



**August 13, 2024**

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 August 7, 2024**

Dear Sir/ Madam,

With reference to our letter dated August 1, 2024, intimating you about the conference call with Analysts/Investors held on August 7, 2024, 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](http://www.bseindia.com)

This is for your information & record.

Thanking you,

Yours faithfully,

**For BSE Limited**

**Vishal Bhat**  
**Company Secretary and Compliance Officer**  
Encl: a/a



**BSE LIMITED**  
**Q1 FY25 Earnings Conference Call**



*August 7, 2024*

*BSE LIMITED*

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

**Moderator:**

Ladies and gentlemen, good day, and welcome to BSE Limited Q1 FY '25 Investor Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participants' lines 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 on your touch-tone phone. Please note that this conference is being recorded.

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

**Anand Sethuraman:**

Thank you so much, Sagar. This is Anand from Investor Relations ,welcome you all to the BSE's Earnings Call to discuss Q1 FY 2025 performance. Joining us on this call is BSE's leadership team consisting of Mr. Sundararaman Ramamurthy, Managing Director and CEO; Mr. Deepak Goel, Chief Financial Officer; Mr. Sameer Patil, Chief Business Officer; Ms. Kamala K., Chief Regulatory Officer; Mr. Subhash Kelkar, Chief Information Officer; and Mr. Khushro Bulsara, Chief Risk Officer. Also present here are the senior members of our Business, Finance and Investor Relations team.

Do note that this conference is being recorded and the transcript of this call along with the earnings release and presentation can be found in the investor relations section of BSE India website.

Before we get started, I once again remind you that all our remarks today will include forward-looking statements. Any actual results may differ materially from those contemplated by these forward-looking statements. And any forward-looking statements that we make today on this call are based on assumptions and BSE assumes no obligation to update these statements as a result of new information or future events.

With this, I will now request Mr. Sundararaman Ramamurthy, Managing Director and CEO, to give a brief overview of the company's financial and business performance for Q1 FY 2025.

**Sundararaman R.:**

Thanks, Anand. Good evening, everybody, and a warm welcome to all of our esteemed stakeholders for joining the call today. Before we delve into the numbers, I would like to take a moment to acknowledge the dynamic economic environment in which we operate. The first quarter of FY '25 has been a period of significant transformation for the Indian economy and the financial markets. The election results and the union budget has laid out a clear road map for sustained the growth and development on the 9 key priority areas, the focus on capital expenditure, infrastructure and digital transformation.

This bodes well for the growth of Indian economy and poised to create ample opportunities for all, including the Indian capital markets. In this backdrop, the Indian capital markets has been witnessing robust activity underpinned by active participation from all class of investors. The combined market capitalization of all listed stocks on BSE crossed INR 450 lakh crores, the benchmark Sensex crossing the milestone of 80,000 points for the first time ever.

When I joined BSE, registered investors based on Unique Client Code UCC, stood at INR 12.1 crores, which has increased to INR 18.4 crores as on date, a growth of 51%. This is a testament to the growing confidence and interest in the capital markets and it is our responsibility to help them navigate the financial landscape.

As highlighted in our previous earnings call as well, we remain steadfast in our commitment to fortify the Indian capital markets ecosystem through initiatives via our investor protection fund. Coming back to the updates pertaining to the exchange. I'm happy to share that BSE recorded its highest ever quarterly revenues with a record revenue of INR 674.4 crores on a consolidated basis, up 149% as compared to corresponding quarter previous year.

I will now share some of the key financial numbers on a consolidated basis for the quarter ended June 30, 2024, as compared to the corresponding quarter previous year. The growth in revenues is led by strong performance in transaction-related income, treasury income from clearing and settlement services and investment-related income.

Similarly, BSE's operational revenues have grown by 182% to INR 607.7 crores from INR 215.6 crores. The net profit attributable to shareholders as the company stands at INR 265 crores, up from INR 75.1 crores, excluding CDSL Stake Sale, a growth of 253%. The operating EBITDA for Q1

FY '25 stands at INR 283.9 crores from INR 70.1 crores with operating EBITDA margin expanding to 47% from 33% earlier.

The clearing and settlement operational revenues increased by 40% to INR 33.8 crores from INR 24.1 crores. Treasury income from clearing and settlement funds has increased by 179% to INR 62 crores from INR 22.2 crores. Other operating revenues which includes data dissemination fees, training income, software income has increased by 9% to INR 23.2 crores from INR 21.5 crores. Investment income increased by 43% to INR 62.9 crores from INR 44 crores.

