

May 13, 2026

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

Symbol: BSE

ISIN: INE118H01025

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

Sub: Transcript of the Conference Call held on May 7, 2026

Dear Sir/ Madam,

With reference to our letter dated April 28, 2026, intimating you about the conference call with Analysts/Investors held on May 7, 2026, please find attached the transcript of the aforesaid conference call.

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

This is for your information & record.

Thanking you,

Yours faithfully,

For BSE Limited

Vishal
Kamalaksha
Bhat

Digitally signed by
Vishal Kamalaksha
Bhat
Date: 2026.05.13
17:05:38 +05'30'

Vishal Bhat
Company Secretary and Compliance Officer
ACS - 41136

Encl: a/a



BSE LIMITED
Q4 FY26 & FY26 Earnings Conference Call



May 7, 2026
BSE LIMITED
25th Floor, P.J. Tower, Dalal Street, Fort, Mumbai 400 001

Moderator:

Ladies and gentlemen, good day and welcome to the BSE Limited Q4 FY26 Investor Call. 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 start and zero on your touchtone phone.

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

Anand Sethuraman:

Thank you so much, Rutuja. Good evening, everyone. Welcome to BSE's Q4 and FY 2026 earnings call. Joining us today is our leadership team, including our MD and CEO, Mr. Sundararaman Ramamurthy, Mr. Deepak Goel - CFO, Smt. Kamala K - Chief Regulatory Officer, Mr. Sunil Ramrakhiani - Chief Business Officer, Dr. Vivek Jain - Chief of Staff and HR Strategy, MD and CEO of our subsidiary companies of ICCL and BSE Index Services Pvt. Ltd., Smt. Vaishali Babu and Ashutosh Singh, respectively. We also have other members of our finance, business, investor relations and secretarial teams present here.

Our latest results and investor presentation are now available on the BSE website. We will start with remarks from our MD and CEO on our performance, followed by a Q&A session. There will be an opportunity for you to ask questions after the management remarks. Please note that some of the statements made in today's call may be forward-looking in nature and are subject to risks and uncertainties. The company does not undertake to update these forward-looking statements publicly.

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

S. Ramamurthy:

Thank you, Anand. Good evening, everyone, and thank you for joining us today. Let me begin by welcoming our shareholders, analysts, investors, members and all other stakeholders on this call.

FY26 has been a landmark year for BSE in many ways. This year marked my third full year as MD and CEO of BSE, and it is particularly gratifying to share that FY2026 was a record year of achievements for the BSE, marked by important strategic milestones, new listings and trading records, along with the

celebration of BSE's 150th anniversary. I am happy to state that in FY2026, BSE's total revenues crossed Rs. 5,000 crores for the first time ever in its 150-year history to reach Rs. 5,148 crores.

Our record financial performance reflected the continued resilience and strength of our business, reinforcing our competitiveness, relevance and leadership at the heart of the global financial community. We are confident that our focused strategy, together with a series of pivotal initiatives we accomplished or initiated during the year, will underpin our continued success and shape the future financial landscape of India and beyond.

Let me first talk a little bit about the macroeconomic environment. The global macroeconomic backdrop over the past year and especially in the last quarter has been challenging and complex. Markets across the world have had to contend with heightened geopolitical tensions, ongoing conflicts, uncertain interest rate trajectories, commodity price volatility and shifting global capital flows. Against this backdrop, India's performance stands out for its resilience and balance.

While India, like all major economies, is not immune to global uncertainty, it is noteworthy how the country has managed external developments with maturity and restraint. India's approach has been measured and pragmatic, focused on safeguarding macroeconomic stability, ensuring continuity of policy and maintaining confidence in the financial system.

Moving to Indian capital markets, one of the defining features of FY26 was that despite periods of global uncertainty and geopolitical turbulence in the year, foreign portfolios turned episodic and selective. However, this was more than offset by the strength of domestic institutional participation. Domestic institutional investors, including mutual funds, insurance companies, banks and other long-term pools of capital, deployed close to Rs. 8.5 lakh crores during FY26, representing a sharp step-up over previous years.

Equally encouraging has been the continued commitment of India's retail investors, whose SIP flows reached a record Rs. 3.5 lakh crores for the year. This reflects the deepening culture of disciplined long-term investment across the country and reinforces the growing role of households as stable providers of capital to Indian markets. This resilience was particularly visible in March. Against this backdrop, I am pleased to share that BSE delivered its 13th consecutive quarter of record revenues.

