

November 19, 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 November 12, 2024

Dear Sir/ Madam,

With reference to our letter dated October 22, 2024, intimating you about the conference call with Analysts/Investors held on November 12, 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

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
Q2 FY25 Earnings Conference Call



November 12, 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 Q2 FY '25 Investors Conference Call. This conference call may contain forward-looking statements about the company, which are based on belief, opinion and expectation of the company as on the 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 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 the conference call, please signal an operator by pressing star then zero on your touchtone telephone. 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, Yousuf. Good evening, everyone. This is Anand from Investor Relations and welcome to BSE's Earnings Call to discuss Q2 FY 2025 performance. Joining us on this call is the BSE's leadership team consisting of Mr. Sundararaman Ramamurthy, Managing Director and CEO; Mr. Deepak Goel, Chief Financial Officer; Mr. Subhash Kelkar, Chief Information Officer; Mr. Ashutosh Singh, Managing Director and CEO of Asia Index Private Limited. Also present here are senior members of our business, finance and Investor Relations team. Do note that this conference is being recorded and a transcript of this call, along with the earnings release and presentation can be found on the Investor Relations section of the BSE India website.

Before we get started, I once again remind you that our remarks today may 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 the Q2 FY2025.

Sundararaman R.:

Thanks, Anand. Good evening, everybody, and a warm welcome to all our esteemed stakeholders for joining the call today. The Indian economy is emerging with resilience with a GDP growth of 6.7% year-over-year in the Q1 FY2025. India remains one of the world's fastest-growing large economies and it is estimated that the growth is likely to pick up given the government's focus on boosting manufacturing, improving youth employability, etc. These factors coupled with India's young and aspirational population presents a unique opportunity for economic growth and bodes well for the capital markets in particular.

Against this backdrop, BSE recorded a strong second quarter achieving its best ever half year revenue and profit. The vibrancy and diversity of India's markets were on full display, as investor sentiment was favourable, driving strong volumes in all our markets with multiple daily records achieved across the capital market segments of equity cash, derivatives and listing sales.

Furthermore, the mutual fund distribution platform extended its robust performance, contributing to the strength of the exchange during this period. The recent listings on the exchange of Hyundai Motor India, the Indian subsidiary of Hyundai Motor Company was a landmark initial public offering, the largest in India's history. The event demonstrates the strength, depth and the attractiveness of our markets, while a healthy listing pipeline reinforces India's position as the IPO fundraising centre of choice. Against this backdrop, I'm happy to share the BSE recorded its highest ever quarterly revenues of RS. 819 crores on a consolidated basis, up 123% as compared to the corresponding quarter previous year.

I will now share some of the key financial numbers on a consolidated basis for the quarter ended September 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. BSE's operational revenues have grown by 137% to RS. 746.3 crores from RS. 314.5 crores.

Transaction charges which include equity cash, equity derivatives, mutual fund and clearing house income has increased by 284% to RS. 507.1 crores from RS. 132.2 crores. The net profit attributable to shareholders of the company stands at RS. 346.8 crores, up from RS. 120.5 crores a growth of 188%. BSE has achieved a significant milestone by surpassing the 50% operating EBITDA margin threshold for the first time, reaching 52% for the current quarter. The operating

EBITDA stands at RS. 388.8 crores from RS. 133.2 crores. Treasury income from clearing and settlement funds has increased by 10% to RS. 63 crores from RS. 57.3 crores.

Other operating income, which includes data dissemination fees, training income, software income, etc has increased by 48% to RS. 56.7 crores from RS. 38.3 crores. Income from investments increased by 41% to RS. 67 crores from RS. 47.5 crores. I would now like to share updates pertaining to business. For specific numbers pertaining to turnover, kindly refer to the BSE website and the investor presentation.

Let me start by covering our primary market segment.

BSE platforms continue to remain the preferred choice by Indian companies to raise capital by enabling issuers to raise RS. 13.7 lakh crores by means of equity, debt, bonds, commercial paper, mutual funds, etc.

Moving on to our Trading segment:

BSE's average daily turnover, the cash segment for Q2 FY2025 stands at RS. 9,768 crores as compared to RS. 5,922 crores in the same quarter last year on account of buoyant market as mentioned earlier.