We have finished the first quarter strongly with every business line contributing to revenue growth. This reflects the strength of our proposition, the improvements we have made to our products and the depth of our relationships with our customers.

I would now like to share updates pertaining to business or specific numbers pertaining to turnover, kindly referred to the BSE website and the investor presentation. Let me start by covering our primary market segment. BSE platforms continue to remind the preferred choice by Indian companies to raise capital by enabling issuers to raise INR 7.7 lakh crores by means of equity, debt, bonds, commercial papers, et cetera.

Moving on to our Trading segment:

BSE's average daily turnover in the cash segment for Q1 FY 2025 stands at INR 9,006 crores as compared to INR 4,025 crores in the same quarter last year on account of a buoyant market, as mentioned earlier. It also gives me great pleasure to inform you that Sensex derivatives continues to grow and broke its record on 26 July 2024, at more than 54 crores contracts traded representing a notional turnover of INR 432 lakh crores and the premium turnover of INR 24,929 crores. The Bankex contracts have also generated significant interest since its expiry date changed to Monday from October 16, 2023, by creating a new record on 29th July 2024, with 25.9 crores contract traded representing a notional turnover of INR 230 lakh crores and a premium turnover of INR 20,269 crores. Since relaunch, more than 430 members have traded the BSE derivatives representing around 47 lakh active clients.

BSE forayed into single stock derivatives space with effect from 1st July 2024, with a mid-month expiry for the second Thursday of the month. So far, 155 members have participated in single stock futures and 35 single stock options. The total turnover for the month was INR 316 crores in futures and INR 35 crores in options. The performance so far has exceeded our expectations. The performance of our has exceeded our expectations.

I would like to delve a bit deeper into the evolving regulatory landscape of the Indian derivatives market. The associated growth in retail participation and dynamism in this segment. SEBI has recently issued several circulars and consultation papers, encompassing various concerns in the derivatives market and the broader securities landscape. These include strengthening index derivatives framework for increased investor participation, protection and market stability, treatment of interest income by Clearing Corporation on cash collaterals received from clearing members and upstream the client funds, charges levied by market, infrastructure institutions, et cetera.

I do not wish to go into specific details since they are all readily available. While some of the proposed measures may potentially impact the derivatives volumes, we are currently in a phase of careful evaluation and analysis of these consultation papers and circulars. These consultation papers offer valuable opportunities for industry feedback, and we are actively engaging in the process to ensure that the evolving regulatory framework supports market development and deepening liquidity. The revision of transaction charges for BSE Derivatives segment significantly contributed our financial performance this quarter.

BSE is also in the process of redesigning the existing charge structure which will be uniform for all the members in the equity derivatives segment to confirm the SEBI circular stating the market infrastructure institutions have to be “true to label” and the new charge structure should give due consideration to the existing per unit charges realized. The announcement for the new charges will be made separately.

Moving on to our mutual fund distribution segment. BSE StAR MF delivered yet another year of record revenues and performance, up 101% year-on-year to reach INR 48 crores. The total number of transactions processed by BSE StAR MF grew by 72% to reach 14.1 crores transactions in Q1 FY '25 from 8.3 crores in the corresponding quarter previous year. On an average, the platform processed 4.7 crores transactions per month in Q1 FY '25 as compared to 2.75 crores in Q1 FY '24. The platform also processed a new high of 5.27 crores transactions in July 2024.

Given the growth, we are going to continue investing in StAR MF and improve it in terms of scalability, functionality, order processing and introduce a new platform called StAR MF 2.0 this quarter.

Moving on to our subsidiary business now. I would like to update that we have completed the acquisition of S&P Dow Jones Indices entire equity stake in Asia Index Private Limited making AIPL, our wholly owned subsidiary company. AIPL is committed to improving and expanding its

product offerings by working closely to the financial market ecosystem and other relevant stakeholders. The company announced its first index called Sensex Next 30, which monitors the performance of the largest companies from the BSE 100 that are not included in Sensex.

