

**February 07, 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 February 05, 2024**

Dear Sir/ Madam,

With reference to our letter dated January 29, 2024, intimating you about the conference call with Analysts/Investors held on February 05, 2024, please find attached the transcript of the aforesaid conference call.

This intimation will also be available on the website of the Company: [www.bseindia.com](http://www.bseindia.com)

This is for your information & record.

Thanking you,

Yours faithfully,

**For BSE Limited**

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



**BSE LIMITED**  
**Q3 FY 23-24 Earnings Conference Call**



*February 5, 2024*  
*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 Q3 FY24 Earnings Conference Call.

This conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinions, and expectations of the Company as on 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 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. Thank you and over to you sir.

**Anand Sethuraman:**

Thank you so much, Rayo. Good evening, everyone.

Before I start, apologies from our side as our board meeting went longer than expected and welcome to BSE's Earnings Call to discuss the Q3 FY 2024 Results.

Joining us on this call is the BSE's Leadership Team consisting of Mr. Sundararaman Ramamurthy – Managing Director & CEO; Mr. Deepak Goel – Chief Financial Officer; Mr. Sameer Patil – Chief Business Officer; Ms. Kamala K – Chief Regulatory Officer; Mr. Girish Joshi – Chief of Listing and Trading Development and Mr. Subhash Kelkar – Chief Information Officer. Also present here are the members of our Business, Finance and Investor Relations team.

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

With this, I now hand over the call to Mr. Sundararaman Ramamurthy – Managing Director and CEO, to give a brief overview of the Company's "Financial and Business Performance" for this Q3 FY 2023-24.

**Sundararaman Ramamurthy:**

Thanks, Anand. Good evening, everybody and a warm welcome to all our esteemed stakeholders for joining the call today. It gives me great pleasure as always to address you all today.

I am happy to say that 2023 has been crucial in laying the foundations for the future growth of BSE. We have successfully initiated a significant milestone by laying the foundation of our equity derivatives segment. Our achievements in 2023 paved the way for the next steps to be delivered in 2024. We have a strategic plan with the expansion of our core data centre and onboarding new members in our trading business. These are the critical bricks to complete our presence across the integrated value chain allowing us to innovate and shape capital markets in line with evolving client needs and making BSE even stronger to deliver future growth. We have actively responded to evolving investor preferences and market dynamics and the results are evident.

The key driver of our growth has been the performance of our equity derivatives contract, that are Sensex and Bankex. As you recall, we relaunched these derivatives in the month of May 2023 with the aim of providing investors with enhanced flexibility and hedging opportunities. This move has proven to be immensely successful exceeding all our expectations. I am particularly delighted to announce that BSE ranks second among exchanges globally and our flagship index, Sensex, ranks fourth in terms of derivatives contracts traded in 2023 according to the data published by Future Industry Association. It also gives me pleasure to inform you that Sensex derivative is still growing and broke its record on 2<sup>nd</sup> February 2024 when more than 49 crore contracts traded representing a notional turnover of Rs. 356 lakh crores and a premium turnover of Rs. 27,500 crores. Our trading systems also processed more than 220 crore orders and 9.6 crore streams. Since the relaunch, 375 members have traded BSE derivatives representing more than 23 lakhs UCCs. The Bankex contracts has also generated significant interest, expiry date change to Monday on October 16, 2023. Today, in its 17th Monday expiring, the Bankex contracts created a new record with 9.7 crore contracts traded, representing a notional turnover of 75.7 lakh crore. We are constantly monitoring its performance and will revise it like we did with our Sensex contracts. One crucial area requiring our immediate focus is further diversification of our participant base. We haven't seen the full spectrum of market participants actively engage with

our derivatives platform. Expanding our member base is a top priority for us in order to build liquidity on non-expiry dates and longer dated contracts. As a part of our commitment to providing the fastest, most reliable and cost-effective trading experience, we are investing in developing a good co-location facility. While this will incur some expenditure in the short term, it is a strategic investment that will deliver benefits in the long run. We are confident that this will solidify BSE's position and drive our continued growth in the years to come.

We now have the ability to process around 800 crores plus orders across segments up from 110 crore orders about 6 months back. In terms of trades, we have upgraded our capacity to handle 18 crore trades from 2.25 crore trades about 6 months back.

Let me now start with “Financial Updates”:

I'm happy to inform that BSE has achieved another milestone breaking our previous quarterly revenue record, achieving revenues of Rs. 431.5 crores compared to Rs. 245 crores in Q3 FY23, a growth of 76%. Similarly, BSE's operational revenues have grown by 82% to Rs. 371.6 crores driven by strong volumes in equity, equity derivatives and mutual fund distribution segment. The net profit attributable to shareholders of the Company stands at Rs. 108.2 crores compared to Rs. 51.6 crores in the corresponding quarter previous year.