It also gives me pleasure to inform you that Sensex derivatives continue to grow and broke its record on 20th September 2024, when more than 66 crores contracts traded, representing a notional turnover of over RS. 560 lakh crores and a premium turnover of RS. 48,327 crores. Since re-launch, more than 450 members have traded BSE derivatives, representing around 68 lakh active clients. BSE forayed into single stock derivative space with effect from 1st July 2024, with the mid-month expiry on the second Thursday of the month. So far, 169 members have participated in single futures and 126 in single stock options.

The turnover since re-launch is RS. 516 crores in futures and RS. 384 crores in options. BSE processed a record 697 crores orders in a single day on 4th October 2024 on back of increased demand for its derivatives products. To cater to such high volumes, BSE is continuously investing in technology upgrades and building its next phase of state-of-the-art data centre within the BSE premises in Fort, Mumbai.

We are expecting it to be operational by end of this financial year. During the first half of FY2025, we continue to work closely with our stakeholders and regulators to implement initiatives that

promote the quality and attractiveness of our markets. In particular, we have rolled out the recommendations of the SEBI on measures to strengthen the index derivatives framework.

Accordingly, with effect from 18th November 2024, BSE has decided to continue with Sensex derivatives as its sole weekly expiry contract, while Bankex and Sensex 50 contracts will be moving to a monthly expiry cycle from the existing weekly expiry. Additionally, the exchange has increased the lot sizes for all the index derivatives contract. The new launch sizes are 20 for Sensex, 30 for Bankex and 60 for Sensex 50.

With respect to True to Label Circular BSE has revised its transaction charges for index options to RS. 3,250 per crores of premium turnover with effect from October 1, 2024. Transaction charges for equity cash segment remains unchanged as BSE has been following a flat rate structure since December 1, 2022. Additionally, SEBI is currently deliberating on discussion papers pertaining to the treatment of interest income by clearing corporation on cash collaterals received from clearing members and upstream client funds and monitoring shareholding of MIIs.

These discussions are ongoing, and we will continue to monitor developments closely. Though we believe these steps will impact the volumes of the exchange, these initiatives aim to further improve market efficiency and trading dynamics, which will ultimately benefit both institutional and retail investors as well as other market participants. Moving to our mutual fund distribution business. BSE StAR MF delivered yet another quarter of record revenues and performance up 100% year-on-year to reach RS. 58.7 crores. The total number of transactions processed by BSE StAR MF grew by 68% to reach 16.28 crores transactions in Q2 FY '25 from 9.67 crores in the corresponding quarter previous year.

On an average, the platform processed 5.06 crores transactions per month in first half of current financial year as compared to 3 crores last year. The platform also processed a new high of 6.05 crores transactions in October 2024. Given the growth, we are continuously investing in StAR MF to improve in terms of scalability, functionality and order processing.

Moving on to our subsidiary business now.

My last earnings call had updated that BSE has completed the acquisition of S&P Dow Jones Indices entire stake in Asia Index Private Limited, making AIPL a wholly owned subsidiary company. Also, I had mentioned that AIPL is committed to improving and expanding its product offerings by working closely in the financial market ecosystem and other relevant stakeholders.

I'm happy to update that the company has launched 11 new indices in the last 3 months, including several innovative indices such as Business Group, Premium Consumption and Internet Economy, which are very relevant for the asset management industry and the investors at large.

AIPL will continue to launch more indices which in line with the market trends. This will be an important area of focus in the coming years given the growth of passive investments in India. The BSE group directly or via subsidiaries also has its presence in other related businesses, including India International Exchange, that is India INX, BSE's Exchange at Gift City, BSE Ebix, the Hindustan Power Exchange, BSE E-Agricultural markets, spot platform for trading in commodities and BSE Administrations and Services Limited.

BSE is now 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. Looking ahead, we remain steadfast in our commitment to further enhancing the vibrancy, resilience and competitiveness of our markets by continuously expanding our product offering and investing in our infrastructure. We are committed to ensuring that BSE remains at the forefront of financial markets, offering a transparent, well-regulated and highly liquid platform for companies and investors alike. We also look forward to working closely in partnership with our stakeholders and regulators to ensure that our markets remain fit for the purpose for the next generation of investors.

