid conference call.

This intimation will also be available on the website of the Company: www.bseindia.com

This is for your information & record.

Thanking you,

Yours faithfully,

For BSE Limited

Vishal Kamalaksha Bhat
Digitally signed by Vishal Kamalaksha Bhat
Date: 2026.11.11 12:07:52 +05'30'

Vishal Bhat
Company Secretary and Compliance Officer
ACS - 41136

Encl: a/a

BSE LIMITED

Q2 FY27 Earnings Conference Call



November 4, 2026

BSE LIMITED

25th Floor, P.J. Tower, Dalal Street, Fort, Mumbai 400 001

Moderator:

Ladies and gentlemen, good day, and welcome to BSE Limited Q2 FY27 Earnings Conference Call. As a reminder, all participants will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero and you touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anand Sethuraman. Thank you, and over to you, sir.

Anand Sethuraman:

Thank you so much, Yusuf. Good evening, everyone. Welcome to BSE's Q2 FY 2027 Earnings Call. I'm Anand Sethuraman, and it's my privilege to introduce you to the members of the BSE's leadership team today.

Starting with Mr. Sundararaman Ramamurthy, Managing Director and CEO; Mr. Saurabh Shukla and Mr. Gopalan S. Raghavan, Executive Directors; Mr. Deepak Goel, Chief Financial Officer; Mr. Sunil Ramrakhiani, Chief Business Officer; Ms Geetha Gangadharan, Chief Regulatory Officer; Mr. Viral Davda, Chief Technology Officer; Mr. Rudresh Kunde, Chief of Product, Policy and Strategy, Ms. Radha Kirthivasan, Head of Issuer Relations and Corporate Sales; Mr. Ramesh Gurram, Chief Information Security Officer; Mr. Abhishek Jha, Joint Chief Information Security Officer; Mr. Sanjay Jain, Chief Risk Officer; Mr. Vishal Bhat, Company Secretary; Mr. Ashutosh Singh, Managing Director and CEO, BSE Index Services; Ms. Vaishali Babu, Managing Director and CEO of BSE Clearing Corporation. We also have representatives from our finance, business, Investor Relations team here.

Please note that our latest financial results and investor presentation are available on the BSE website. Today, we'll start with remarks from our MD and CEO on our performance, followed by a Q&A session.

All participant lines will be muted for the duration of the call and there will be an opportunity for you to ask questions after the management remarks. Some of the remarks made today in this call may be forward-looking in nature and are subject to risks and uncertainties. The company does not undertake to update these forward-looking statements publicly.

With that, I would now invite BSE MD and CEO to share his views. Thank you, and over to you, sir.

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S. Ramamurthy:

Thank you. Good evening, everyone, and thank you for joining us today. Let me begin by welcoming our shareholders, analysts, investors, members and all other stakeholders on this call. Let me first talk a little bit about the macroeconomic environment. Indian capital markets continue to demonstrate structural resilience despite a volatile global environment marked by intensifying geopolitical tensions, fluctuating crude oil prices and prolonged tightening of global financial conditions.

Against this challenging backdrop, India's core macroeconomic fundamentals remain exceptionally robust. Real GDP expanded by 7.8% in Q1 of FY27, fundamentally driven by sustained momentum across private consumption, capital investment, manufacturing output and a resurgent services sector.

Importantly, institutional market dynamics have evolved to provide unparalleled systemic stability. While foreign institutional investors adopted a cautious stance amid macro uncertainties resulting in a net outflow of approximately Rs. 35,861 crores from Indian equities in September 2026 domestic institutional investors absorbed this liquidity pressure, deploying approximately Rs. 76,030 crores during the same period.

This robust influx of domestic capital serves as a critical countercyclical buffer, deepening market liquidity and validating long-term confidence in the Indian growth narrative. Indian capital markets are now increasingly anchored by domestic long-term financial savings.