For the quarter ending March 2026, consolidated revenues stood at Rs. 1,630 crores, surpassing the previous quarter's record of Rs. 1,334 crores, a growth of 22%. On a full-year basis, FY26 revenues

reached Rs. 5,148 crores, as compared to Rs. 3,236 crores in FY25, translating into a year-on-year growth of 59%. This makes FY26 the best financial year in BSE's 150-year history till now, underscoring the durability and breadth of our strategy.

I will now share some of the key financial numbers on a consolidated basis for the year ended March 31, 2026, as compared to the previous year.

Operational revenues have grown by 63% to Rs. 4,834 crores from Rs. 2,957 crores. Transaction charges comprising revenues from the equity cash, equity derivatives, mutual fund and clearing house segments have registered a substantial increase of 87%, rising to Rs. 3,795 crores from Rs. 2,030 crores, reflecting robust growth in core trading and settlement-related activities. Other operating income, which includes enhanced data dissemination fees, co-location, index services, etc., has increased by 59% to Rs. 349 crores from Rs. 220 crores. Operating expenses increased by 20% to Rs. 1,755 crores from Rs. 1,458 crores. It may be noted that 53% of the total operating expenses are attributable to regulatory fees and clearing and settlement expenses, all of which is directly correlated to increasing transaction volumes.

The operating EBITDA, including contribution to core SGF, has more than doubled to Rs. 3,079 crores as compared to Rs. 1,500 crores, with margins expanding to 64% from 51%. The net profit attributable to the shareholders of the company has demonstrated a significant acceleration to reach Rs. 2,497 crores from Rs. 1,326 crores, representing a robust year-on-year growth of 88%. The profit margins have expanded to 49% from 41%. And back of these financial results, it is my pleasure to inform you that the Board of Directors of BSE Ltd. has recommended a dividend of Rs. 10 per equity share, having face value of Rs. 2, for the financial year 2026, subject to the approval of shareholders in the ensuing Annual General Meeting. The total payout for the year would be Rs. 412 crores, which is an increase of 30% from last year on an overall basis, and 67% excluding the special dividend that was announced on account of 150 years of BSE last year.

The improvement across both the top line and bottom line highlights the company's strengthened operational resilience, disciplined execution, and sustained financial momentum. It also reflects the broad-based engagement across our platforms, the effectiveness of our strategic initiatives, and the steadily rising confidence that India's capital market ecosystem places in BSE.

Let me now highlight a few of the many business milestones in FY26. FY26 marked an exceptional year for main board fundraising and reflected strong issuer and investor confidence. The BSE IPO market was

ranked first globally for IPO listings in FY2026, welcoming 255 new listings across main board and SME markets and raising a total of Rs. 1.8 lakh crores. This represents a continuation of the strong momentum seen in recent years, but FY26 stands out as the highest ever, both in terms of number of issues and funds mobilized.

As we enter FY27, the IPO pipeline remains robust, with more than 250 active applications to raise Rs. 1.75 lakh crores, reinforcing our position as a leading global fundraising venue. Overall, business fundraising platforms remain the preferred choice by Indian companies to raise capital by enabling issues to raise Rs. 26.9 lakh crores in FY26 by means of equity, debt, bonds, commercial papers, REITs, INVITs, and municipal bonds. The total number of investor accounts registered on BSE has now crossed 25 crores, reflecting the continued deepening of retail participation across the country.

Over the past year alone, BSE has added 3.53 crores new investor accounts, with 10 states each contributing more than 1 crore registered investors, underscoring the broad-based expansion of India's capital markets across regional demographics. On the investor education front, BSE conducted 16,663 investor awareness programs, covering over 8.5 lakh investors in FY26. These initiatives were aimed at enhancing financial literacy, strengthening informed decision-making, and furthering the protection of investor interests within the capital market ecosystem.

Moving to our trading segment, new records were set across our cash and derivatives market in FY26 on account of our product offerings, growing client and platform adoption. Our technology capabilities and expansion of co-location services are also delivering greater values to clients. While cash market volumes remained at long-term normalized levels throughout the year, FY26 marked a milestone with BSE recording its highest ever ADTV of Rs. 7,950 crores.