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

Anand Sethuraman:

Thank you so much, sir, for these updates. We can now open the floor for question and answers.

Moderator:

Thank you very much sir. We will now begin the question and answer. The first question is from the line of Jeet Suchak an Individual Investor. Please go ahead

Jeet Suchak:

Hi, team. Congratulations for the good set of numbers. I had a question with regard to the clearing Charges and related to clearing houses. So as you know from 20th November, the contract size will be increased and so for -- per contract turnover will be increased. So currently, from last con calls, it is understand that currently, clearing charges are counted based on the number of

contracts. So, what will be the impact of the increased turnover per contract will be what I mean, is clearing charges going to come down and what is the take of ICCL and what are the clearing charges on the same. And is there any update on revising the pricing strategy of that clearing charges?

Sundaraman R:

Mr. Suchak thank you so much for attending the call, and thanks for your kind and good words and good questioning. Going from November 20, 2024, as you rightly observed, the size of the contracts are increasing. When the size of the contract increases, the premium earned per contract will be more. And therefore, the transaction charges received should increase. While the clearing charge is based on the number of contracts traded, the clearing charge would remain the same.

So therefore for every amount of clearing -- every RS. 1 of clearing charges paid, the amount of premium collected will be more. So that is the correct statement which you have made, but how it will benefit the exchange will depend upon how the market views that increase in the size of the contract and how much it is, therefore, able to trade those contracts will be an important factor to wait and watch for.

Clearing corporations do not charge directly any charges to the client. The clearing charges are bundled along with the exchange charges and the exchange pays the clearing; the charges based on whatever is the interoperability agreement stimulated numbers are. So the question whether the clearing corporation will reduce charges to the customers does not arise.

Jeet Suchak:

I mean is that -- is there any price increase from the clearing house that is possible and that we are thinking because the top line will be reduced by half or -- I mean, 50% or 66% as the contract size is nearly twice or thrice currently. So is there -- because that will be big dent on the top line of the clearing houses, so on that?

Sundaraman R.:

Got it. I understood your question now. As you may say, as you may be aware, we have been discussing with clearing corporation since September 20, 2023, that the clearing charges are very

high on BSE, compared to what other exchange pays because of the quality of premium being different and the charges being based on a number of contracts.

We have been requesting them to significantly either reduce the charges or unbundle the charges and charge whatever is appropriate directly to the clearing members so that the exchanges could pass on the benefit of economies of scale to the investors. So our dialogue in this matter, with the clearing cost ratio and the escalation that we have raised to the regulators on this shall continue till we get a satisfactory resolution.

Jeet Suchak:

So on only last thing. So there is no current communication between clearing houses to increase the price from 20th November. So that's the right statement, right?

Sundararaman R.:

We have not received any communication from any clearing corporations or on any increase in charges associated, actually we are discussing with them on reduction of charges.

Jeet Suchak:

Okay understood. That was my question. Thank you for answering.

Moderator:

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

Pranav Thakkar:

Thank you for the opportunity and congratulations for great set of numbers. I would like to understand what our what efforts we are doing to ensure more traction in individual stocks and options because since launch, there is no traction and it is also not available to trade by major like large brokers, Zerodha, Upstox or any other discount brokers. So if you can give some colour on it, please?

Sundararaman R.:

Thank you so much, Mr. Thakkar, for kindly attending the session and congratulating me. You're right. We introduced the stock futures and stock options in July. The initial trouble that we had with regard to Sensex where brokers were not providing technological access to these products because they did not have the system ready. The same issue we are facing today with some of the brokers with regard to stock futures and stock options.

As you rightly pointed out, only when more and more members provide this opportunity, there will be traction in these products. We are working on two sets of participants. One is participants who are not technology ready yet to provide the technology for their clients to participate. And second people who have the capability to provide a two-way course in these products, we are requesting them to gear up that system to provide two-way course.

So then the market will have a strong presence of liquidity providers and liquidity takers that should ensure that the product succeeds. As you would appreciate, the last 2 months, 3 months were having a lot of regulatory discussions on very many impending regulatory changes to strengthen the index derivatives market from a regulatory perspective as a safeguard for investors

In view of this, our efforts in taking this product to the multitudes of market participants and discussing with them and handholding with them for providing the technology support, both from a liquidity provider and taker perspective could not be very intense. So now that there is a clarity on many of the regulatory directives in this regard, we will be taking it much intense with our market participates so as to bring in traction to these products.

