

August 14, 2023

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 9, 2023

Dear Sir/ Madam,

With reference to our letter dated August 3, 2023, intimating you about the conference call with Analysts/Investors held on August 9, 2023, 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.

For BSE Limited

Vishal Bhat
Company Secretary and Compliance Officer

Encl.: a/a



BSE LIMITED
Q1 FY 23-24 Earnings Conference Call



August 9, 2023
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 FY24 Investor Conference Call. This Conference Call may contain forward-looking statements about the company, which are based on the belief, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict. As a reminder, all participant 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 this conference call, please signal an operator by pressing '*' then '0' on your touchtone 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, Nirav. Good evening, everyone. This is Anand from Investor Relations and welcome to BSE's Earnings Call to discuss Q1 FY24 Results. Joining us on this call is BSE's leadership team, consisting of Mr. Sundararaman Ramamurthy - Managing Director and CEO, Mr. Nayan Mehta - Chief Financial Officer, Mr. Sameer Patil - Chief Business Officer, Ms. Kamala K - Chief Regulatory Officer, Mr. Girish Joshi - Chief Operating Operations and Listing Sales, and Mr. Subhash Kelkar - Chief Information Officer. Also, present here are the members of our finance and secretarial 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 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 in Q1 FY24.

Sundararaman Ramamurthy:

Thanks, Anand. Good evening, everybody and thanks a lot for joining the call today. It gives me great pleasure as always to address you all today.

It has been an interesting 7 months for me since I joined as MD and CEO of BSE. As you may recall, in the last earnings call I had informed that my primary priority is to make BSE a vibrant exchange. My priorities have not changed. We saw a good traction in segments like equity cash and mutual fund and made significant progress in the development of equity derivatives segment. And we continue our important work to operate more efficiently by creating durable savings to fund investments in our long-term priorities such as building our commodities segments, adding infrastructure capacities and colocation spaces.

I will talk about this momentum including our continued leadership in mutual funds and the evaluation of BSE equity derivatives segment. But first, let me start with BSE's 149th Foundation Day. I am happy to inform you the BSE on July 10, 2023, marked its 149th Foundation Day, representing a significant milestone. This auspicious occasion was met with enthusiasm as we unveiled our new logo symbolizing prosperity, vibrance, growth and new beginnings. The genesis of the new logo reflects the vibrance that BSE aims to spread. That is exactly what we have done in our equity derivative segment. As you may recall, based on member feedback, we had announced the relaunch of Sensex and Bankex derivatives contract with lower lot size and a different expiry on Friday from May 15, 2023. We are also discontinued the liquidity enhancement schemes, software services and hardware infrastructure services that were being offered for enhancing liquidity and participation.

I would like to highlight the progress we have made in 12 weeks since. For the first time in the history of BSE, a record of 6.73 crore contracts, representing a notional turnover of Rs. 44.2 lakh crores were traded on a single day that is 4th August 2023. Our trading systems processed over 50 crore orders and 1.5 crore trades, which are higher than our equity cash segment. 219 members traded Sensex options on August 4, 2023, as compared to just 28 on day one. Similarly, since relaunch, more than 1.65 lakh UCCs have traded Sensex options. Just 38 UCCs traded on day one. It is still early days, and we are motivated to do even better. Several large retail, prop and high frequency trading members for the first time ever in the history of capital markets are now readying systems, building necessary infrastructure and are already commenced testing and trading in BSE equity derivatives. We have also seen significant demand for colocation racks and associated connectivity provided by the exchange. So, that might actually increase the CAPEX of BSE going forward to that extent. Overall, the momentum remains strong. Adoption by all users is moving in the right direction. I am confident that appropriate monetization, at the appropriate time will follow as we move towards achieving critical mass in terms of participation, volumes, and liquidity.

Let me now start with the financial updates. I am happy to inform that BSE delivered a stable quarter in terms of revenues to reach a total revenue of Rs. 271.2 crores for Q1 FY24 as compared to Rs. 197.7 crores in Q1 FY23, a growth of 37%. Similarly, BSE's operational revenues have grown by 15% to Rs. 215.6 crores from Rs. 186.9 crores. The net profit attributable to shareholders of the company excluding exceptional item stands at Rs. 75.1 crores from Rs. 44 crores in the corresponding quarter previous year, which is a growth of 71%.