The BSE index derivatives segment continued to demonstrate strong momentum in FY26, with average daily premium turnover reaching a record of Rs. 19,523 crores compared to Rs. 8,978 crores in FY25, translating into a robust year-on-year growth of approximately 118%. This sustained expansion reflects deeper market participation and improving liquidity. Following the transition to a Thursday expiry cycle, we have seen broadening of the liquidity profile, including build-up in non-expiry day volumes and open interest. Our flagship Sensex index options ranks among the most actively traded contracts globally, with the momentum continuing into FY27.

On the new products front, BSE has received approvals for three new monthly index derivatives – BSE Focused IT, Focused MidCap, and Sensex Next 30. Based on market feedback, derivatives on the BSE

Focused IT Index will be launched from 11 May 2026, further expanding and strengthening our monthly derivatives suite. The launch of derivatives on Focused IT Index will provide participants an additional hedging tool to manage their portfolio risk effectively.

We remain focused on further enhancing market depth by expanding participation, evolving our product suite, particularly through the promotion of longer tenure contracts, and strengthening our technology infrastructure through systematic upgrades to data center capabilities and connectivity framework.

Co-location remains a strategically important part of our diversification agenda, supporting low-latency market access and providing stable long-term revenues. For FY26, co-location revenues increased to Rs. 171 crores compared to Rs. 74 crores in FY25, reflecting strong growth, healthy utilization levels and the continued benefit of the revised Throttle Charges Framework introduced in July 2025.

Turning to our mutual fund distribution business, BSE StAR MF continues to serve as a strategically important pillar of our market infrastructure ecosystem. In FY26, the platform delivered yet another period of record performance with revenues increasing 24% year-on-year to Rs. 285 crores. Total transactions recorded on the platform grew to 84 crores, a 27% increase that highlights our strong performance. Notably, the platform achieved a new monthly peak of 8.2 crores transactions in March 2026, further reinforcing its position as a high-growth, systemically critical distribution channel within India's mutual fund landscape.

In a landmark achievement of financial inclusion, BSE became the first Indian exchange to sign a MOU with the Department of Post (DoP), Government of India. As mentioned in my previous earnings speech, we have successfully onboarded the DOP as a member on our BSE StAR MF platform in January 2026. I am happy to update that the StAR MF has become the first platform to go live for Dak Sevaks who have executed over 1,500 transactions till date. This partnership leverages the vast postal network to democratize investment across India.

Expanding our platform's reach, BSE Technologies launched StAR NPS on April 22, 2026. This platform aims to simplify and streamline retirement planning for millions of Indians by providing a unified architecture for the national pension system. Nationwide, we are evolving from India's premier mutual fund distributor into the country's definitive super gateway for long-term wealth. With StAR NPS, we now capture the entire financial lifecycle of the Indian investor, from their first SIP to their final pension.

Our key subsidiaries, such as the Indian Clearing Corporation Limited, ICCL, and BSE Index Services, continue to scale through new client acquisition, product innovation, and enhanced technology adoption. While these businesses remain relatively smaller in size, they have grown at a significantly faster pace over the past three years, with ICCL's revenues having more than doubled, while BSE Index Services revenues have increased nearly fourfold. Overall, it was a year of significant momentum and transformation for BSE.

By expanding our product ecosystem, we successfully aligned our offerings with the evolving investor trends. We continue to explore and develop businesses that are adjacent and complementary to our core business, demonstrated notable achievements in market diversification and product innovation, and implemented initiatives that broaden market accessibility and support greater efficiencies in the training, clearing, and settlement processes of the Indian securities market.

These initiatives not only strengthened our visibility but also enhanced the competitiveness of our markets to ensure their long-term resilience and sustainability, enhancing shareholder returns, while pursuing sustainable long-term growth remains a key priority for BSE Group. We will continue to take a disciplined and proactive approach to capital allocation, investing in its core businesses, pursuing strategic growth opportunities, and consistently returning capital to shareholders.

While we expect volatility in the macro landscape to persist, we also see costs for optimism in capital markets as investors adjust to the ongoing uncertainty by seeking diversification and risk management opportunities. As critical financial market infrastructure, exchanges have an important role to play in ensuring that capital and opportunities continue to connect as efficiently as possible.

At BSE, we are confident that our efforts and investments in recent years will ensure our business remains competitive in this global landscape, and we will continue to leverage our unique advantages, meet the evolving demands of investors, and ensure our markets are accessible and competitive.

Thank you all for your continued trust and support. With these updates, I now hand over the call back to Anand.

Anand Sethuraman:

Thank you so much, sir, for these updates. With this, we will open the floor for Q&A. I will request all our stakeholders to please limit their questions to one per participant so that everyone may benefit from the Q&A session. Thank you. Over to you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Swarnabh Mukherjee from 360 One Capital. Please go ahead.