Pranav Thakkar:

But is it possible for you to share some deadline or when it can get more traction?

Sundaraman R.:

No. Honestly, it would be an interesting thing if I could be able to provide the deadline. But the fact of the matter is there are contending technological changes at every broker's end arising out of multiple requirements, partly regulatory and partly their own requirements. So given that how they will be able to prioritize is something which they will be only able to provide, and it will not be a common single date.

But what in my experience I have seen is when investors like you go on demand, the members that you would like to trade the mid-month expiry of stock derivatives at BSE. Typically, they prioritize it, and they bring it across because all of us, us, that is the MII, and the brokers are working for the welfare and benefit and business interest of the clients. So certainly, pure requirement to the brokers asking for a technological capability will certainly have a lot of weightage in prioritizing this requirement and making it an easy happening.

Pranav Thakkar:

Right sir. Thank you.

Moderator:

Thank you. Next question is from the line of Sanidhya from Unicorn Asset. Please go ahead.

Sanidhya:

Sanidhya this side. So sir your first question would be on the expiries of the various new indexes that we are launching. So is there any possibility we are trying to sign expiries is in a way that mid-month and every week kind of we can have more than one expiries? And is there any setback we have received from the regulatory authorities in this regard?

Sundararaman R.:

Sanidhya thank you for attending the call and asking me this question. At this point of time, what we are doing is we are keeping things as what it is. But as you would appreciate, BSE's success is all ascribed to we listening to the voice of the customers. We will be we are, and we will be continuously interacting with the market participants to seek what their directives are to us as to how we should shape the expiries.

Once we arrive at the clarity in this regard, with their propositions, we will go to the regulators and seek their approval in whatever we want to do so that the market as a whole gets benefited and the customers see that the voice is heard, that would be our approach in this regard.

Sanidhya:

And sir, secondly, on the side of just a clarification on the side of clearing, we are engaging with ICCL only, right? No other clearing?

Sundararaman R.:

No, the BSE products, because of the interoperability in as much as the NSE products are cleared and settled in both the clearing corporation. The clearing members have provided an option to either settle through NSE's clearing house that is NCL or BSE's clearing corporation that is ICCL.

The brokers we trade in any of the exchanges, but the settlement venue is as per that choice, which would be a single one. So when we talk of charges, we will be engaging with both the clearing corporations.

Sanidhya:

So any reason why we are seeing a charge extra while other exchanges are not and I didn't understand why that's happening, like we have been trying for long for this, right?

Sundararaman R.:

That's right. So the way in which the interoperability agreement was structured which is quite some time back, did not probably envisage a situation where an upcoming exchange is trying to bring in liquidity and newer market products, because of the newer market product, which is trying to garner liquidity typically starts building volume, starting with expiry day, expiry minus 1 day and goes backwards and then graduates into a weekly and then a monthly and probably a quarterly contract.

So until the process gets complete, the premium paid per contract is very small initially, and then it grows up till it becomes a very matured product, which is traded for 3 months expiries. Because of this, the yardstick that is used today to chart, which is the number of contracts traded makes it lopsided for an exchange where the number of contracts traded is more, whereas the premium is far lesser compared to an exchange where the number of contracts traded, and the premium are sort of in tandem. So that is where the disadvantage arises. And therefore, a condition is not true to label. The income earned by the exchanges is by way of premium turnover in crores. The income earned by the exchange is shared with the clearing corporation as clearing charges. So if we bundle the charges, our humble opinion and submission is that the base at which the people are charged should be the same. If the income earning is based on premium per crores, then the charges should paid also should be on premium crores per person. Whereas here, what exchange earns as bundled is on premium crores, but whereas what it pays is simply on the number of contracts. Hence, the dichotomy, that's why we have been taking it up.

Sanidhya:

And sir, lastly, anything you want to speak on the SME side, regulators trying to bring in new regulations regarding the SME only the IPO or the entire SME platform could you clarify anything you have heard from regulators or what's your view, like it would be just impacting the IPO side, or it would be impacting the entire SME platform. Also, anything regulator has communicated in terms of the lot size of the SME stock. So, I think we recently reduced the lot size there?