Evidencing this depth, the mutual fund industry's assets under management reached a historic milestone of approximately Rs. 82.64 lakh crores as of September 2026, making an impressive 12.5% expansion during the first half of FY27. The compounding participation of both household and institutional investors underscores the self-sustaining nature, maturation and expanding capacity of the domestic financial ecosystem.

Against this backdrop, I'm pleased to share that BSE continued to deliver strong financial performance during the first half of FY27. Consolidated revenues for H1 FY27 stood at Rs. 3,257 crores compared with Rs. 2,184 crores in the corresponding period last year, representing a robust year-on-year growth of 49%.

I will now share some of the key financial numbers on a consolidated basis for the half year ended September 30, 2026, as compared to the previous year. Operational revenues have grown by 48% to Rs. 2,999 crores from Rs. 2,026 crores.

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Transaction charges comprising revenues from the equity cash, equity derivatives, mutual fund and clearing house segments registered a substantial increase of 60%, rising to Rs. 2,456 crores from Rs. 1,531 crores reflecting robust growth in core trading and settlement related activities. Other operating income, which includes enhanced data dissemination fees, co-location and order throttle charges, index services, etc., has increased by 23% to Rs. 200 crores from Rs. 163 crores. Operating expenses increased by 36% Rs. 980 crores from Rs. 721 crores. It may be noted that 50% of the total operating expenses are attributable to regulatory fees and clearing and settlement expenses, all of which is directly correlated to increasing transaction volumes. The operating EBITDA, including contribution to core SGF has increased by 55% to Rs. 2,019 crores as compared to Rs. 1,306 crores with margins expanding to 67% from 64%.

The net profit attributable to the shareholders of the company has demonstrated a significant increase to reach Rs. 1,680 crores from Rs. 1,095 crores representing a robust year-on-year growth of 53% with a net profit margin of 52%. The continued growth of BSE's investor base remains an encouraging indicator of the growing reach of India's capital markets. Investor accounts registered on BSE have now reached 26.8 crores, 3.9 crores new accounts added over the past year.

Importantly, this participation is becoming increasingly broad-based with 11 states now having more than 1 crore investor reach, reflecting the widening geographic reach of the capital markets across the country.

Alongside this growth, investor education and awareness continue to remain an important priority for BSE. We conducted 2,328 investor awareness programs during H1 FY27 reaching over 1.2 lakhs participants. Looking ahead, BSE remains deeply committed to expanding investor awareness and advancing financial literacy.

We view this educational mandate as a key pillar for promoting informed investment decision safeguarding investor interest and securing the long-term sustainable growth of India's financial ecosystem. The consistent improvement across both our revenue streams and operating margins is direct evidence of our disciplined strategic execution. By expanding market participation and driving key platform efficiencies, we are continuously enhancing the depth of India's financial ecosystem while reinforcing BSE's structural position at the center of India's capital market expansion.

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Let me now discuss a few key trends that shaped our business this quarter. In primary markets, we have seen very strong momentum during the first half of FY27 with a record 71 main board IPOs, raising over Rs. 84,000 crores, making it the strongest on record for Indian capital markets.

In September alone, BSE witnessed a record 32 main board IPO listings, collectively raising Rs. 40,354 crores. The strong pipeline of issuances coupled with healthy investor participation demonstrates the growing confidence of companies in accessing the public markets for capital formation.

We remain optimistic about the opportunities ahead and believe BSE is well positioned to participate in India's growing equity capital markets. Alongside the strong momentum in the main board IPO market, the SME segment also continued to demonstrate healthy growth with strong issuer and investor participation.

BSE SME crossed a significant milestone of 800 listed companies in October 2026, up from 600 a year earlier. Notably, the latest 200 listings have raised Rs. 8,387 crores representing nearly 45% of the cumulative capital raised on the platform, underscoring the growing role of SMEs in India's economic growth and capital market development.