Swarnabh Mukherjee:

Hi, sir. Thank you for the opportunity and congrats on a great set of numbers. I just wanted to understand in terms of ICCL member additions, etc., how should we think about this? How are the trends playing out and in terms of our core SGF, how does this manifest into the core SGF contribution in terms of how the open interest positions are adding, if you could give some color? And one data keeping question on the other expenses side, if you could highlight this came out to be slightly higher this quarter? Some color on that would be helpful, sir. How should the trend be going forward? Thank you.

S. Ramamurthy:

First of all, thank you for your kind patience and attending this call, and thanks for all the good words. As far as ICCL, ICCL has been adding members, both big and small. As you would recall, in the earlier earnings call also I have stated that ICCL has significantly increased its technological capability to handle around 29,000 trades per second per broker, and a peak of 69,000 with some small latency of one second, which is a big number. And therefore, it has attracted some significantly large market participants and also smaller participants as well. So this journey continues.

The addition of members alone does not directly contribute to the growth or requirement of SGF. SGF is a function of a stress test conducted with the largest market participants and based on multiple factors it evolves. So simple addition of members does not directly correlate with the increase in the SGF requirements.

At this point of time, the SGF maintenance by ICCL and BSE are at a very comfortable situation, and it has added strength even more to the balance sheet and situation of ICCL. Hope I have answered your questions.

Swarnabh Mukherjee:

Right, sir. Some forward-looking view on SGF could be very helpful, sir. If you see some of this continued, like a 20 crores kind of a contribution of whatever, some kind of contribution, colour would be better.

S. Ramamurthy:

I wish that I am in a position to give you an answer on this. If you may recall, since we are not able to project what will be the future SGF, because it is based on a complex set of parameters, we had initially decided that as BSE, in order to prevent any sudden jerks in the P&L, we will voluntarily contribute a specified stipulated percentage of our profits into SGF every quarter, and we put a threshold of maximum up to which we will contribute.

That is, if you are reaching more than, say, 150% of the total required amount of SGF by this consistent contribution, we will review the percentage of contribution, which was at the point of time set as 5% of profits. At this point of time when we review, we have already touched the threshold of more than 150 crores. We have crossed it, and in that situation, we are reducing the contribution requirement per quarter from 5% to 3.5%. Other than that, a forward-looking number cannot be put. As I said, the SGF computation is based on a complex set of parameters.

Swarnabh Mukherjee:

Understood, sir. Very helpful. If you could comment on the other expenses part also, very helpful. Thank you.

S. Ramamurthy:

I would request everybody to retain only one question per person, because there are quite a few people on the queue. As we talked about other expenses, most of it is based on regulatory expense, that is, either to SEBI or clearing corporation. I hope you are talking about other expenses in our balance sheet or something else. I am requesting CFO to explain.

Deepak Goel

Thank you, Swarnabhji. As you are aware, and you talked about, our group's clearing company, ICCL, provides services to both BSE and NSE. There is an outstanding of Rs. 80 crore, which is an old outstanding from NSE. So, we have taken some ECL provision that is in line with our ECL policy and accounting standard requirement, which has led to this increase in the current quarter.

Moderator:

Thank you. The next question is from the line of Supratim Datta from Jefferies. Please go ahead.

Supratim Datta:

Thanks a lot for the opportunity. My question is on the pricing side. Your option contracts are still quite lower than competition, and recently we saw that in the competition increased the realization for contract as well. So, could you give us some colour around how are you thinking about pricing going into FY27, given you have a lever to increase pricing there, or if you could reduce the Investor Protection Fund contribution like your competition has also done? So, if you could give us some colour around here, that would be very helpful. Thank you.

S. Ramamurthy:

Thanks, Supratim Datta, for participating in the call and asking this question. Contributions to IPF and other statutory things are governed by SEBI rules, so there will be no intention to reduce any of them, and we will continue to be supporting all those noble causes stipulated by the regulators in the normal fashion as what we have been doing all along.

As far as the cost is concerned, as I have been clarifying in my previous calls, we always believe in charging appropriate amounts at appropriate points of time, considering multiple factors, including the volumes that we are making and the cost of trading and the affordability and what will be easy for the members, etc.