The index is expected to act as a benchmark for asset managers and be a reference index tracked by passive funds. The index launch also aligns the BSE's vision to provide innovative indices in line with the market trends and will be an important area of focus in the coming years given the growth of passive investment in India. The BSE group directly or by our subsidiaries also has its presence in other related business, including India International Exchange, that is India INX, BSE's exchange at GIFT City, BSE Ebix, the Hindustan Power Exchange (HPX), BSE E-Agricultural markets (BEAM), spot platform for trading in commodities and BSE Administration Services Limited (BASL).

BSE is committed to these new areas and is constantly working with partners for the growth of these businesses. As we move forward, we see that there is a significant opportunity to continue to expand and evolve these businesses.

In summary, we have started the new financial year well, and our high pace of innovation continues. We are revamping of pricing model and adding newer participants to widen and deepen the liquidity profile in exchange-traded derivatives segment. In our index company, we are seeing strong demand for new products. BSE StAR MF had an outstanding first quarter growing share in a strong marketplace. We are making significant enhancements to BSE StAR MF and the revamped version 2.0 is approaching launch. We are also delivering efficiency improvements with underlying profitability margins improving year-on-year despite ongoing technology investments to support growth in our business.

Before I end my speech. I assure all of our stakeholders that BSE remains steadfast in its commitment to emerge as a vibrant and innovative platform for all stakeholders.

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

**Anand Sethuraman:**

Thank you so much, sir, for this update. We can now open the conference for question-and-answer session. Thank you.

**Moderator:**

Our first question is from the line of Pranav Takkar, who's an Individual Investor.

**Pranav Takkar:**

And congratulations for a great set of results. Finally, it's a big relief for shareholders because since last 2 quarters, we are getting surprises, first in terms of SGF and then SEBI order on notional turnover. Sir, my first question is that if you can bifurcate the equity derivative revenue because up to INR 3 crores, we are subsidizing it to INR 500. And after that, the next slab is INR 4,950, which is almost 10x. And I believe that from first October, pursuant to the SEBI order, this will go to 10x, and I believe that it will straightaway at the bottom line.

So, if you can give some colour on what is the subsidized revenue and also if we have worked out what will be the exchange fee per crores from first October?

**Sundararaman R.:**

Pranav ji, thank you, first of all, for listening to us and showing interest with us and asking this question. This question is talking about the telescopic charges, which are currently levied on a slab system basis, with people doing more turnover, paying lesser charges and people with very low turnover, getting some benefits and above that, people based on turnover paying higher fees or royalty.

So if you may recall, recently, the regulators have issued a circular where they have directed the exchanges to compute the charges based on what is the charge per unit realized. We have started charging on a full-scale basis very recently. That is May 15, 2024. Therefore, we are not in a position to ascertain exactly what will be the blended rate for us and what would be the realized rate because the SEBI dictate us, it should be per unit charges what is realized currently that's what should be the starting point for the charge to be levied by the exchange.

Since it is just to me, and we are stabilizing. As you know, there are 2 important costs for us. One is the clearing and settlement costs; and second is the regulatory fee. While that will not affect the gross value, the gross value will be dependent on what is the premium for traded contract, and the premium per traded contract has been fluctuating a lot in the recent times. So maybe it will require a few more weeks or at least 1 more month for us to properly ascertain what is the realized revenue per unit.



But what we've seen is that, given the trading pattern that we have seen, we do not find it to be closer to the bottom compared to the top, that much it is becoming evident where exactly the needle will stop. We need to see a few more weeks of data before we can come out with a clear number.

**Pranav Takkar:**

The intention of asking this question was mainly because I'm also a trader. What exactly I am doing is up to INR 3 crores of turnover, I do it in one account and another INR 3 crores in another account. So as an individual, if I see the monthly benefit by trading in BSE compared to NSE is INR 13,000. So INR 4,500 up to INR 3 crores, INR 500...

**Sundararaman R.:**

That is for members, not for investors.

**Pranav Takkar:**

Total revenue. If you have that number readily available that what is -- under INR 500 premium what we are charging?

**Sundararaman R.:**

So under -- probably I'm not understanding your question. So what is the question? What is the last statement you made? What do you want me to check?

**Pranav Takkar:**

Sir, there is INR 110.6 crores is the total revenue from equity derivatives for the month. How much belongs to the first slab up to INR 3 crores, INR 500?

**Sundararaman R.:**

No, we do not distribute the income that way at which slab what it covers because, yes, that will not be possible because picking of the slab where it belongs to. My clearing and settlement charges are going to be distributed uniformly. So that is not the distribution that we have. That is point number one.