I will now share some of the “Key Financial Numbers” on a consolidated basis for the quarter ended December 31<sup>st</sup>, 2023, as compared to the corresponding quarter previous year:

Revenues from transaction charges increased by 163% to Rs. 166 crores aided by growth in equity cash, equity derivatives and mutual fund segment. The clearing and settlement operational revenues increased by 81% to Rs. 32.9 crores. Treasury income from clearing and settlement funds have increased by 115 % to 46.9 crores. Listing related income increased by 20% to 89.4 crores due to contribution by book building income and annual listing income. Other operating revenue, which includes data dissemination fees, training income and software income has increased by 19% to Rs. 21.4 crores. Investment income increased to Rs. 54.6 crores from Rs. 34.8 crores. The operating EBITDA for Q3 FY24 stands at Rs. 91.9 crores up from Rs. 39 crores and operating EBITDA margin increased to 25% as against 19% the corresponding quarter last year. Similarly, the net profit margin improved to 25% from 19%.

I also want to appraise you of two key factors that impacted our profitability: One is contribution to core SGF. BSE's clearing arm, ICCL, had to contribute an amount of Rs. 91.7 crores for Q3 FY2024 towards its equity and currency derivative segment. This is 67% higher compared to entire previous financial year. Second is clearing and settlement charges. As you know, these charges are a function of the fee levied on the clearing and settlement services provided by clearing corporation. BSE has incurred a cost of Rs. 63.8 crores on a standalone basis compared to Rs. 40.2 crores in the previous quarter.

On the business side, 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. 4.12 lakh crores by means of equity and debt bonds, commercial papers, etc.

Moving on to our trading segment:

For the quarter ended December 21, 2023, the average daily turnover in equity cash segment stands at Rs. 6,643 crores compared to Rs. 4,234 crores in the corresponding quarter last year. Like I mentioned earlier BSE equity derivatives volumes have picked up with average daily turnover growing up to Rs. 71.14 lakh crores in terms of notional turnover as of December 2023. The average daily turnover in currency futures stands at Rs. 5,558 crores compared to Rs. 20,937 crores in the corresponding quarter last year.

Now let's get into our mutual fund distribution segment which continues to do well:

BSE StAR MF delivered yet another quarter of record revenues and performance up 55% year-on-year to reach Rs. 32.84 crores. The total number of transactions processed by BSE StAR MF grew by 60% to reach Rs. 10.99 crore transaction in Q3 FY24 from 6.86 crores in the corresponding quarter last year. BSE market share stands at greater than 89.5% among exchanged distributed platforms. The BSE StAR MF has been consistently reaching new highs in terms of transactions with the platform processing a new high of Rs. 4.34 crore transactions in Jan 2024. On average, the platform processed Rs. 3.2 crore transactions per month in the current financial year as compared to Rs. 2.2 crore transactions per month in the current financial year. We are going to continue focusing on StAR MF and improve it in terms of scalability, functionality and order processing.

The BSE Group directly or via subsidiaries also had 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 PTC India and ICICI Bank, BSE E-Agricultural Markets, BEAM, Spot Platform for Trading in Commodities, and BSE Administration and Services Limited. 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 closing, I want to say that 2024 will be another transformational year for BSE. With the projects we are implementing, the plans we are preparing, which I am confident will shape the future of BSE Group. All of us will be working hard on numerous transformative projects including expansion of data centre, a new mutual fund platform enhancing our data and index business, numerous regulatory projects, and improving our clearing and settlement services. I am certain that our diversified business model, our hard work, and our agile operating culture combined with our continued cost discipline will allow us to shape the capital markets for future.

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

**Anand Sethuraman:**

Thank you so much sir. With this update, I would like to open the floor for questions and answers. Thank you.

**Moderator:**

Thank you. We will now begin the question-and-answer session. The first question is from the line of Pranav Thakkar, who's an individual investor. Please go ahead.

**Pranav Thakkar:**

Thank you for the opportunity. And congratulations on receiving outstanding CEO Award in Capital Markets. Sir, if you can share update with reference to the merger which is proposed in GIFT City, where we are and how long it will take?

**Sundararaman Ramamurthy:**

Thank you so much for the congratulatory message. My apologies that my throat is very bad and in case I cough in between, my apologies for it. GIFT City as you know is very, very close to our heart and it is a project of national importance and as you know that we were the first exchange to be there and we are doing whatever we need to do there in the most expeditious fashion, the way that we can move around for furthering the cause of GIFT City and therefore there is a unified approach to the outsiders as far as India is concerned through GIFT City. The work is on. It is very tough at this point of time to put an exact timeline to say when it will get completed because whatever work we are pursuing today has lot of requirements to be fulfilled from multiple regulatory agencies. But what we are able to assure at this point of time to our investors, is our commitment and steadfast work that we are continuing to do with our GIFT City.