Overall, in H1 FY 2027, issuers raised over Rs. 13.9 lakh crores through BSE's fundraising platforms across equity, debt, bonds, commercial papers, REITS, and InvITs, reaffirming the trust placed in BSE's market infrastructure. Looking ahead, we remain positive on the outlook for India's primary markets.

The main board IPO pipeline remains strong, with over 150 companies seeking to access the capital markets and targeting fund raising of approximately Rs. 1.5 lakh crores. Moving on to our trading segment.

We continue to witness strong momentum across both our cash and derivatives market, supported by growing client participation and product innovation. In the equity cash segment, BSE continued its strong momentum, recording its highest ever quarterly average daily turnover of Rs. 10,494 crores in Q2 FY27 reflecting sustained market participation and strengthening liquidity on the exchange.

In our Index options segment, Q2 FY27 ADTV by premium volumes stood at Rs. 22,531 crores. While this represents our first sequential quarterly contraction decreasing from Rs. 29,615 crores in Q1 due to compressed market volatility and certain temporary structural shifts in participation.

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However, we have seen a decisive recovery in September 2026 and a record-breaking October 2026, which registered our highest ever monthly index options premium ADTV of Rs. 35,481. BSE also achieved its highest ever single-day expiry premium turnover of Rs. 85,356 crores on October 22, 2026, reinforcing the deep systemic liquidity resilience and expanding market share of our derivatives platform.

Crucially, our focus on broadening the derivatives ecosystem continues to progress well. The BSE focused IT index derivatives introduced earlier this year are gradually establishing themselves on our platform with participation developing across successive expiry.

To further strengthen our global product offering BSE has entered a strategic collaboration with MSCI, bringing together BSE's market infrastructural capabilities and MSCI's globally recognized index expertise. Through this partnership, we aim to develop and expand MSCI linked derivatives products on BSE, providing market participants with greater opportunities to access and manage exposure to global and Indian markets.

The collaboration marks an important step in broadening our derivatives ecosystem and strengthening BSE connect with domestic and international investors. This reinforces our strategy for offering differentiated products that address the evolving requirements of market participants. Moving to other operational revenue streams.

BSE's colocation and other connectivity charges, including throttle charges continued to perform well with revenues of Rs. 103 crores in H1 FY27. We remain committed to further expanding our colocation infrastructure in line with client demand and growing market participation. Turning to our mutual fund distribution business. BSE StAR MF continues to deliver strong and consistent growth.

During Q2 FY27, the platform processed 24.5 crore transactions, representing a healthy 22% year-on-year increase. Revenue for H1 FY27 grew 11% year-on Rs. 146 crores, reflecting continued growth in investor participation and increasing scale of India's mutual fund ecosystem.

As mentioned in my last earnings call update, StAR NPS platform by BSE Technologies continues to expand by integrating central recordkeeping agencies and pension fund managers, thereby providing a unified architecture for seamless NPS adoption and management. Through this initiative, we are strengthening our position as a comprehensive investment and retirement solutions platform, supporting investors throughout their long-term wealth creation journey.

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During the quarter, BSE also signed MOUs partnering with Government of Andhra Pradesh to advance SME ecosystems, investor protection, municipal finance, collaborating with MMTC-PAMP to develop electronic gold receipts (EGR) and engaging with both Chamber of Marathwada Industries and Agriculture (CMIA) and Meesho to enhance SME awareness and capital market participation.

In summary, the first half of FY27 has been a defining period of structural growth for BSE characterized by robust financial expansion across our core business verticals accelerating market participation and critical platform scalability. This strong H1 performance directly reflects the growing scope and resilience of our business model.

As we scale, our focus remains firmly anchored on reinforcing India's market infrastructure, diversifying our multi-asset product suite and delivering long-term sustainable value for our stakeholders. This institutional progress has been validated by premier global industry benchmarks. BSE was recently honoured by Euromoney as Asia's Best Derivatives Exchange and received the Innovation of the Year award while FOW Asia Pacific named us Exchange of the Year.