The second point is, the changes that we make are not with individual investors bearing in mind. It is with the individual members. And what was happening earlier was different members were

adding different charges because they were in different slabs. Going forward, it will be a uniform slab across all members. So how much you want to -- what you want to know is how much your charges may go up if you're in the lower most point of INR 500. How much would it like it may go up is what you are planning to see.

But unfortunately, we are not able to look at it from that perspective. We look at it from the members' perspective, what is the top slab and bottom slab, what is the average revenue that we get. So that would require a few weeks for us for reasons explained by me to come out with a proper number.

**Pranav Takkar:**

Right, sir. Understood. And sir, I'm very delighted to see that we are coming with a second week expiry because based on whatever experience I have, it will absolutely increase the demand and transactions into the exchange and traders would be more interested in having the Theta value for the first 15 days.

But sir, it is observed that broking firms are not allowing it to operate. I also tweeted, but there is no response. So if you can share when it is available on larger platforms like Zerodha, Angel booking and Upstox?

**Sundararaman R.:**

See on behalf of brokers, it will be very difficult for me to give a commitment of date. Certainly, what we will do is we will be engaging with all the brokers. Because of the public demand, they should start making it available ASAP. We will engage with all of our brokers.

**Pranav Takkar :**

And sir, final one suggestion from my side, it's Bombay Stock Exchange. Can we change the name to Bharat Stock Exchange, please. It will give national footing as well.

**Sundararaman R.:**

We note your suggestions. Thanks for it. We will deliberate on it, and we'll see how best we can look into it. Thank you.

**Moderator:**

The next question is from the line of Devesh Agarwal from IIFL Securities.

**Devesh Agarwal:**

Firstly, many congratulations on a great set of numbers. Sir, my first question would be, although you touched upon the recent consultation paper, but if you could share your initial thought as to what could be the possible impact on the industry volumes. And relatively, how it can impact BSE? Can there be some safeguard in terms of market share gains and the impact could be relatively lower for BSE? Any thoughts around that?

**Sundararaman R. :**

Sure. May I request you to put it on mute because there is some background noise. Thank you. So as you know, SEBI has constituted the expert working group on the topic, which you mentioned about derivatives, which confabulated and gave their thoughts to the regulators which was discussed in committee called Secondary Markets Advisory Committee and the public consultation paper has been published by SEBI, requesting for views from the market till August 20, 2024.

Regulatory process in India are co-created with active consultation from the market participants. And the outcome of any regulatory discussion is based on and have a large bearing on what the market suggestions are to that paper. So at this point of time, the jury is not yet out. So it's not as to what is the direction the public consultation paper will ultimately take in formulation of regulation.

Having said that, every emerging regulatory and business environment is new, and therefore, the regulatory changes when they impact existing paradigm invokes a sense of concern at times. But what we need to notice, they also provide newer opportunities. BSE, since it is at its nascent stages of development of this market, I'm sure we'll find it comparatively easier to adapt to the emerging paradigms and strategize and grow stronger.

As you would have noticed, BSE in the last 18 months has faced multiple headwinds and it has emerged stronger. What I can tell you is that we reiterate that BSE remains steadfast in its commitment to emerge as a vibrant and innovative platform. And we see while we will wait and watch as to see what emerges, we will be re-strategizing ourselves to whatever it emerges, adapt ourselves, continue our path of growth journey, the same amount of my vibrant that we have been displaying all along. We are very confident about it.

**Devesh Agarwal:**

Okay, sir. Sir, the second consultation paper, which talked about returning the interest income on the margin money. If we were to believe that, that paper were to be implemented as is, could you share what could be the possible impact for BSE?

**Sundararaman R.:**

So basically, as you're talking about the margin money return on ICCL. I think I can tell you what is the total treasury income. It is around INR 62 crores. What portion of it will be coming from the clearing and settlement fund I need to see. Let me check whether I have this number...

**Deepak Goel:**

INR 62 crores.

**Sundararaman R.:**

The total number is INR 62 crores, which is coming out of the treasury income of ICCL. That is the number I can say.

**Devesh Agarwal:**

Can we say that this entire number could be under, what you say, discussion in terms of whether this has to be returned?

**Sundararaman R.:**

No, I don't think so. My CFO will reply to this.