I will now share some of the key financial numbers on a consolidated basis for the quarter ended June 30, 2023, as compared to the corresponding quarter previous year. Revenues from transaction charges increased by 23% to Rs. 66 crores aided by growth in mutual fund segment. The clearing and settlement operational revenues increased by 41% to Rs. 24.1 crores. Treasury income from clearing and settlement funds have increased by 19% to Rs. 22.2 crores. Other operating revenue, which includes data dissemination fees, training income, software income has increased by 20% to Rs. 21.6 crores. Investment income increased to Rs. 44 crores from Rs. 6 crores. The operating EBITDA for Q1 FY24 stands at Rs. 70 crores, up from Rs. 49.8 crores. Operating EBITDA margin increased to 32% as against 27% in the corresponding quarter last year. Similarly, the net profit margin improved to 27% from 20%.

I am also happy to inform you that BSE has completed the sale of its 5% stake in CDSL to meet with regulatory requirements at an average realization of Rs. 991 per share. A mix open market and block window execution was done to ensure seamless execution at a total consideration of about Rs. 518 crores. In view of the stake sale, the board has approved the share buyback of 45.9 lakh equity shares representing 3.39% of the total equity shares and the total paid up equity capital of the company as of March 31, 2023, via a tender route. The buyback price has been fixed at Rs. 816 apiece representing a premium of 34.1% over the closing price on June 30, 2023, for a total consideration of Rs. 374 crores exclusive of taxes. In total, we have announced a net capital return of Rs. 539 crores based on a successful buyback and dividend payout of Rs. 12 per equity share which was announced last quarter. Both the dividend and buyback are subject to approval of shareholders in the ensuing annual general meeting.

On the business side, let me start by covering our primary market segment.

Fundraising by Indian corporates picked up in Q1 of FY2024. BSE platforms continue to remind the preferred choice by Indian companies to raise capital. BSE platform has enabled issuers to raise Rs. 4.39 lakh crores by means of equity and debt raising bonds, commercial papers, municipal bonds, etc.

Moving on to our trading segment:

For the quarter ended June 30, 2023, the average daily turnover in equity cash segment stands at Rs. 4,025 crores which is similar to Rs. 4,057 crores in the corresponding quarter last year. The average daily turnover in currency future stands at Rs. 13,800 crores, a decline of 20% as compared to the corresponding quarter last year, which was in line with the market volumes. As you may be aware, BSE has revised transaction charges in the Currency Futures segment which are now at par with the market transaction charges. These charges are effective from September 1, 2023.

Moving on to our mutual fund business:

BSE StAR MF continues to generate compounding revenue growth and delivered yet another quarter of record revenues and performance, up 59% year-on-year to reach Rs. 23.8 crores. The total number of transactions processed by BSE StAR MF grew by 39% to reach 8.3 crore transactions in Q1 FY24 from 5.9 crores in the corresponding quarter last year. BSE's market share stands at 88% among exchange distributed platforms. The BSE's StAR MF has been consistently reaching new highs in terms of transactions with the platform processing a new high of 3.05 crore transaction in July 2023. On an average, the platform processed over 2.76 crore transactions per month in Q1 FY24 as compared to 1.98 crores in Q1 FY23. This demonstrates the scalability and reliability of BSE's platform StAR MF.

The BSE group directly or via subsidiaries also has its presence in other related business including India International Exchange (India INX) - BSE's Exchange at GIFT City, BSE Ebix, insurance distribution platform with Ebix Inc, The Hindustan Power Exchange (HPX) in association with TTC India and ICICI Bank, BSE E-Agricultural markets (BEAM), spot platform for trading in commodities and BSE Administration and 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 conclusion, me and my team are energized by the pace of innovation and the momentum across the BSE. With our strong underlying momentum in equity derivatives and aligned focus on the right strategies moving forward, I remain confident that we will continue to deliver long term growth for our shareholders and deliver on our mission of Vibrant BSE 2025.

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

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Narendra Shah from RoboCapital. Please go ahead.