Crucially, the deep capabilities of our subsidiaries were also recognized with BISPL awarded Asia Pacific Best Index Benchmark Provider and BSECL winning Asia's Best Clearing House, complemented by the Best Content Marketing Award at the AFAQ's BankFin, these accolades comprehensively validate the operational excellence, technological superiority and comprehensive maturation of the BSE ecosystem.

Looking forward, we are highly confident in the secular long-term expansion of India's financial architecture equipped with a resilient diversified business model, unique network effects across our transactional platforms, and an unwavering commitment to core technological innovation BSE is uniquely positioned to capture incremental market volumes, pioneering sophisticated financial products and drive compounding stakeholder value. Thank you for your enduring trust and strategic partnerships.

With these updates, I now hand the call over back.

Anand Sethuraman:

Thank you, sir. We'll now begin the question-and-answer session. In the interest of time and to ensure all participants have an opportunity to address the management, we kindly request you to limit your

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remarks to a maximum of two questions each. Should you have further questions, you will be welcome to rejoin the queue. Thank you.

Moderator:

Thank you, sir. We will now begin the question-and-answer session. First question is from the line of Sameet Sinha from Macquarie.

Sameet Sinha:

A couple of questions from my side. First is, looking at the daily data that comes out from your exchange, obviously seeing a nice reversal in the derivative side, the options premium and notional as well. The equity side is still down sequentially. Any thoughts there that will help us kind of think about how the quarter or the rest of the year kind of pans out, that will be helpful.

And the second question is, in the last call, you had set out some goals regarding cash equities, double-digit market share and member FPI sort of growth goals. Can you reiterate those? Or where are they tracking right now? That will be helpful.

S. Ramamurthy:

Thank you so much for attending the call and asking me this question. As far as the equity trend is concerned, there are quite a few macroeconomic situations today as we all are aware, resulting in a broader outflow from the Indian market from FPIs. This has impacted multiple things, including the total volumes that trade in the equities market in the country.

To compensate it, the new IPOs are coming in are creating a lot of encouraging trading volumes. So, it's a mixed bag. Where do we see this equity trend growing. There are a lot of talks about government intervention and facilitation of deepening market liquidity, and we hope that some of them if they see the light of the day.

And also, with the stabilization that is expected to happen in the global scenario with various outcomes, including election outcomes people are talking about. And with all the structural changes related issues which were hampering the Indian market at last appear to have been put to rest. We feel that already we are seeing we feel that it will further enhance and deepen the market.

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And our view is that India has a lot of potential in terms of increased volumes, increased participation and increasing liquidity. As far as the trends and targets that we set out for ourselves in terms of number of brokers and FPIs, we are faring extremely well, and we are going exactly as per what we thought we will be achieving in terms of having people in the net. Exact numbers are available in the presentation, so you'll be able to see.

As far as the cash equity market share is concerned, which is one market share which I track, we are yet to reach the double-digit market share. There are multiple reasons still pending. Some of the facilitation in terms of common contract note have happened.

But still we find quite a few clients of brokers who have completed their KYC who are permitted to trade in these segments, say equity of both BSE and NSE, they are yet to be permitted to trade in the BSE, which we are working with such brokers that there is such tendency to ensure that the clients are provided a fair and equitable field to participate in both NSE and BSE to the extent what they want to. So, this we feel should help us.

And also, still the best price execution is not happening at the scale at which we want it to happen. It takes time for probably market participants to imbibe along with various other things which have been eating away their attention till now, maybe we are yet to make full progress there. In the coming days, we feel that it will happen.

As far as some of the new listings are concerned, our expectations initially about the volume outcomes have not yet been fully met. And I'm sure over a period of time, if those scrips where we have some volume expectations also grow to those levels of our expectation our market share will increase.

Moderator:

Next question is from the line of Praveen Malik, an Individual Investor.