**Deepak Goel:**

So Devesh, as the MD explained earlier, this is also under consultation. And it's still not -- jury is still not out. So once exact regulation comes out, we'll be able to exactly assess the impact and possibly can come out with number. But at this point in time, it is very difficult, how much impact it will going to have.

**Devesh Agarwal:**

Sure, sir, sure. And 1 last question, sir, from my side. In terms of your equity options segment, if you could share what was the quantum of clearing and settlement cost and the regulatory cost, either in terms of absolute number or in rupees per crores, based on premium turnover.

**Sundararaman R.:**

See around INR 1,200 crores to INR 1,300 per crores, INR 1,200 crores is the regulatory charge. That is very clear. INR 1,300 to INR 1,200 is the clearing and settlement charges that we pay.

**Anand Sethuraman:**

Devesh, see, we have given our regulatory expenses in our presentation. So if you're simple division of our regulatory expenses to the premium turnover will give you the figure.

**Devesh Agarwal:**

That will be largely for the equity option segment.

**Anand Sethuraman:**

Yes.

**Devesh Agarwal:**

And clearing and settlement also, is it the similar thing?

**Anand Sethuraman:**

Yes. So we have given the clearing and settlement also in our presentation. So a simple division will give you the numbers as well.

**Devesh Agarwal:**

Perfect. Perfect.

**Moderator:**

The next question is from the line of Prayesh Jain from Motilal Oswal.

**Prayesh Jain:**

Congratulations. Sir, firstly, on the fee that I still put the transaction part...

**Sundararaman R.:**

Sorry, sorry for interruption. Can you keep your mouth slightly away from the speaker and talk, it is echoing so I'm not able to hear you.

**Prayesh Jain:**

Is this better, sir?

**Sundararaman R.:**

Slightly better.

**Prayesh Jain:**

Okay. So what I was asking was with respect to the transaction charges that we have to decide on, would we also -- and if by that time, the verdict is out on the clearing and settlement treasury income is -- so would you also consider that while deciding on a transaction charge or these 2 are separating altogether and you will have to take the hit of clearing and settlement treasury income per se.

**Sundararaman R.:**

So 2 points need to be clarified. First of all, they 2 are separate. And by finding the average revenue, that is not the blended rate, actually, you're not taking any hit. What you are doing is whatever you are getting as of now, that instead of being different, different slabs, we are making a uniform slab. Therefore, that uniform rate does not in any way create a new room for any hit.

The existing charges continue and there separate. They do not go and impact the arriving that of the realized revenue per unit. So that is different and they do not impact. And there's no negative thing coming on because of averaging result across members. I hope you understand this.

**Prayesh Jain:**

Yes. Sir, my question was, if I look at the consolidated entity today, right? We have, why did we not have hit transaction revenues because we will come down to a unit cost, which will be similar to positive realized rate that we would be earning today. That -- but when the -- if the clearing and settlement treasury income interest cost goes away, that -- in any form that will be a hit to the exchange from a revenue and profitability perspective. Will you consider that also while deciding on a charge? Or will it be completely separate, and you will have to get that hit?

**Sundararaman R.:**

So, no, that's exactly what I thought I clarified. Treasure income and clearing and settlement fund is an income of ICCL. And on consolidation, I'm showing it as a revenue. So that's a very separate thing. And if you're talking about clearing and settlement charges and regulatory charges paid on the revenue earned by the exchange, the Clearing Corporation and this regulator, even that will not impact in arriving at a realized revenue per unit. Of course realized revenues top line, and these are expenses part.

Since the realized revenue is nothing but averaging out across what we are earning already, it is not any way further going to be impacted by the existing clearing and settlement charges or by the regulatory charges. And as explained before, treasury income on clearing and settlement funds, I have nothing to know with this and it is part of ICCL. And only because of consolidation, you are seeing it along with BSE.

**Prayesh Jain:**

Got that sir, got that. The second question is again on clearing and settlement charges that we...

**Sundararaman R.:**

I would really like to say that people could restrict it to 2 questions and stand again queue, it will be helpful.

**Moderator:**

The next question is from the line of Nalin Shah from NVS Brokerage.

**Nalin V. Shah:**

Sir, let me congratulate the BSE team led by yourself, MD, and for producing such wonderful results. And we are really delighted to see the complete change in the BSE. As you said, vibrant BSE, it is really vibrant BSE now. So that is my first comment.