Sundararaman R.:

I will answer this question, but only my humble request is people should restrict to two questions per person, more questions can be answered if they can go back to the queue. As far as the question that you have asked, regulatory process in India has always been a very consultative and a co-creative process, and it is ever evolving because if you look at it, the markets are evolving, so the regulatory process also will evolve.

So every market, including SME, goes through this regulatory development process which therefore requires review of all the regulations from time to time and make them more relevant and more meaningful for the evolving economic conditions. In that backdrop, you need to see whatever LODR changes that are happening for main board and also what may be in the offering for SME market.

Sanidhya:

Sir, anything on the lot size?

Sundararaman R.:

This has been the fourth question; I would request you to stand back in the queue so that others get an opportunity. Sorry.

Moderator:

Mr. Sanidhya may we please request you to rejoin the queue for the follow up questions.

Sanidhya:

Sure. Thank you.

Moderator:

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

Devesh Agarwal:

Thank you for the opportunity sir and many congratulations on great set of numbers. My first question, sir, is on active clients. Did you mention that correctly, you have 68 lakh active clients. So now are we at par with NSE in terms of monthly active clients?

Sundararaman R.:

So thank you, Agarwal Ji, first of all, for joining. I very much remember, we are talking about the 68 lakh clients having traded with us, but I honestly do not know what will be the numbers for NSE. My presumption is that we will not be badly off and very much different. But pardon my ignorance, I do not know what will be the corresponding number for NSE.

Devesh Agarwal:

Sure, sir. And sir, if you see the volume numbers for our Sensex and Bankex contract, especially if we just compare the last five expiries compared to the preceding five expiries, we see that the volumes are down almost 20% to 30%, both for Bankex and Sensex. While if we do the same exercise for NSE contracts that is Nifty and Bank Nifty, we see that the decline is 10% to 20%. So any particular reason why we are seeing a much higher slowdown compared to the NSE for our contracts. Is it basically because we of the measures which we'll be implementing, what is that impact of that?

Sundararaman R.:

It's a good question that you have asked. September month, if you look at it, has been a hit with more expiries. So that now created a good amount of traction, and therefore, volumes, with greater volatility. October month had 1, lesser volatility and also because of the intervening holidays, expiries started getting merged with the previous days. As you would appreciate, when more than 1 contract expires on the same day, the attention gets divided, and BSE has only two contracts as Bankex and Sensex. So the possibility of greater reduction of BSE increases compared to any other exchange having multiple expiries because of this reason.

Devesh Agarwal:

Okay sir. I have more questions, but I will come back in the queue.

Moderator:

Thank you. Next question is from the line of Gurpreet Sahi from Goldman Sachs. Please go ahead.

Gurpreet Sahi:

Thank you for taking my questions. Great set of results, Mr. Ramamurthy and BSE team and tremendous value creation for the shareholders. My questions are basically centred around the reforms that the regulator is doing in the options market. So high-level question on the industry, not for BSE as to if there is an impact on volumes, do you see from our clients in the industry that they can shift towards future? Is that an option over the medium term that can happen?

And if so, then our efforts in that direction can bear fruits? And also, if SEBI does not get a meaningful reduction, the second question is, over these 6 months, there's news that they would look at investor eligibility and kind of do whatever it takes to bring down option volumes. So, what's your view on that?

Sundaraman R.:

Mr. Sahi, thanks for joining the call and thanks for your congratulations. And the question was asked about what will be the impact of volumes, I presume I heard it right, the impact of volumes on the as a whole for the market because of the regulatory reforms brought in by the regulators.

And will there be a shift to stock futures, to the index futures volumes instead of index options volume. These are two questions I'm able to remember and recollect. And also, you were asking about whether there will be investor eligibility requirement put in place if there was no reduction in volume happening in the next 6 months.

The regulatory framework was evolved to ensure that the investor interests are well taken care of, and the right investors participate in the market. And hence, the six set of regulations were brought in by the regulators. One of the impacts of it is expected to overall reduction of index options volume in the market. Typically, what I have seen is the interest in index options is slightly more than the interest in the index futures market. An index futures market for certain reasons is believed by the investors to be costlier to trade than index options.