Narendra Shah:

So, my first question would be regarding the derivative transaction charges. I mean, do you have any set target for how much are you going to make in that segment for FY24, if you could share some light on it?

Sundararaman Ramamurthy:

As you may recall, we started equity derivatives segment that we relaunched on May 15, 2023. It is around 12 weeks now since the date of introduction. Typically for a relaunched product to get into a sustained phase normally we expect around 6 to 10 months. The growth of Sensex derivatives has been faster and today we are seeing good amount of tractions within 12 weeks. But still, there is a good amount of ground to be covered to ensure sustainability and consistency in its growth. We are already charging for this product at the rate of Rs. 500 per crore which is probably lower than what market charges. We will at the appropriate time, as I mentioned in my speech, consider appropriate charges in respect of equity derivatives once a feeling of sustained growth is achieved by us.

Narendra Shah:

Regarding the transaction charges that we are planning to raise it at some point of time, right?

Sundararaman Ramamurthy:

That is exactly what I told in my speech, and I also repeated, at an appropriate time we will consider charging, levying appropriate charges in respect of equity derivative segment, yes.

Narendra Shah:

And my second question regarding the equity cash segment, so what are we doing on that front to capture more market share? Anything that you would like to share?

Sundararaman Ramamurthy:

Sure. So, on the initial first part, we of course change the ticket size, which you all are aware of up to Rs. 100. That gave us some amount of benefit in increasing the market share of those securities from 9% to 12%, just a significant growth. But that is not the beginning and end of it. We need to move into other areas. One area where we really do well is blocks and we continue to do well, and we continue to engage with our stakeholders informing them of the benefits of block trades and we see good traction there. The other area is where the institutional volumes are. So, what we feel is the institutions are not, at this point of time, particularly FPIs fully facilitated to trade in multiple exchanges post interoperability. If a FPI trades in BSE and NSE for the same scrip for the same order, he does not get a single contract note with a VWAP price of what he has traded in both the exchanges from the broker. This puts his back office into a tussle. So, we had studied this in great detail. We are in engagement with the market participants to enable FPIs to participate in multiple exchanges which we see will fructify appropriately and that could be the next stage for growth in equities cash segment.

Moderator:

Thank you. Next question is from the line of Navdeep, Individual Investor. Please go ahead.

Navdeep:

Sir, I have two small questions. One is, if I want to understand the transaction charges which we are charging for equity derivatives, we are charging Rs. 500 per crore of notional turnover. So, does that mean that.

Sundararaman Ramamurthy:

Sorry, may I interrupt you. It is Rs. 500 per crore of not notional, it is of premium.

Navdeep:

So, if I want to understand that on the last Friday the turnover was about Rs. 145 lakh crores. So, how much of that does go to the top line? If you can please help us understand?

Sundararaman Ramamurthy:

The numbers are bit wrong. Sorry for interruption, the numbers are wrong, it is Rs. 44 lakh crores, round number it was some Rs. 44.2 or something Rs. 44 lakh crores was the notional. The premium is not a direct function of the notional. The premium is a function of volatility and many other things, so it will not be right to compare with the notional, though every one of us understands notional. The premium is charged, the transaction charges are on premium, and premium does not have a direct proportional relationship with notional.

Navdeep:

The other question I have is on the buyback. We have announced that the price of Rs. 816 per share, but now that the share price has moved up significantly. Are we thinking about it, to revise the price or something?

Sundaraman Ramamurthy:

It is a very interesting and good question that you are asking. In the speech when I was telling, actually we told you, I explained how this Rs. 816 was arrived at. Based on the specified date on which we fixed this, it was around 34% premium over the closing price of June 30, 2023. So, Rs. 816 was fixed by following the practices and requirements as stipulated with the premium which we thought was substantial. We do not have any control over market movement, subsequently the markets could move anywhere. So, at this point of time, the buyback price is fixed as Rs. 816.

Moderator:

Thank you. Next question is from the line of Pranav Thakar, Individual Investor. Please go ahead.

Pranav Thakar:

Sir my question is with reference to derivative, if you can share what was the revenue last fantastic Friday that is when we record highest derivative turnover and my second question was in the similar line of derivatives that as a segment, do we have to incur separate additional cost, or I would like to understand what would be the cost structure of derivatives. Thank you.