So, at this point of time, we have priced, based on our studies, whatever cost we should charge for the options. These are subject to revisions and review, and as and when we feel the appropriate time has come for either an upward or downward revision, we will consider doing it. It will be totally driven by our own estimate and not by any other external factors.

Moderator:

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

Amit Chandra:

Thanks for the opportunity and congratulations on a very strong set of numbers. So, my first question is on the strong growth that we are seeing on the options side. Obviously, we have been gaining share there, but over the past few months, we have also experienced that the share of our monthly contracts have also been rising, and you have been talking about that

We have been trying to do that, but still the share in the monthly side is still only at 5% to 6%. So, how do we see this panning out, maybe in the next one or two quarters? And also, in the incremental volume that we are seeing in the options side, if you can quantify how much of that is coming from existing vendors and new vendors, that would be helpful.

And sir, also, secondly, on the cost side, we have seen a drop in the expenses in terms of clearing expenses. So, if I just take the expenses based on the number of contracts traded also, for a full year it is down by 12 points, around 12%-13% on a full year basis, despite the options revenue going up 113%. So, how do we see the clearing expenses panning out? Maybe if we are gaining share, maybe we can see further reduction in the clearing expenses. Thank you.

S. Ramamurthy:

Amitji, thanks a lot. I think you have packed three questions into one question, because there was a stipulation that you could ask only one question. Let me try and do justice to all the three questions you have packed.

First is on monthly contracts. As you rightly observed, Amitji, the percentage of monthly contracts for us is going up, but that is not the destination where we would like to be. We would like to further proceed.

It is our strong belief that the market has to be deeper and broader. One of the ways of achieving it or one of the parameters for us is the greater participation of monthly contracts. Since BSE's derivative segment is fairly new even now, with only three years that have gone, some of the market participants who are well-established in Indian markets are still yet to be present in BSE's market, and we are working with them to bring them in.

They are in various stages of implementation. In the coming months and years, we feel that more and more such participants who have a long-term view on the market will be participating even in a bigger way with Sensex contracts, which will bring in the type of monthly volumes which we are looking forward. One of the recent contracts introduced Bankex, is showing some traction in respect of monthly contracts, proving the fact that monthly contracts do have their own advantages, and therefore, we are very confident that we will be able to bring those types of people here.

Honestly, I do not know how much volume is coming from new people and how much is coming from existing people, because we do not measure it as participant-wise to see, because that is not a fair way of looking at the markets. Our intention has always been, in terms of broadening and deepening, to bring more members.

As you would know, in the last one year, the member count has increased from 446 to 587. FPIs have increased from 100 to 520. Colo-racks have increased from 300 to 500. Monthly contract volumes have gone up by 5x. Index futures have gone up by 3x. Of course, they are all on a smaller base. That is what we are keeping track of and we are working for, and we will continue to work to deepen it in this fashion.

As far as clearing expenses are concerned, as you would know, the SEBI turnover fee is based on the notional trading, the clearing expense is based on the number of contracts, and we earn revenue based on premium. In times of volatility, when the premium is higher, naturally, because volatility being one of the factors for pricing an option and, therefore, the premium, you get more premium, but the contract is only one, so the clearing expense comes down and the premium and, therefore, the revenue goes up.

Whether we can predict this trend, it is, of course, not predictable. Why? Global volatility is as unpredictable as it is, and, therefore, what would be the premium revenue growth because of volatility cannot be predicted. Therefore, the correlation between the clearing and settlement expenses versus the premium cannot be predicted.

Hope I have explained all the questions that you have asked before, and also one more point what you should understand is the contract size has doubled over the last week. So, these are some of the points which I thought I should place before you. Thank you so much for your patient listening.

Moderator:

Thank you. The next question is from the line of Deepak Ajmera from IGE India. Please go ahead.

Deepak Ajmera:

Hello. Thanks for the opportunity and congratulations on a good set of numbers and very commendable leadership. My question is on the, other than equity like electricity derivative and commodity derivative, how, like, because of the different day expiry, the fortune of BSE changed altogether. Similarly, any innovative thought there, that would be helpful. Thank you.

S. Ramamurthy:

Ajmera-ji, thanks for participating in the call and asking this question and thank you for your kind words. Indeed, BSE's stipulated strategy is to explore commodity derivatives as early as possible. As you would recall, BSE was not able to have any opening in equity derivatives with a very poor volume in equities for a very long time.

And just in the last three years, our entire attention span has been totally gobbled up by bringing in level playing field to whatever extent we can through regulatory requests and advocacies and bringing in a new segment and build volumes. So, we were concentrating on that by and large. Now that we feel that we have made some headway, though there is a long way to go further, we will be starting to think on commodity derivatives.