**Pranav Thakkar:**

And sir, if you remember, I made a suggestion that some of the data publishing site like Sensibull or Opstra are not publishing the data with reference to Sensex and Bankex which they typically publish for Nifty, Bank Nifty or Finnifty. So as a shareholder, I request if anybody from the team can approach them because as I see the larger picture, if any analyst appearing in the Business News Channel, they normally refer to data about call open interest before giving any recommendation. So the frequency of the calls which are coming on Sensex and Bankex are comparatively very low, or you can say almost negligible. So if we can do on that front...?

**Sundararaman Ramamurthy:**

Thank you so much for your kind suggestion. We value your suggestion, and we will take your advice. We have been continuously putting our efforts to any agency who wants our data to provide it. And we also proactively approach agencies for providing the data wherever it could be of service to the investors. We totally take your advice, and we will continue our efforts and journey towards making visibility of Bankex and Sensex to increase. One reason probably could be, is the other products which are typically covered are 23-year-old. Since we are in the initial stages of growth, probably it is taking time. With good people and well-wishers like you and our efforts, I think soon we will be able to get more popularity for Sensex and Bankex. Thank you so much once again for this.



**Moderator:**

Thank you. The next question is from Devesh Agarwal from IIFL Securities. Please go ahead.

**Devesh Agarwal:**

Sir, my first question is around the equity derivative segment. If you could share the blended tariff for the quarter as well as the payment that we have made to NSE for the clearing and settlement for the third quarter, just for the equity option segment.

**Sundararaman Ramamurthy:**

So, the blended numbers and all it keep on changing. If they keep on changing, I think we have put still whatever it is in the presentation. One minute let me refer to the number and tell you. Currently it works out around 2145, but what I need to tell you is that these numbers can keep on changing because the mix is going to change and therefore this will change.

**Anand Sethuraman:**

Hi, Devesh. If you refer to our investor presentation, we have a slide on equity derivatives segment. So, if you can see, we have given the total revenues, that is Rs. 34.2 crores, and you can see the premium turnover, that's around Rs. 4,030 crores. So if you can just do a simple division, you'll get a blended rate of our equity derivatives. And also, as you know, we have slab-wise structure for Sensex derivatives, and we have a flat fee of Rs. 500 per crore for Bankex. So, this is the rate that is coming up as of now. Slide 14, you can refer to our investor presentation.

**Devesh Agarwal:**

Right, Anand. I think the tariff part is clear. If you can help me with the cost part as well, the amount that we have paid to NSE?

**Anand Sethuraman:**

If you heard our further speech, we did mention that the BSE incurred a cost of Rs. 63.8 crores for Q3 as compared to Rs. 40.2 crores for Q2. So this was given as an update in the speech as well.

**Devesh Agarwal:**

Right, so this is largely for equity options.

**Anand Sethuraman:**

Yes.

**Kamal K:**

Anand, if I may add, payments is to NCL and not to NSE.

**Anand Sethuraman:**

Yes, so just to clear, we make payments to both NSE clearing as well as to ICCL.

**Devesh Agarwal:**

Okay. And for the SGF contribution that we made during the quarter, again, you mentioned largely it's for equity options. So, my understanding was that because a large part of clearing is done by NSE Clearing Corporation, the obligation of SGS to a large extent would be on them and not on us. So, to that extent, this 90 crore contribution has surprised.

**Sundararaman Ramamurthy:**

Sorry for interruption, one element of clarity. The SGF contribution of 91.2 has not arisen out of the trading volumes or whatever it is from equity options. It has come from our activities in currency derivatives segment.

**Devesh Agarwal:**

So, I just wanted to know, will this run rate continue any sense that you can give for the coming quarters?

**Sundararaman Ramamurthy:**

It's a very good question that you are asking. The SGF computation, as you know is based on the regulatory parameters that have been put in place and has multiple parameters including the open interest, the market volatility, etc. So, since it is very difficult to predict the volatility part of it and open interest at any point of time, and it certainly fluctuates, so it's very difficult to give a forward-looking number as to how would be the SGF growth. Suddenly you find in one quarter or in one month, there is some activity, which as per the SEBI parameters when you compute necessitates in a contribution to the SGF. So it is, at this point of time not possible to quantify what will be the future trend of SGF requirement.

**Devesh Agarwal:**

Right sir. And sir, can you share the UCCs between Sensex and Bankex just to know what is the scale up that has happened in Bankex and how much it can more grow?

**Sundararaman Ramamurthy:**

So the Sensex at this point of time, we find 23 lakh UCCs have traded till now and on expiry day, last expiry day that day we found around 7 lakh UCCs participating. All the UCCs who are in Sensex are also part of Bankex, but in trading part of it, around 2 lakh UCCs are participating in Bankex at this point of time, last expiry, that is today when we have seen.