Sundaraman Ramamurthy:

So, the answer to the first point is the revenue earned on that day was only Rs. 26.6 lakhs. Because it is on premium, the total premium traded on that day was Rs. 5,320 crores. Therefore, that is

the revenue. On the cost structure, at this point of time, we are using the existing infrastructure to fuel these volumes. But as I told as the market is growing there will be need for colocation space, provision of racks, provision of connectivity, provision of connecting system, peripheral system, main system, back-end systems, and all. So, certainly there will be some amount of capital expenditure based on how the market grows, the capital expenditure would vary. As you would appreciate when capital expenditure increases depreciation and operational expenditures will also increase. That would happen if the volumes go upward therefore the revenue will also grow. At some point of time, the revenue growth will be overtaking the cost resulting in the profit margin. That is the entire logic behind pushing this product.

Moderator:

Thank you. Next question is from the line of Raja Panda, Individual Investor. Please go ahead.

Raja Panda:

Sir, some of the authorized persons who are in my circle, they have reported that now BSE is going to charge AMC of Rs. 4,000. This authorized person means the sub broker. So, could you please confirm if this is correct and if it is then what is the number of authorized persons on our system?

Sundararaman Ramamurthy:

Indeed, there is going to be some charges for authorized persons. I would not exactly remember the number of authorized persons or what is exactly the charge. If you can e-mail to our people, we will be able to give you that data. That is not an issue because the charges are public domain in any case. The number of APs I would not remember offhand.

Moderator:

Thank you. Next question is from the line of Devesh Agarwal from IIFL Securities. Please go ahead.

Devesh Agarwal:

Firstly, congratulations on a successful relaunch of your Sensex equity derivative product. My first question is around the same thing. In your opening remarks, you did mention that the number of UCCs have seen a significant increase as well as the number of members. So, if you could share

some more insights in terms of efforts that we have put in to achieve this, that will help us to better appreciate the entire efforts of BSE?

Sundararaman Ramamurthy:

Sure, certainly. Thanks for this question. As I was mentioning, the day when we started, we had very few members, just 28 members participating. Very few front-end trading systems were supporting BSE equity derivatives. A product has to be broad based, liked by all and traded by all then only it sustains. Since we had gone and met couple of hundreds of brokers, taken their views, taken their views of their clients, taken the views of their dealers before relaunching this product. Though we started with just 28 people with our relentless efforts of make showcasing this product more and more members started flocking in. Once the members come in the input to the software providers requesting for the capability to trade, that front end capability to trade BSE derivatives started increasing and therefore software vendors, almost all of them now are providing the front-end capability to trade into BSE's F&O system. This has helped in big, large retail brokers to introduce our product in their platform. People who are delaying because of their software requirements and changes that they are making started getting more and more calls from the investment investing public as to when census derivatives are going to be made available putting in a way a mild, sort of friendly pressure on the brokers to introduce it ASAP in their system. This is the reason behind the significant growth from very few UCCs on 1st day to significantly large number of UCCs at this point of time. But as I said, this is just the beginning. There is a long way to go. We have to continue to work hard, continue to work with our brokers, more and more understand their requirements and take things forward, but we are confident with the continued effort and concentration and attention and focus that me and my team are having, we will be able to achieve it.

Devesh Agarwal:

Sir, just to understand what would be the UCCs those would be active on NSE?

Sundararaman Ramamurthy:

Honestly, I would not be the right person to comment on it.

Devesh Agarwal:

No issue sir. Just to understand, would all the large retail brokers and the software vendors that you are mentioning are they offering the Sensex product, or you are expecting more to come in which can further drive the volume? Any big broker or software vendor which could actually add to the overall volumes?

Sundararaman Ramamurthy:

So, most of the software vendors as I told you are already providing access to equity derivatives. All the big brokers, many of the big brokers are in, many of the other big brokers are in the process of getting in because overnight changes are not possible on software issues. While the software vendor might have provided acclimatizing it and dovetailing it with the back office all are very important. Also, if you look at it many of the big brokers, they also have their own software. So, their own software will be much more, what should I say, customized for their requirement in such a situation making changes in them takes some amount of time, so they are in the process. As I was mentioning, last Friday, 219 brokers traded in Sensex options. The numbers increase every Friday. We expect the numbers to grow further as more and more people are coming in.