Here we have a few thoughts. We do not want to have the sense of being left out and therefore me too type of a syndrome where we also start something because others are starting it. We want to create a value proposition for the market by thinking about some unique selling proposition, just not the expiry day alone as a differentiator.

Do we have anything immediately on our mind and on the cost to implement? No. But some thought processes are wrong, and our sincere wish is that very soon we should be able to come out with consolidated views, taking up with the regulators and taking the commodity agenda forward.

Thanks once again for your patient listening and the question.

Moderator:

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

Prayesh Jain:

Yes, congratulations on good set of numbers. The question is on the co-location part...

Moderator:

I am sorry to interrupt you, Mr. Jain. We are unable to hear you, sir. Your voice is breaking a lot. Your voice is not audible. May we request you to please rejoin the queue and with the proper network connection? Sir, it is still breaking. We would request you to please rejoin the queue, sir. We move to the next participant, which is with the question, which is from the line of Yash Parekh, an individual investor. Please go ahead.

Yash Parekh:

Yes, good evening, sir. And congratulations on the good set of numbers. Sir wanted your view of investor presentation. In the transaction charges income, there are two heads, one is special rate income, and another is a normal rate income. So, sir, wanted to understand the difference between the two. And if we see year on year that special rate income has somewhat reduced. So, wanted to understand that part.

S. Ramamurthy:

See, the first one, thanks first of all for asking this question. And thanks for your congratulatory message. Much appreciated. See, the special one is for exclusive stocks. And the first one is, the other one is for commonly traded stocks across bourses. We have been conducting, as you will recall, a lot of investor programs where we are telling people that in times of volatility, large cap equity stocks generally are a safer bet for new investors.

As you would appreciate, more and more new investors are coming into the market as markets are becoming more democratic with good amount of access and democratic access to the news as well. When new investors come, we feel that because of all the good investor protection measures and investor awareness creation that we along with the regulators are doing, they are more migrating towards the commonly traded large cap or slot of mid-cap stocks. Therefore, that income is going compared to the income on the other side.

This is how we understand it. As you know, stock trading is a question of market preference. Our insights will be limited to whatever extent of analysis we are able to see without getting into the privacy of a

client. So, when we look at it from the economic parameters, this is what we are able to confirm. Thank you so much.

Moderator:

Thank you. The next question is from the line of Satyam Chaurasiya, an individual investor.

Satyam Chaurasiya:

Hi, sir. Good evening. First of all, congratulations for making a 12th consecutive quarter record in the top line and bottom line. My question is just about the MSE. How do you look at MSE as an emerging competitor? And please give me a number that what is your current market share in the cash segment?

S. Ramamurthy:

Thank you, sir, for participating and thanks for the congratulatory message. Actually, just a small correction. This is the 13th consecutive quarter where BSE has seen new heights. I joined in January and by the end of March, that's the first quarter that started. So, 13th consecutive quarter. As far as any specific exchange which you are naming as a competitor, our stand has always been we should be the competitor with ourselves. All the other participants are trying to help in the capital market expansion of the country. Given the size of the Indian markets and given the size of the investor population that is available, I feel that the number of exchanges can be whatever it is and they can cater to the society by creating niche products for themselves. That's how we look at the MSE part of it.

Market share in equities has been hovering around 7% to 8% compared to 5% to 6% when I joined. This is far away from what we wanted it to be. We wanted it to be at least double digit. As you may recall, with a lot of great efforts, we brought in common contract notes. We thought with that there will be and also the closing auction, what we thought was both institutional and retail participants will become exchange agnostic and trade where the prices are suitable for them. It's the same order could be split across multiple venues, and they could get the best price execution. But unfortunately, what we are understanding is the applications of SOR (Smart Order Routing) which people send to both the exchanges while we have cleared are still pending for more than six months at the other exchange because of which smart order routing has not taken off and because of which the clients are not able to be exchange agnostic and take the best prices available at BSE. This has probably impeded. That's what our inference is. This is probably impeding the growth in the market share and contribution of BSE to the generation of capital and economic development of India. Thank you.

Satyam Chaurasiya:

Okay, sir. That was helpful. Thank you.

Moderator:

Thank you. The next question is from the line of Madhukar Ladha from JP Morgan. Please go ahead.