Praveen Malik:

Sir first of all, congratulations for a good set of numbers, sir. My question is that, sir, NSE is listed on BSE only. NSE is not going to list on its own platform. My question is that, the future and option of NSE, will it be traded on BSE or it can be traded on NSE also? How can we see NSE in F&O segment?

S. Ramamurthy:

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Thanks for your congratulations. I'm not sure whether I heard you properly because your voice was very smudged. I presume I heard the question as whether NSE will continue to be trading only in BSE or it will be permitted to trade on itself or it will be listed on itself is what I understood.

I'm not sure that is the basis of this question because multiple times, including SEBI Chair when they have stated that at this point of time, there is no regulatory framework available for either permitting a stock exchange to trade on itself or permitting it to list on itself. The question at this point of time does not appear to arise. If there is any regulatory change discussed or in the offing, the question will be making a lot of sense. At that time, we need to revisit this question. Thank you so much.

Praveen Malik:

Sir, my question is about F&O segment, sir. Not in cash segment, sir?

S. Ramamurthy:

You are talking about NSE being permitted in F&O segment of BSE. Got it

Praveen Malik:

Yes, sir, Correct, sir.

S. Ramamurthy:

Great. Thank you so much. Sorry for misunderstanding your question. As far as F&O segment is concerned, SEBI has laid down certain criteria in respect of stock to become eligible for trading in the derivative segment of any exchange. It includes multiple things, including MWPL, quarter sigma value, daily traded turnover and its market cap capitalization etc.

The goal of stock exchanges is to continually watch all the new scrips to check for their fulfilment of eligibility and on the fulfilling the eligibility introducing derivatives on them after taking necessary approvals. The same process will be diligently followed by BSE for all scrips that are newly listed and we will do the needful at the exact immediate time when they become eligible to trade.

Moderator:

Next question is from the line of Amit Chandra from HDFC Securities.

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Amit Chandra:

Thanks for the opportunity and sir, congratulations on a very strong set of operating performance and numbers. And sir, my first question is on the adjusted CAS rules, which is applicable in December. So as per the new CAS rules, the contracts which are expiring, especially on the expiry day, the settlement will be based on the VWAP like that.

So is it true to say that it actually gives the advantage for the contracts which are expiring on that day, especially if I see BSEs, on BSE expiry, which is Thursday, Sensex expiry, we have a 60%, 65% market share versus on the larger exchange expiry where they have a 90% market share. So is it fair to assume that maybe it can be an advantage for contracts which are expiring under the new rules? So that is my first question.

And the second question is as we have reached a steady state kind of a market share, both on the notional and the options side. So is it true to assume that maybe some of the pricing gaps that we have in the auction segment and especially on the colocation side, where on the intel and on the throttle charges, we are way lower versus the competition. So, is there any possibility of any possibility of rationalization there?

S. Ramamurthy:

Thank you so much for your congratulatory message, and thanks for participating and asking this question. As you pointed out, from December onwards in respect of derivatives expiry for the contract that is expiring on that date that is that Thursday applicable to us. The settlement price for those expiring contract will be the last half-hour VWAP, which is as per the process which we were following before the introduction of CAS. Will it be beneficial to BSE? Will it help in its volume growth?

Honestly, we have not been looking at it from those perspectives. There could be outcomes that come out of market behaviour and market interest and understanding of the product. What we were looking at it as was this.

The market was finding it very difficult to cope and adjust with the new CAS, which was finding its way in difficulties being expressed in derivatives trading, particularly on the expiry date with regard to the closure, the big amount of uncertainty in the last few minutes and creating, therefore, a lot of pain points for the market participants.

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The rule change, which SEBI has kindly considered after taking market participants' views into account is a very positive move. And therefore, in our opinion, it will help in the overall development of market, including equities and equity derivatives.

And BSE may stand to get benefited by the overall market participant market development like every other market exchange. As far as the charges are concerned, all said and done, BSE is still a nascent exchange as well as derivatives. It is just 3-plus years that we have fulfilled, completed in respect of derivatives market segment.