So I do not think that an individual investor who is the targeted person in respect of the index reforms will be getting in the index futures just because of this in the index options because index futures in any way comparatively could be a costlier product to trade because of the very nature of the product.

So having said that, it will have an impact on the volumes because that is the regulatory purpose. Your question was, if the volume reduction does not happen will SEBI move to the next stage of requirement of any accreditation of investors only they being in a position to trade. We need to wait and watch because even 6 sets of regulatory impact is yet to start effect. From November 20, it will start for 5 and for the 6th one from April 2025.

So we need to watch as to how the market evolves and how the regulatory thought process evolves. And as I have always been telling in my calls, India is a unique country where the regulatory process is absolutely consultative and a co-creation and therefore, I'm sure the market participants, including the MIIs will be consulted, and the collective opinion will prevail for any regulatory further reforms that were to be put in place.

Gurpreet Sahi:

Thank you, sir.

Moderator:

Thank you. Next question is from the line of Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra:

Sir, my first question is like post the regulatory changes as a shift from more weekly to more monthly expiry, do we see increase in the volumes in the non expiry days on BSE. And that will have an impact on the premium conversion ratio wherein where we have one-third of the other exchange. Can we see that converging and that can also have implications in the contract level and profitability wherein the contract level profitability for BSE might improve as the charges can come down.

Sundararaman R.:

May I request you to reserve your second question so that I am fully doing justice to the first question after which you can please ask the second question. I don't want to forget what you are asking. So is it okay if I answer your first question first?

Amit Chandra:

Yes sir, yes sir, please go ahead.

Sundararaman R.:

Yes. Sorry, if I did not remember your question properly and do not answer it properly, that is not correct. That's why I'm requesting this. You're right that the intention of BSE notwithstanding the regulatory -- recent regulatory directive if you may recall. We have been repeatedly talking about deepening and broadening of the market as our strategy for the year. And while we were talking about deepening and broadening of the market, one important point, what we were making was to make Sensex products mature and Bankex products mature to become monthly contracts.

So our efforts have been on. Now it has got a regulatory, what should I say, backing as well for us to promote it even better. As you would have seen in the recent weeks, already there is some amount of traction that we are seeing in the next week, next to next week, and third week contract in respect of Sensex.

We are trying to build it by talking regularly to the market participants because we feel a mature product has to go through that way. And our efforts will be on in respect of Bankex as well to take it in the same direction. Once that happens, yes, indeed, the premium per contract, both in terms of the size and also in terms of the week of expiry will be very advantageous for the cost optimization at the exchange level, under the clearing corporation level.

So we are working towards it. And if we are able to succeed, yes, it will have a positive impact for the market as a whole because the product will become a mature product for people to take a view for not just this week but for a longer period of time. And also in terms of operations, it will help the exchange and clearing corporation.

Amit Chandra:

Okay. And sir, in terms of participation, obviously, we have previously mentioned about increasing and deepening the participation. So any update on how the FPI participation has been? And also, if you can like if you can give some data around what is the contribution of investors

who are having a total turnover of, say, like RS. 1 lakh and RS. 10 lakh monthly turnover options on BSE, maybe in terms of percentage because the other exchange provides that through -- just to get a sense in terms of how the retail participation is there on the platform?

Sundararaman R.:

So in terms of the deepening and broadening of market which we talked about. We have been working -- we're increasing the number of members. As you may recall, we initially started with the 8 members on first day went to 50 members and went to 300 members. We have been increasing the number of members. I'm very happy to tell you today, we have registered members of around 453 in our Derivatives segment, starting with just 152 in May 2023. For name sake, they were there at the time with no technological capability. Today, when I'm talking of 453 they are with technological capability and with more members in the offering with a lot of applications coming to us on a regular basis.

And the number of UCCs, which is another metric which we use started from just 4,000 on the first day to go to now around 5,595,000. That is 55,00,000 to say so in terms of number of UCCs registered, so they all may not be trading. In terms of FPIs as well, starting with nobody today we have reached to a level of 120 and we are in discussions with around 30, 40 people are in the pipeline and at various stages of inclusion into the section.