Devesh Agarwal:

And sir, if we compare the option premium to notional numbers for us and the competition, we would be one-third of what they achieved. So, we will be around 7 basis points and they are around 22. I would believe this is partly because most of our volumes is happening around the expiry date. So, any thoughts around that, what are we planning to do about it?

Sundararaman Ramamurthy:

So, see, first of all, between different products, we should not compare. That is one point. Second point is premium is a function of the following: strike price, spot price, time to expiry, volatility and risk-free rate of interest. That is taking only one factor and presuming because of it the premium percentages are different may or may not be correct. That is one part of it. And second part is of course they are different products. So, that would be my reply to your question.

Devesh Agarwal:

And finally, sir, last question from my side. Any target in terms of market share that you have to achieve on equity derivative side?

Sundararaman Ramamurthy:

As I told you, we are not considering ourselves as a competing product to compare the market share. We are always considering ourselves as complementary product. Today I find in media lot of people on my expiry day talking about how they are using Nifty and Sensex together for giving form to their aspirations and views. So, we feel that we are complementary products. We feel therefore our growth should come from within instead of looking at outside and putting across a market share on our head. And also, we are talking about different products, similar but different products. So, strictly speaking trying to put a market share target, in my opinion is not very meaningful.

Anand Sethuraman:

Next question is from line of R Gajra from Informist. Please go ahead.

R Gajra:

So, basically from the presentation, I just wanted a few numbers, if you could share. One was your listing fee income number for the previous quarter that is Q4 of FY23. Listing fee, book building and other services and your mutual fund revenues, so these three for the previous quarter, that is Q4 of FY23?

Nayan Mehta:

So, in Q4 of FY23, that is quarter ending March 2023, our listing fees were Rs. 61 crores, building fee was Rs. 14 crores and mutual fund income was Rs. 24 crores.

Moderator:

Thank you. Next question is from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain:

Just to continuing on these derivatives, this has been path breaking for BSE in the sense of volume ramp up that we are seeing. One question, you mentioned that you will do it at an appropriate time that the increase in transaction charges. So, what is there in your mind? When is the appropriate time? Is it the volume reach or is it a market reach? Because from a price point, do you think that change in price to the competitor level would really kind of impact to our volumes in that sense and the apprehension of not increasing the prices right now?

Sundaraman Ramamurthy:

So, let me start from the bottom. It is not any apprehension or anything which is making us to think about an appropriate time. It is about the product sustenance and the people walking in and getting the benefit of a new product which has come as a complementary product to support and de-risk the market from concentration risk. So, that is the idea. Would I be able to tell what the appropriate time is, if I could, honestly, I would have told. Already this is the time by which we will introduce. Do I have a parameter which is single to tell that this is the appropriate parameter, appropriate thing, is it in terms of volumes or it in terms of values or it in terms of participation? The honest answer is I do not know. I wanted to see it is a question of, see the markets are very difficult to predict. As and when they develop, I am sure you will appreciate when you look at it at some point of time you will feel that things have come to steady state. What that steady state is, it could be different for different products and different circumstances. So, once we get internally a feeling of a steady state of this product that will be the appropriate time.

Prayesh Jain:

And further more on that, could you share some insights into what is the kind of concentration with respect to the volumes on derivatives today with regards to members or with regards to customers, anything on that sort that can help us understand what is the kind of concentration level?

Sundaraman Ramamurthy:

Sure, we can. Honestly, today with the 212 members participating, the concentration is not there, it is very well spread. If we talk about a participation of 20 members, 30 members, there is typically a big concentration. Fortunately for us, thanks to all people including Motilal Oswal and others who participate in the market, in our products, it has been wonderfully nicely spread. We have good participation from retail, good participation from proprietary traders, good

participation from dealer networks, good participation from mobile trading people and good participation from HFT. When I look at it, I find it as a healthy mix of all the types of participant who typically you find in a matured product trading. That is what I will be able to share.