We are not ever following on market share. Our thought has always been in expanding the market. Our expansion spree in terms of adding more FPIs and more brokers have not stopped. And therefore, in that sense, we are still on a growth phase, and we are not in a mature phase according to ourselves.

So, does that mean we will cut our charges? Will we be relooking at it? Will we be revising it or not? These important questions that are being raised by you. Our stand has always been, we will do whatever the market participants find it as suitable.

We have our mechanism of ascertaining the customers' voice. And based on that at the appropriate time to appropriate level, we will increase the charges, including transaction charges and colocation charges, throttle charges, etc. All revisions will be subject to what market feedback is at appropriate level and appropriate time.

Moderator:

Next question is from the line of Prayesh Jain from Motilal Oswal Financial Services.

Prayesh Jain:

Congratulations on good numbers. Sir, firstly, on the monthly contracts and as well as the second week market share in terms of index options, what is the kind of market share that we have currently, while we've been trying to scale that up. So, what are the challenges that you're seeing of scaling up that piece of the business meaningfully? And how do you kind of solve for that? That would be my first question.

Second question would be on the co-location on the land parcel that you're looking at BKC for the colocation servers. Just if you can explain to us technically, how will that work? Generally, my

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presumption was the colocation facility has to be very close to the exchange. So how does that kind of work? Those are my two questions, sir.

S. Ramamurthy:

Thank you so much for participation and asking me this question. As far as monthly market share and second week market share is concerned other than expiry week market share, it has been steadily growing. The monthly market share volumes is around 2% - 3% for us.

And the other than expiry week volumes are going to 6% -7% on a regular basis. It was showing a very faster growing trend before two, three months and the structural changes that were brought into the market and the uncertain made people sit back and there was a lull.

And now that those issues are behind us, our efforts will continue in strengthening the monthly market share and also other than expiry week share. And we are very confident we'll be able to grow it further with the revised circumstances and global uncertainties appearing to settle down and various other positive developments that we are seeing in the market.

As far as BKC colocation, your question is concerned, what we need to clarify to you is we have just been intimated by MMRDA that we have been allotted a plot of land in BKC which we have to complete the formalities, get positions and plan as to what, how and when we will be building the infrastructure and grow market.

So, at this point of time, it is premature to say that BKC colocation what is this time. So that is still a bit of distance away because we have just got the allocation letter from MMRDA and new processes and procedures are work in progress actually. Thank you so much for asking me this question.

Moderator:

Next question is from the line of Niranjan Kumar from Avendus Spark.

Niranjan Kumar:

My first question is, what is the impact of RBI's bank guarantee norms on the overall volumes? Like what was the share of bank guarantees in the margins before they went live -- before the norms went live? And what is it today? And how do you think it will shape up going ahead?

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And my second question is, what is the count of co-location racks today? And where do you see the count maybe in a few quarters or a few years?

S. Ramamurthy:

Thank you so much for participation and asking this question. The impact of RBI stand-alone bank guarantee is not yet possible for us to assess. The reasons are as under. Along with the RBI bank guarantee rule change also came the STT rule change and also the CAS system, which is a structural change, which had its own sets of initial teething trouble. Apart from that, the global turmoil accentuation happened during this period. So it is very tough for us to say what is having impact on what.

If the question is simply whether the amount of bank guarantee has changed, what we need to take into consideration is that there were existing bank guarantees, which had unexpired life of them. And once that expiries have not happened, we will not be able to know whether there has been a substantial reduction in the bank guarantee.

At this point of time, many of those bank guarantees valid for 2 years, 1 year, 1.5 years, etc. So, to isolate the impact of RBI bank guarantee rule change into either the collateral available or the volumes. At this point of time, it's not being made possible.

Count of co-location racks. We have around 500 racks at this point of time in our data center. It all has been allocated. It is very difficult in periods of uncertainties like this with a lot of global issues to clearly predict what will be the exact requirement, notwithstanding that, as a matter of abundant precaution, also for creating some buffer, we are in the process of constructing another 170 to 190 racks within the existing building.