In terms of percentages, our numbers do not vastly differ from what you have for NSE which is published information from market pulse which we also look at, we are not vastly different from those numbers that they have. The players that they talk about 49,00,000 or whatever it is slightly bigger than what we have as base, but the percentage distribution is not different.

Anand S.:

Amit, you may also want to look at our investor presentation, which gives these numbers. So in terms of members, in terms of UCCs, we are giving these numbers now. So you will have the month-wise numbers available to you.

Amit Chandra:

Yes. And sir, my last question on the SGF part. So obviously, if you can tell us what is the SGF in the F&O segment for us. And if I'm not wrong, there is a target set by the regulator in terms of having a particular SGF contribution for the F&O segment. So is it not right for us to assume that

the SGF contribution would be in line with the market share because we are quite low in terms of the SGF contribution versus what the other exchange is having?

Sundararaman R.:

In terms of number, for equity derivatives, in fact, Amit, it's the third question that you are asking.

As I'm just replying, nevertheless. For equity derivatives, the SGF is around RS. 114.15 crores. That is our core SGG. The total SGF contribution today BSE is having is around RS. 1,000 crores - - roughly RS. 1,000 crores. My memory is -- so I think RS. 997 crores or something.

The SGF computation as you know is a very complex process. And recently, there have been some changes from October 1, 2024, in the methodology of computation. The contribution of BSE to the clearing in totality and the ICCL clearing requirement are both not very big at this point of time. Because BSE is just growing and ICCL has a very low market share in clearing and settlement at this point of time. So given that the rules will accordingly apply by the regulator and as and when any call comes, we have not received any specific call for any specific increase at this point of time. As and when any call comes, we will certainly provide for as required by the regulatory setup.

Amit Chandra:

Okay sir. Thank you and all the best.

Moderator:

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

Marsal:

Yes, sir, first of all, many congratulations for putting such a fantastic number, but we have a serious apprehension that the kind of growth we have seen in the core revenue, whether it's sustainable since there are a lot of -- for example, this first, I want to ask that whether it's sustainable? Or if you can tell us that how much is coming from the core equity transaction and how much is coming from F&O? Because F&O is going to be under like a lot of changes like very shortly as per the regulatory guidelines. So if you can just like put some light on this one?

Sundararaman R.:

Sure. Thank you so much. See, if you look at the income for BSE, it comes from the following sources. One is listing revenue; second is the data dissemination revenue; third is treasury income; fourth is equity income. Transaction charges coming out of equity. Fifth is transaction charges coming out of equity derivatives and sixth is transaction charges coming out of mutual funds. So if you look at it, while equity derivatives is an important contribution, it is basically other contributions are also there. To look at it this quarter, we have made a top line of RS. 350 crores from equity derivatives, RS. 100 crores from cash, around RS. 60 crores from mutual fund. And apart from that, of course, there is significant amount of listing fee, I think around RS. 120 crores of listing fees that we have made which is called as services to corporate. And we had treasury income which is around RS. 63 crores from clearing and settlement funds on and on.

So while we do have good amount of revenue coming from derivatives, it's not that only derivatives is contributing for the top line growth. All the things that I mentioned to you, all of them have been contributing to the top line growth. With regard to the regulatory changes and the impact on impact on equity derivatives of BSE we need to see how it turns out because there are 2 factors which are on the play here. One factor is, of course, a negative factor is that Bankex still becomes a monthly product, there could be a blip in its volumes of weekly options because there'll be no weekly options. Whereas only two contracts are available in the market as a whole for all the investors to participate. Sensex being one of the indices, which is very understood and highly adapted and well followed and tracked index could find some meaningful interest for many of the market participants who have shorter interest, also longer-term interest and therefore, could be a very important product in the coming days. Based on these two, we need to wait and watch how the equity derivatives volumes proceed. The limited point, what I want to make is the revenue numbers that you are seeing are not solely coming from equity derivatives. It is spread over around 6 sources of income. All the other sources of income are also growing. And therefore to that extent, that provides a stability in income.