Madhukar Ladha:

Hi, sir. Congratulations on a great set of numbers. I wanted to get a sense of, you know, in terms of participants on BSE derivatives platform. Are there any brokers who are still yet to get impanelled on the derivatives platform, so on the institutional side? Also, in terms of large HFTs, NSE was always ahead of BSE. Is that gap closing on right now? What is the runway still available? How many more HFTs and how much some sense on what more additional volumes could come onto BSE, sir?

S. Ramamurthy:

Madhukarji, thanks for this question and thanks for the congratulatory message. As you would recall, our goal in derivatives is deepening and broadening of markets. At this point of time, we have around 587 brokers of India who are with us and who are trading SENSEX options.

In terms of brokers, if we see, while our stated goal for this year is we should go at least 600, 700. 600 appears to have been achieved by now already. So, at least 700 is what is the goal. Will this add greater runway, as you called, in terms of volume? I don't think so because these are all small members. Then, why are we wanting to increase more members? We feel it is not big or small that matters. It is deepening and broadening that matters. So, that is the situation with regard to the number of brokers.

With regard to HFTs, some of the HFTs are FPIs, as you would know. Our FPA count has grown from 100 to 520, which is commendable. But we have put for ourselves a target of around 800 FPAs. The reason why we are putting this number is there are quite a few HFTs or quite a few funds, I would say, I will not say HFTs, who typically look into long-term option products because that is their strategy.

Some of them are slowly walking in because, till very recently, the liquidity for us in monthly contracts were lesser. Today, with a lot of efforts, we are finding that it is meaningfully liquid. So, more and more people are coming in. So, we feel that the runway is more there in that place. In terms of the big unknown

HFTs, most of them are already there. It is these types of bigger funds who get into longer-term situation we are looking in for.

This would be what I would call as the areas where we are looking forward to growing. And if I were to put a forward-looking number, sorry, I will not be able to put any forward-looking number in terms of volumes or market share because that is not where we are strategizing and putting our targets.

Our targets for ourselves as KRAs and for our employees is on how many members are there, how many FPIs, how much of COLO utilization, how much of monthly contracts building up, what is the percentage of contribution of FPIs to the total volumes of ours, not to anybody else. We are already at around 5% to 6%. While in the market, generally, we find the participation is around 9%. So, that is a target for us to go to around 9% of FPI participation.

Hope I have clarified your doubts. Thank you.

Moderator:

Thank you. The next question is from the line of Devesh Agarwal from IIFL Capital. Please go ahead.

Devesh Agarwal:

Thank you, sir. And many congratulations on a strong performance. Sir, I wanted to understand ...

Moderator:

Mr. Agarwal, sorry to interrupt. We cannot hear you, sir.

Devesh Agarwal:

Sure. So, my question is, basically, if you see the premium to notional ratio for Sensex and when you compare to the other large index, there is a gap that is there. And it has been eight months that we have to Thursday. So, there is some expectation that this gap could get converged as the non-expiry volumes kind of go up. So, I wanted to understand, one, what can be done to converge this premium to notional ratios? And can that happen?

S. Ramamurthy:

Thanks once again, Deveshji, for participating in the call and congratulating us and asking a question. Yes, indeed, you are right. The premium to notional ratio of Sensex vis-a-vis comparable indices in the market, the ratio at Sensex is lower. This is mainly because still the monthly contracts are yet to develop and grow in a big way at BSE. From a situation where that ratio used to be very, very small because most of the volumes were mainly only on the expiry day, the situation I am talking when we had Friday as expiry. Compared to that today, the concentration of volumes on the expiry day has significantly fallen down and it has gotten distributed. But still, if you talk about monthly volumes, maximum what we trade is the one-month volumes. We do not have openings in second month and third ahead. Can it be closed? Yes, that is exactly what we are working in for. And as I stated in the previous replies to my various questions, we are working on such types of participants who are having strategies in trading longer-term contracts. What I would like to emphasize, which is of course very well known to you, is Sensex is just a three-year-old product, whereas the other comparable products are 26-year-old in the market.

So, it is just that Sensex has been fortunate with the support of all the market participants and people like you, has grown so big in three years. Typically, product growth takes a lot of time. While the time has been crunched a lot for Sensex, still there will be some more time required for the longer-term contracts should develop and sustain. That is what we see.

Moderator:

Thank you. The next question is from the line of Rushabh Doshi from Nirmiti Investment Advisors. Please go ahead.