So, depending upon the demand picking up, we will expedite the construction or use it for our current requirements and then release it later, whichever way it is, we are in the process of creating a buffer of around 175 to 190 racks. So, at this point of time, comfortably with 500 racks, we are very well placed with regard to the allocation. Thank you so much for asking these questions.

Moderator:

Next question is from the line of Uday Polishetti from Dalmus Capital Management.

Uday Polishetti:

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My question is specific to the equity derivatives segment. We have seen approximately like 50% Y-o-Y growth in average daily premium turnover. Like I want to understand what are the key drivers behind this, specifically in terms of any contract features like lot sizes or strike intervals or any particular product features that have been very interested to the customers?

S. Ramamurthy:

Thank you so much for participating in the call and congratulating me. Basically, you're asking what are the drivers behind the swift and fast growth of Sensex derivatives?

Uday Polishetti:

Yes.

S. Ramamurthy:

So, our understanding is this from 2000 onwards, equity derivatives have been present in India. BSE tried a lot, and it did not succeed till May 2023, when we started this product. The product was started after taking a obvious and significant voice of customer from more than 350 brokers across the country.

Basically, they wanted Sensex 30 derivatives, which has not been developed by BSE for a long time and BSE was at that point of time before this introduction, betting on Sensex 50 derivatives, which was more a copy type product than its original Sensex 30, which is well understood, well appreciated and well tracked index.

So the moment the market got the product that they wanted and given the base of Sensex, given the movement profile of Sensex, given the noise levels, reduced noise levels in Sensex because of very oriented and good securities that are comprising that, it became an instant success.

And subsequent to that, the international and global requirement of having another exchange with reduction in concentration risk, all coupled together have been the driver for this product and the success that we are seeing in respect of this product.

That is our limited understanding. It is more a catch-up growth that we are doing what we could not grow in so many decades of the past with the right product and the right mixture of delivery of the product, we are able to capture on the catch-up growth and we are growing. Thank you so much for asking me this question.

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Moderator:

Next question is from the line of Devesh Agarwal from IIFL Capital.

Devesh Agarwal:

Congratulations on good set of numbers. My first question is on the technology cost. After we have seen there is a sequential decline in cost, although marginal. Also, we see that your capex in this year first half has been half of what it was last year. Are we kind of seeing a significant technology-led capex already behind us?

And to that extent, incrementally, can this cost come down for us? That is the first question. And secondly, even on SGF, we have seen a decline on a sequential basis. Is there any change in the SGF computation?

S. Ramamurthy:

I will answer the second question first and then leave the first question to my CFO, who is sitting next to me. First of all, thanks for attending the call and asking this question and congratulating. As far as SGF is concerned, there has been no structural change in competition methodology or anything.

As you would recall, what we started doing was we started providing for the SGF over the entire period of this one year instead of waiting for sudden jerks of volumes going up or the SGF number going up, creating a lot of trouble. Because of the calibrated approach towards providing for SGFs, the SGF, the impact of SGF in any single quarter or any sudden spikes have come down. That is why you're finding it as smoother and easier.

As far as the capex and particularly technology expenditure, which you raised, I ask Mr. Deepak Goel, CFO to answer.

Deepak Goel:

Devesh-ji, thank you for this question. If you are referring to the technology expenses, which are taken in P&L, there is no reduction. As such, there may be temporary change on quarter-to-quarter basis. But as such, it's not going to slow down.

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As far as capex is concerned, in quarter 1 and quarter 2, there are some commitments which have been made, but actually cash flow might not have happened. Therefore, probably you are referring to cash flow statement where cash outflow on capex is comparatively low compared to first half of previous year.

But there are plans, and we are in the process of upgrading various systems. So as such, there is no plan of slowing down the capex, spending on capex. So, by end of the year, probably you'll get to see the full picture.

Moderator:

Next question is from the line of Vinod Mokashi, an Individual Investor.