Marsal:-

But sir, like this derivative product is not available with one of the leading brokers which is shoonya.com, like it is showing in the list, but when we click, there is like no rate is showing there. So can you please check up with them and tell them like to start working on this. Because if you trade any option or future through this BSE, then there is no fees. So it is good for, for example, for the client as well as good for the broker also because if somebody is trading for derivative

through BSE then he will be parting the money with the broker. So broker is also making interest from those options fund. So can you please ask your concerned person or head of trading, like recently, somebody is appointed there to take up with shoonya.com to activate this derivative function of BSE immediately, please?

Sundaraman R.:

Thank you for the suggestion. We continuously engage with all the brokers for activation of BSE platform. Now that you have suggested a specific name in our continuous follow-up, we will include that name also. To the extent what I understand, we were told that they are technologically enabled now to permit customers. So therefore that should be possible. So we will certainly be talking to them as well in our talks with all the brokers. I would also humbly submit to you when a client demands, as I was just replying two, three questions before when a client demands a product, the brokers have an incentive as you very rightly pointed out because it also makes business sense for them to provide the contract. So my humble request to you is from your side you also follow up and it is a continuous process for us to follow up with all the brokers, we will also include, if we have not already included in my opinion, we have been following up with shoonya as well, we will talk to them. And thank you so much for this suggestion to us.

Marsal:

But sir, I also gave one suggestion last time, sir, because it is a serious like but in your website, that if you are browsing any or if you're opening any PDF file in corporate announcement, which is 3 day old, it never opens. Like, for example, today, the date is 12th so I can open any announcement made by the company on 10th of November I can open, I can open of 11th November also, but I can open of 8th November also, but I can't open 9th November.

So this is serious, but last time like your colleague told me that let me send an email to investor relations, we sent email to investor relations also, but it fell on the like on the nobody cared, and the problem still persists. So since you are the CEO of the BSE, kindly take some urgent action because we are so used to browse only through BSE, we are not like they used to browse NSE website because it is too like grumbled up. Your website is very simple, clean, but like the three days old announcement, never -- any PDF file never opens. So please take some action on your IT as well as your IR also.

Sundaraman R.:

Thank you so much for bringing up to my notice. Certainly, I look into it. I will -- my IR people are and other all my KMPs are on the call. They are listening to you as well. I'll ask them to look into it. Thank you for the suggestion.

Marsal:

Yes. And my last question -- my second question, sir, is like CDSL we have a sizable holding. Why it is not showing in the fair valuation gain?

Sundaraman R.:

Before I answer this question because this is a fourth question, when you were talking, I tried to open from my mobile 4 days old PDF and I am able to open. I can suggest you also what is the PDF which I am opening. Reliance Industries one second kindly listen to me. It is a submission made by Reliance Industries Limited on October 24, 2024, which is in my portal, and I am opening it and I'm able to open, but you said three days old PDFs are not opening. So I will have to check whether there are any broker problem.

Marsal:

No. What I'm saying because we use this -- we use, for example, this desktop only like we use this laptop only. And I'm again trying to like to open something, for example, let me see some companies which companies should I browse here for example?

Sundaraman R.:

May I request you something. One is already the time is up, and this is the fourth question. In any case, I have noted your problem. While talking I tried to open multiple PDFs of the past, I'm able to open, I don't know why you are having a problem. So my humble request is you also check it from your system side whether you have any issue. We will also check from our side whether we have any issue.

Marsal:

Sir, like I am fine, but maybe you can open through mobile, but it's never opening in the laptop which I have tried multiple -- in the multiple laptops. So let me again clarify three days old, not four days old. If you -- today is 12th November, you can't open any announcement of 9th November, three days old, not four days old sir, in the laptop I'm saying?

Sundaraman R.:

Okay. I think it has got something to do with your Chrome extension. I don't want to take the time here. Probably you should try, and we will also try and probably you should get in touch with one of us by calling us from the website number. We will tell you where your problem lies, we'll be able to resolve it for you soon.

Moderator:

Ladies and gentlemen, we will take this as a last question for the day. I would now like to hand the conference over to Mr. Anand Sethuraman, Head of Investor Relations for the closing comments.

Anand Sethuraman:

Thank you, Yousuf, for the call. Thank you, everyone for joining us on this call. We do realize that we have not been able to answer all questions. Please feel free to us at bse.ir@bseindia.com. Thank you so much.

Moderator:

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