I wanted to, sir, overall only ask you 1 question, that if I take my Q1, your performance compared to the Q1 of the last year, excluding the extraordinary income of that CDSL profits. Can we -- in the terms of -- while computing our equity, this thing value, can we say that this is the similar performance, as you know, it was in the last year, first quarter versus total 4 quarters, we can -- I

mean, simulate that in the same manner? Or do you feel that there could be a lot of fluctuations in the quarterly performance?

**Sundararaman R.:**

Thank you, first of all, for your congratulations. And let me confess to you my shortcoming in not being capable of forecasting future and not being able to advising you in any fashion whatsoever. From Q1 to Q4 last year, what you saw, whether you can use that as a yardstick to project you into Q4 this year. Unfortunately, my capabilities and knowledge do not lie in that area, I'm not able to help you there. I am -- my apologies on that.

**Nalin V. Shah:**

And my second question was only the StAR Mutual Fund, looking to the number of transactions and the acquired quantum, which we are handling. Do you think that, I mean, we can -- I mean better and more from that, if we were to charge some very negligible even charge to the investors also that could be -- or per transaction basis, which could really enhance our income and profitability from the StAR mutual fund platform?

**Sundararaman R.:**

Thank you for this suggestion. It's a good idea from income earning perspective. We will have to analyse it and look at it and study it carefully. There are multiple objectives when you start a service for the market. One objective is, of course, taking care of shareholders' value. And the second object is serving the broader market; and three, helping investors in the capital creation of the country through their participation into the markets. So there are multiple objectives. Every suggestion will therefore have its pros and cons across many of them. We will certainly take your suggestion on board, analyse it thoroughly and also consult our other stakeholders, and we will take a meaningful decision.

**Moderator:**

The next question is from the line of Deepak Ajmera from IGE India Family Office.

**Deepak Ajmera:**

Congratulations on the wonderful result. On the consultation paper, I would like to seek your guidance to understand it more better. One is on the weekly expiry. There is a point that only 1



exchange can have 1 weekly expiry. And in case NSE opt for Nifty, we will be opting for Bankex or Sensex that will decide the revenue stream. So if you can guide it.

**Sundararaman R.:**

Thanks for this question. Honestly, at this stage, it's a slightly presumptuous question because there is a good amount of distance to be covered in terms of what is going to be ultimately in black and white from a SEBI circular post, the co-created version of regulatory decision.

Having said that, BSE will always go by what the market participants want from it. Our decision on what index and what way to go will depend upon what is the meaning of the word benchmark index as understood from SEBI and also what the market participants require us to do. We will factor both. That is what SEBI means by benchmark index and also what the market participants want. And post the public consultation when things come out, in the light of that, these guidance for us from the regulator and from the market, we will take a decision which will help the marketplace to become more and more vibrant.

**Deepak Ajmera:**

Second part was on the concern that we started generating good derivative income. And then in less than a year there is a circular from -- or the consultation paper from SEBI. And in case the derivative income reduces significantly because of elimination of 1 weekly expiry, what all levers we have in order to maintain the profitability.

**Sundararaman R.:**

Is it a question or a comment?

**Deepak Ajmera:**

Yes. I would like to have your views on what all levers, in case we have to maintain the profitability and more from your view, whether we would like to maintain the profitability by increasing these charges, et cetera.

**Sundararaman R.:**

Deepak ji, actually, this question was asked by 2, 3 speakers before the questioners before along this question was asked. And I gave a sort of a very detailed reply. So in the interest of time, I'll give a very summarized reply for you.

I was telling that emerging regulatory and business environments are realities. Things keep on going changing. And when they change, they actually also throw new opportunities. So from a -- shift from a weekly to monthly, I'll give you just 1 example and leave everything else to your imagination.

While one school of thought may think that the number of transactions and contracts may come down, the other school will say the premium traded will be very high. So the regulatory charge and clearing charge will come down, whereas the revenues will go up because the revenues are based on premium, whereas the charges are based on number of contracts traded. So there are multiple ways of looking at the same thing. One may know that is from one perspective. The same thing may look very bright from other perspectives.