Vinod Mokashi:

First of all, congratulations to the management and the team for the quarter results. I have the question regarding the risk. What is the biggest risk to the company's growth and profitability over the next 12 months? And the second question is about the margin. What is the sustainable EBITDA margin the company can achieve over the next one to two years?

S. Ramamurthy:

Thank you so much for asking this question. Risk is a very, very important element, which one should be worried about. Risk by definition, as you would appreciate, is something which is uncertain and unpredictable.

So while broad areas of risk, which can impact business can be talked about. Exactly what will happen and when will it happen is difficult to say. Nowadays, everyone is deeply afraid of one thing cyber risk. It is omnipresent -- it exists everywhere, at all times, and can manifest in various forms to impact anyone. So that is the faster risk which is always worrying for people like us, which are infrastructure institution and therefore, we always try to remain vigilant. That is first risk.

And I will not say that is the only risk though you ask only for one risk. There are multiple other risks which we are able to see. The global turmoil and global uncertainties, the supply chain changes arising out of it, increase in the cost of living that may arise out of the supply chain increase and because of this decrease in disposable income and because of this the potential to invest coming down and savings

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coming down, these are all things which cannot be undermined because the extent and longevity of the global turmoil could clearly create havoc.

The third is flight to safety thought process that happens typically when there is too much of global uncertainty, leaving emerging markets like India with depleting capital and increasing outflow could be another major risk. These are risks, as you would really appreciate, are not within the hands of the management.

And therefore, we will find it very difficult to control them. At least cyber risk, we can try and see how best we can control global turmoil, supply chain risk and because of this the potential decrease in propensity to consume, propensity to save and invest are all situations which are beyond our control.

Is, the second question? Thank you so much for asking. You were asking about the EBITDA margin. Currently having our EBITDA margin of 67%, 68%, and we have been sustaining it for quite some time. I'm not able to see any reason why we will not sustain this margin because if you look at it, our cost controls and our disciplines have been extremely very high.

And main cost for us typically comes from the regulatory fee and the clearing and settlement fee over which we will not have control because it's a variable fee. With increase in volumes, it will go up. But always the increase in revenue as compared to the increase in expenditure arising out of that will be more.

Therefore, the EBITDA margin at 65%, 70% what we are looking at today appears to be sustainable unless and until the various risks which you asked for, God forbid if any of them were to materialize and the position were to change. I hope I answered this question and thank you so much.

Moderator:

Next question is from the line of S. Ramani, an Individual Investor.

S. Ramani:

Two questions. One is MSCI index derivatives. Has any application been made to SEBI? And if so, what's the position? Second question, presently, the transaction charges of BSE on futures is almost nil. Is there any proposal to increase the charges? There is good scope for that, especially because in due course, NSE itself will be trading on BSE platform in single stock derivatives and also in regular futures.

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S. Ramamurthy:

Thank you so much. As far as MSCI is concerned, yes, indeed, we have submitted applications to the regulators. We are waiting for the final outcome. Once it is there, we will roll out a plan of implementation, and we will be reverting back to the market.

As far as the charges are concerned, you made a right point, you gave us an example, future charges. In other areas, as well BSE is charging lower than the other participants in the market in equity derivatives.

Certainly, as we said, we are still a growing exchange. So, we will be looking at our charges, and we will change it appropriately at the appropriate time after considering the market feedback, which we will be taking in this regard. Plus, three years before, we had no derivatives market at all at BSE. Today, in three years, we have grown. So, the growth has been swift.

So, there are areas where we are yet to charge the levels what the market can at this point of time take. So, we will work on it and we will revert that. Thank you so much.

Moderator:

Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for the closing comments.

Anand Sethuraman:

Thank you so much, everyone, for joining the call today. If you have any further questions, please feel free to reach out to us at bse.ir@bseindia.com. Thank you, and happy Diwali

Moderator:

Thank you so much, sir. On behalf of BSE Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

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