Prayesh Jain:

With respect to colocation and other CAPEX that you mentioned for the derivatives segment, first of all, what kind of volume levels would you wait for before you kind of start committing towards that number? And secondly, as you had mentioned earlier, I think for the Colocation for the cash segment, you have already kind of started charging the members. Would similar mechanism be implemented and hence no major impact because of the higher operational cost?

Sundararaman Ramamurthy:

No, see here one important point to be noted. Today we are charging in Colocation only to cover our cost. It is not like the market model where Colocation appears to be a profit centre. For us, it is not at the profit centre. It is just a no cost and no profit basis at this point of time. So, it is not the cost charging to Colocation for derivatives or cash it matters. Because Colocation is Colocation, people who put the servers may use it for cash or may use it for derivatives. And our CAPEX planning will not be dependent on volume. As I told you, we already crossed 50 crores orders last Friday. So, it is not orders which would be making us decide on when and how much we have to spend on CAPEX. The question of how much of the requirement that comes from the members for the racks. As you know, BSE has unique services in terms of full rack, quarter rack and half racks. Quarter rack is not a thing which I think anybody else is providing. Only we provide, I feel, I may be right, maybe wrong. We may like to check. So, these services we are providing. So, we have stocks very limited, we are exhausting it. If we find the queue is beyond the number, then we have to necessarily invest in Colo and provide to address those queues. In our opinion, the way the queue is building, we need to therefore invest in CAPEX in the near future, CAPEX to materialize into physical assets has a gestation period. So, we have to be mindful of the gestation period and start investing in advance and there will be therefore some existing queue and some projected queue. So, based on which is what we will start incurring the CAPEX. It is not the volume that will drive, it will be the demand for Colo that will drive. At this point of

time, Colo is not a profit centre. That does not mean at some point of time Colo will also be giving some amount of profit.

Prayesh Jain:

Last question from my side, there is still a liquidity enhancement spend that we have seen in this quarter, what is that pertaining to and how do we see it going ahead?

Sundararaman Ramamurthy:

The liquidity enhancement scheme amount you are seeing is not for BSE Limited. It is for India INX, which is our GIFT City exchange.

Prayesh Jain:

Okay. That will continue, right?

Sundararaman Ramamurthy:

Yes, that will be continuing the way where we are, that depends on what the developments are there accordingly it will continue.

Moderator:

Next follow up is from the line of Navdeep, Individual Investor, please go ahead.

Navdeep:

Sir, I wanted to ask you about the kind of cash which is sitting on our balance sheet, what is the management thinking about it and what is the way forward here?

Sundararaman Ramamurthy:

So, buyback is one such effort to take care of that.

Navdeep:

But sir, if I may add, buyback CDSL stake which we have sold. But we do have significant cash sitting on the balance sheet. Is there any thought in that direction?

Sundararaman Ramamurthy:

As I was just narrating to you, since the equity derivative segment is taking off. First of all, CDSL sale is equal to buyback is probably not a correct equation. CDSL sale augments the cash reserves, so buyback. That is the way probably I would like to look at it. The question remains very valid. You have a significant cash reserve, what are you planning to do is a very valid question. As I told you, it is for the first time BSE is seeing some activity in equity derivatives, thanks to the support from market. So, when we expand there is a quite an amount of expenditure in terms of technology, which I talked about now in terms of front-end system, peripheral system, connecting system, main system, back-end system, the connections to the Clearing Corporation, reporting system, etc. So, clearly, there will be some amount of fruitful CAPEX associated with therefore the depreciation around it and the OPEX where these moneys are going.

Navdeep:

This is regarding the Hindustan Power Exchange. Can you please provide any update on, is the management happy with the kind of response it is getting or anything on that sort?

Sundararaman Ramamurthy:

On the Hindustan Power Exchange, it has reported profit in Q1 and the volumes in power sector are high in the Q1 and Q4 and dips in Q2 and Q3. We have infused the capital of around Rs. 12.5 crores. So, I think the market share in June 23 for contingency and energy savings certificate is around 32.23 and 32.75. I think things are moving in this direction as far as HPX is concerned. Our associate company with the equity stake of 22.62% in this stage.

Navdeep:

I have been an investor for 5 years and I must congratulate the team. Especially once you have joined, we have seen the exchange moving in the right direction and hopefully it is good days ahead for all of us. Thank you so much.