So presumptuously, at this point of time to say this is good or bad, it's not possible. What certainly we will have to do is, every emerging regulatory requirement because it throws newer opportunities. With a very open mind, we should see all possibilities with lot of fire in that we should strategize ourselves with our full energy, to ensure we provide a vibrant platform from BSE, which I promised you a few minutes before, we are steadfast, and we will continue with our commitments there. You have to wait and watch a bit now.

**Moderator:**

The next question is from the line of Dhaval Parekh from IIFL.

**Dhaval Parekh:**

Sir, I have 2 questions. Firstly, on the StAR MF business, sir, the yields -- the average yields that we have seen over the last 2 quarters has improved to INR 3.4 per transaction compared to INR 3 earlier. So is there any material change in the commercials here? Or is it something else to do? And is this run rate sustainable going ahead?

And also on my second question, on the segment-wise revenue that you have provided in the presentation, we see that the other security services has grown sharply on a sequential and annual basis to around INR 61 crores in this quarter. So can you please elaborate what all services are clubbed into this? And how do we look forward to this? These are my 2 questions, sir.

**Sundararaman R.:**

On the first point, Certainly, we have improved the efficiency in processing because of which our costs have come down, therefore, the revenues have gone up. On the other security-related charges, I need to look into the details, and we will revert back once we get the details from it. I don't have it readily in front of me now.

**Moderator:**

The next question is from the line of Vikash Chovatia, who's an Individual Investor.

**Vikash Chovatia:**

Respected Ramamurthy, sir, it's been a pleasure reading the fabulous results presented by BSE and feeding myself enough fortunate to be a BSE shareholder. First my question is -- first question is regarding this BSE has contributed SGF before 2 quarters. Since currency volume was down to almost zero, do you see reversal in SGF going forward? This is my first question.

And secondly, if the 1 weekly expiry by each exchange is implemented, do we see BSE and NSE going forward for an equal market share? This is my second question, sir.

**Sundararaman R.:**

On the first one with regard to SGF of currency segment, the computation, retention and reversal of settlement guarantee funds are governed by regulatory stipulations issued from time to time. The fact that the regulatory -- the earlier regulatory clarification has resulted in not being any volumes in currency segment, and therefore, the need for the settlement guarantee fund coming down is well known and highly appreciated. But to take back that money and reuse it elsewhere as part of settlement guarantee fund would require regulatory discussions. And based on that outcome, the needful will be done.

With regard to the single contract which you talked about, already, if you could please see the last 2 questions, we have very detailed way explained since it is just few minutes before the sand is not seen, the sand is not different. The sand is same.

**Moderator:**

The next question is from the line of Amit Chandra from HDFC Securities.

**Sundararaman R.:**

Before Amit Chandra could proceed, one of the previous people who questioned us other services included what. I just was looking at the fee. It includes mainly the data fee -- the data dissemination fee, which we charge. As you know, the basic data, which we give to investors is always free of cost. And basic data we provide to the members is also free of cost. So where the charges that we make from selling enhanced data is included there, which is one of the main components.

Apart from that, we also collect book building fee, as you know, that the book building fee is not a transaction fee that also gets there. And whatever small ones we today collect from colocation as a rent that also goes there. My apologies, I was not able to reply when the question was asked. But fortunately, we were able to browse through it and I was able to take it out, and this is the answer for the earlier question.

Sorry Amit, I have taken a time, please proceed with your question.

**Amit Chandra:**

No problem, sir. Sir, my question is on the SGF part. So, you mentioned about the SGF thing. But the regulator has asked the other exchange to increase the F&O SGF contribution to INR 10,500 crores, which is around 30% to 35% higher than where they are currently. And in terms of our contribution, to F&O segment is only around INR 100 crores. So, do we see this that the SGF contribution on the F&O for BSE is also going to increase, or we have a target set by the regulator as it has been done for the other exchange? This is my first question, sir.

**Sundararaman R.:**

I would like to clarify to you that we do not, at this point of time, have any regulatory targets stipulated to us in terms of SGF requirement, from F&O. That is a first clarification. We are fully aware of the fact that regulators are looking into the sufficiency and adequacy of settlement guarantee fund considering various scenarios. And the regulators will always come out with a very reasonable co-created decision on what should be the settlement guarantee fund size based on risk analysis on very objective grounds.

So once they come out, it may positively or negatively impact. But what also has some other speaker earlier talked, there is a good amount of surplus lying with BSE in terms of currency segments -- contribution we made to currency segment for SGF.