Rushabh Doshi:

Yes, thank you for the opportunity and congrats on a great set of numbers. My question is basically on returning wealth to shareholders in terms of dividend and buyback. So if you refer to slide 30 of your deck, initially till 2023, the payout ratio has been close to 99%. And over the last two years, it has fallen. Now, it is currently around 28%. So generally, our understanding is that this business does not require a lot of cash, apart from the capex, which you are doing.

Although I agree that it has been going up on a year-on-year basis, but it is still not close to the amount of free cash flow surplus which the company has. And also compared to other exchanges, let's say like IEX or NSE, the payout ratio is much lower. So, if you would just spell out what could be the reasons that

you are holding on to excess cash on the balance sheet? And it also, you might be just generating 4%-4.5% post-tax returns on the excess cash? So that's my question.

S. Ramamurthy:

Thank you once again for the congratulatory message and a very good question that you have asked. A 100% dividend payout or a significantly large payout may indicate a situation where the company is not having any growth idea at all. If you look at BSE the points of what you're talking about as 97%, 98% payout, BSE never had any growth prospects in its mind. And while in terms of percentage, it looks so big, what was the amount paid also, we should see.

And when you looked at it, the entire amount generated was paid back because there was, apparently it did not have any growth targets in its mind. The things are different now. If you look at the share price growth, that is also one way of returning money to the shareholders. It is just not dividend and the buyback, which are ways of returning back. When I tried to buy back the shares, most of the investors were so supportive of BSE, they didn't want to even offer one share for buyback.

As far as the share price is concerned, which is also one way of improving the wealth of the shareholders, please note that the market capitalization of BSE was 5,000 crores when I joined. And today we are talking about a market capitalization of around 1.56 lakh crores. Therefore, to say, to holding on cash, which is not required and not returning it back to the shareholders may not be a correct and absolutely good statement.

So, what are we doing with the cash and why are we retaining it? First of all, let us see whether we are paying good dividend or bad dividend. We are talking about a dividend that what we paid last year was around Rs. 23 per share of that Rs. 5 for the 150th year. The remaining Rs. 18, if we look at it in current share scenario, because there was a 1:2 bonus, which is again a way of returning capital to the investors to make it more liquid by giving more shares in the market.

Today, that will translate to Rs. 6 per share, as Rs. 6 per share as dividend. Today, as against Rs. 6 per share, we are giving a Rs. 10 dividend, which is around 66% more than what we paid last year. If you look at the total outgo, compared to around Rs. 230 crores plus in the last year, without considering the extra dividend of Rs. 5, we are paying around Rs. 414 crores or something this year, which is again a 67% increase.

So, what is the purpose of the cash that is accumulated? How it is being utilized? In the last two years, we have built around Rs. 500 crores as gross block, which has gone for capacity increase. BSE is a rapidly growing company, which requires a lot of technology investment. The current year's technology budget already appears to be underpriced.

We put around Rs. 300 crores, but with the global situation today, for the memory increase, the price of the memory increasing, the price of hardware increasing, this is almost going to be doubling as an investment requirement for keeping the lights on and growing further to achieve all the ambitious targets that we have in place.

And secondly, as you will know, we have also invested in technology in a big way, not only with BSE, but also with all the sister companies to provide seamless service. Also, a stronger balance sheet of an exchange is very essential to showcase to the world that the clearing corporation is strong enough.

Last but not the least, as you will know, we have been increasing our capacity in terms of COLO, which requires a lot of outlay. And also, there are already efforts on to see whether we should acquire a plot of land in the heart of Mumbai, whereby the ambitious dreams of expanding BSE further can materialize. So, the money is not earning 4.5% and lying idle. It is earning much more than that even in terms of treasury, which is very much available in the balance sheet and profit and loss for you to see. But also, it is being put on to productive use for further enhancing the shareholder value.

As the market truly reflects the growth in share price, all the things that we are talking about, and as I would repeat, a 5,000 crores market capitalization in three and a quarter year has become 1.56 lakh crores. The proof is in these numbers of the growth trajectory and the strategy being followed by BSE. Hope this clarifies. Thanks for your patient listening.

Moderator:

Thank you very much. Ladies and gentlemen, that was the last question for today. With that, I now hand the conference over to Mr. Anand Sethuraman for closing comments.

Anand Sethuraman:

Thank you, sir, for these remarks. Thank you all for joining us today. If you have any further questions, please feel free to reach out to us at Bse.IR@bseindia.com. Thank you.

Moderator:

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