Sundararaman Ramamurthy:

Thank you for all the support that you all are providing to us.

Moderator:

Thank you very much. Ladies and gentlemen, we will take the last two questions. Next question is from the line of Pranav Thakar, Individual Investor. Please go ahead.

Pranav Thakar:

Actually, I do not have any question, but there is a suggestion that why do not we let expiry of Bankex and Sensex because if we have fantastic Friday, let us have Monday magic something like that on a different note. Because most of the volumes are happening on expiry day and I myself I am also a trader, so based on that I can make it out that it will come to grow further. So, do we have any plans on this?

Sundaraman Ramamurthy:

Thank you for this suggestion. What would be your suggestion? Should we have it on Monday or Tuesday or Wednesday or Thursday?

Pranav Thakar:

No, sir. Monday, look, NSE is having Tuesday as financial Nifty expiry. They shifted bank Nifty expiry on Wednesday. Thursday is Nifty expiry. So, only slot which is available to us is Monday. So, I believe NSE is splitting all this to have volume benefit and extra turnover and Monday is the only day which is now available. So, if Monday is available, then we also have benefit of added revenue growth.

Sundaraman Ramamurthy:

Monday mid cap expiry is there, I am told.

Pranav Thakar:

No, it is Wednesday. I do not know if they have shifted to Monday.

Sundaraman Ramamurthy:

But they are shifting, they are shifting.

Pranav Thakar:

But sir, there is not much of the volume. It would be the volume would be similar to what Bankex is having right now. There is not much volume and so it will be at par with NSE, and we also have equal opportunities for growth. So, we have only one day if we considered 5 trading days, we have only one day, let us have two days in a week. So, if we can do that, please.

Sundararaman Ramamurthy:

Thank you for the suggestion. We will take market feedback and we will react on it. Thank you so much.

Moderator:

Thank you. Next question is from the line of Rajesh Jain, Individual Investor. Please go ahead.

Rajesh Jain:

My question is almost same as some people asked already on buyback of shares. I can see that as of date this seems to be a futile exercise, we will go nowhere with the kind of movement in the share price. So, I am certain that management must have already been thinking about what course of action is available to them, either by increasing the buyback price or some other means to return money to investors. So, if you can throw some light on that, I will be grateful. Thank you.

Sundararaman Ramamurthy:

The job of management would be to enhance shareholders value. If that is possible through buyback that is what we will do, if it is through any other mechanism that is what the management will strive hard to achieve. The buyback process is well defined regulatorily and statutorily, there are steps stipulated in the journey of buyback. We have just entered into that process by announcing the buyback with the price with a hefty premium as on a specific date which we observed and based on professional advice. Markets movements are not predictable and market movements would always take the course of action to different places depending on its own course. The buyback mechanisms provide for all such eventualities because it is a time-tested regulatory mechanism.

Moderator:

Rajesh, do you have any follow-up question?

Rajesh Jain:

No, I think we are just shying away from saying what our thinking is. But I can understand that, thank you.

Sundararaman Ramamurthy:

Honestly, we are not shying away. You see its your opinion that the buybacks will fail, that is your opinion. So, I will not be the right person to comment on your opinion. So, what I have stated is absolute fact that Rs. 816 was 34% premium over June 30, 2023's price and buyback follows a process and that is the process which we are following. When we are offering for buyback, where is the shying away? It is coming forward and offering and honestly every action is towards the enhancement of shareholder value.

Rajesh Jain:

I have no doubt in that you are enhancing the shareholders' value and you are taking the right steps. But as of date, it seems like a futile exercise that we may spend money, which may go waste. Nobody is going to offer you, means practically if you look at it, nobody is going to offer you shares at 816 when the price has already moved up significantly.

Sundararaman Ramamurthy:

I see your point and we very much note what you are saying.

Moderator:

Thank you. Ladies and gentlemen, for further queries, you may write your questions on bse.ir@bseindia.com. I now hand the conference over to Mr. Anand Sethuraman for closing comments.

Anand Sethuraman:

Thank you. Thank you very much for joining us today. Should you have any further questions like Nirav said, please feel free to reach out to us at bse.ir@bseindia.com. Thank you so much, goodnight.

Moderator:



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