So in totality, all has to be looked at. That is the reply from my side.

**Amit Chandra:**

Okay. And sir, on the reversal of the interest component on the interest on the Clearing Corporation. I know have we have – we had actually discussed on this. But one clarification more from a fundamental understanding perspective, is it the whole interest that we get from the member deposit or from the clearing funds has to be reversed or only is the interest that is on the idle funds that has to be reversed because if I take the idle funds, which don't have any position against it, then the impact becomes very less...

**Sundararaman R.:**

So the current understanding for us is that when a member keeps funds with us, some portion of it gets utilized. And some portion of that is an excess collateral get to buy in with us. So our understanding at this point of time is whatever excess funds that are kept with us, which are not, at this point in time, utilized for any collateral requirements that alone will be eligible for getting some interest from us. And whatever administrative charges that we will be incurring in retaining that funds with us will be recovered by us. And the balance only will be given to that.

**Amit Chandra:**

Just a follow-up on this, obviously...

**Sundararaman R.:**

Before that, put that one more clarification and probably you are to come to the queue again, I guess, for the third question. So therefore, in the light of this, when we look at it, the number, INR 62 crores, which we talked about, some price is off, all our administrative expenses included the net also, the interest earned on utilized funds and also on surplus funds. The entire INR 62 crores what we talked about cannot be attributed to the interest earned on excess funds only.

**Moderator:**

The next question if from the line Rajesh Gajra from Informist.

**Rajesh Gajra:**

So in the con call in May in the previous quarter, you had mentioned that you'll be writing to SEBI about the turnover fee that -- around that INR 160 crores, somewhere around that. So did you

write to SEBI as we responded to BSE because it will have a bearing. You have already provided a big amount in the previous quarter. And if the regulator considers it favourably, then there could be an impact. So what is the feedback that we got from the regulator? This is my question.

**Sundararaman R.:**

Thanks, Rajesh, for your good memory and asking this question to us. We always do what we promise to do and keeping up our promise, we have had detailed discussions and we have submitted our submissions to the kind review of the regulators.

We also understand that they are actively reviewing our requirements and our submission. While we would like to have a reply immediately, they are working on it and probably we're expecting the reply from them soon. And that means, therefore, we have not yet received any reply from them in this regard.

On the part of the impact, fortunately, since as a part of prudent thought process and management, we already provided for this money in our earlier quarter. It will not impact any way negatively our income in the future or the present. If it -- if any relief comes to us, it will positively impact us.

**Rajesh Gajra:**

Correct. My last question is that in this F&O consultation paper on index derivatives. While you said you will go by what the market participant wants and you said of course after that thing is over, had become it's final thing whatever the Board approves, SEBI board, but what is BSE's view on the proposals in the paper, you would have an MII affected by the proposal, you would have your own view. What is that view that will put this as a feedback to the consultation?

**Sundararaman R.:**

See, BSE's view will be towards what the market would like should have from a regulatory perspective in order to ensure the objectives set out by the by the regulators in the paper because BSE is not outside the market or outside the regulatory set up to have an independent and separate view and what should be done. What is good for the market should be the view of market infrastructure and treasury.

And in order to ensure whatever outcome is good for the market, the regulators are not taking a unilateral decision. They are discussing with the market participants also they have discussed

with us to take our take our points, what we would like to put across on various points that they have mentioned. And they based on that what they feel should be the right path, have put it across to the market for their use.

So BSE cannot independently voice out a view by itself, which could be other than what is good for the market, what typically is the regulatory view.

**Rajesh Gajra:**

But do you agree with these objectives in -- mentioned in the paper?

**Sundararaman R.:**

SEBI subject to us to ensure market liquidity and growth by taking care of the markets, investors and intermediaries. That view, nobody can disagree, right? It's a very noble view, and it is in the right direction as a view. The actions towards achieving this view can be very different from different people's perspective. That is why SEBI thinks that these are the right ways to achieve this objective. If the public thinks it is different than accordingly whatever provides will become the law.

**Moderator:**

Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to Anand sir for closing comments.

**Anand Sethuraman:**

Thank you so much. If you still have any further questions, please feel free to write to us at [bse.ir@bseindia.com](mailto:bse.ir@bseindia.com). Thank you so much.

**Sundararaman R.:**

Thanks a lot for all the questions and all the participants.

**Moderator:**

Thank you. On behalf of BSE Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.