**Moderator:**

Thank you. Next question is from Marcel, who's an individual investor. Please go ahead.

**Marcel:**

First of all, I have a strong suggestion that being an investor of BSE, we always want to stick to BSE and all our reports we want to see in BSE. But there is a very severe problem in the IT portal of your Company of BSE Exchange, whenever we see the corporate announcement of any Company, it simply gives the message that the page you are looking for has been removed or error 404. So, sir, can you please direct this to CIO to fix this problem. If I can get email ID of him, I can send him screenshot also because it becomes so embarrassing that if we never want to open the other exchange website. We only want to go through your website, but then we are forced to just drop your website and go to the other exchange website to see the result of any Company. And it happens even if some announcement has come three days ago, today we cannot see because the page always shows error. Many times it shows error.

**Sundararaman Ramamurthy:**

I am extremely sorry to hear this. Our sincere apologies that you faced with difficulties. My humble request is if you could please send a mail to us so that we can get in touch with you and we will certainly work on this.

**Marcel:**

On which email ID should I send sir?

**Anand Sethuraman:**

You can send it on [bse.ir@bseindia.com](mailto:bse.ir@bseindia.com) and we will forward to the relevant people in BSE.

**Moderator:**

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

**Prayesh Jain:**

So, I have total 3 questions. Firstly, is on the question that Devesh was asking earlier. If I look at the currency volumes, they have been significantly lower when we compare YoY and still, we have contributed good Rs. 90 crores to SGF. So why is that? That was the first question.

**Sundararaman Ramamurthy:**

You have asked a very, very valid question. When the volumes in currency have gone down, why are you contributing a significantly higher amount to the SGF, is your question. It's absolutely very valid from a perspective of optics. But what happens is the computation of SGF is as per a prescribed methodology of SEBI. It does not consider volumes in that perspective. It considers the open interest at the individual level and any concentration at any individual level and also the volatility associated with markets apart from various other factors. Given by those parameters, the number comes as an increase of Rs. 92 crores. Logically, it becomes very difficult to take it but that is what the current formula is. And we have to abide with all the regulatory requirements.

**Prayesh Jain:**

The second is on the clearing and settlement cost. So, what would be, how would we bring this down? So, one was obviously the longer dated options volumes and possibly you would need institutional investors to use Bankex and Sensex for hedging their portfolios. That would be one of the things or the second move could be people changing from NSE clearing corporation to our clearing corporation, where are we in both of those elements to bring the clearing and settlement costs down? Because that's kind of taking away the profits for us. Yes, that would be my second question.

**Sundararaman Ramamurthy:**

So very good question that you're asking. Actually, there is another method apart from the two you said. It is the clearing corporation deciding to charge reasonably. That is the first method

actually to be very honest. We have already requested the other clearing corporation. The lion's share of the clearing is done by our members with NCL. We have written to them telling that it is too much of a cost and they should relook at it because it is long time since the interoperability agreement was signed between clearing corporation. And it is time to review that, and we have been requesting for a review. So that we will continue to pursue. With regard to the institutional volumes, it is more important that even from a clearing and settlement perspective, in order to ensure, first of all there is a volume growth, there is sustainability, there is scalability, and there is open interest across all expiries, it is very important to increase the institutional presence in the derivatives market. We are working seriously with foreign participants, FDI clients. The reason is Indian domestic institutions do not have large scope for trading in equity derivatives. So, it should be only through the foreign participants we need to bring in this type of a stability in terms of open interest and trading activity across multiple expiries and the effort is on.

**Prayesh Jain:**

Lastly, could you mention the kind of investments you would be doing for the co-location services and when do we see this to be a revenue driver for us and what could be the size of the revenues that we can look at?

**Sundararaman Ramamurthy:**

Yes, good question again. So the investment is ongoing and as you know these are all not short-term projects because it is not about bringing up something in a physical manner. So it takes some time. The projects are on. The projects will start delivering racks to us somewhere in the first quarter onwards of this calendar year, I mean not the financial year, and going forward throughout the year, it will be month-on-month delivering some additional racks. At this point of time, the main focus is to get the facilitation done for the investors and the brokers and other members. And once the volumes pick up, monetization will happen at the appropriate rate and the appropriate time. Monetization happens generally in two fashion. One is about the rack rent. That is more of a cost recovery. There at this point of time, our rack rents are much lower. So we will bring it to market levels at some point of time. As I say, at the appropriate time. And about the order messages per second, which also generally gets charged elsewhere, we will look at it at the appropriate time. So it is a question of more what the market can take and how the market grows. So now the primary focus from our side is to ensure the infrastructure is available for people to participate, deepen the markets, bring in greater stability, and therefore a good product for the future.

**Moderator:**

Thank you. The next question is from Santhosh Kesari from Kesari Finance. Please go ahead.

**Santhosh Kesari:**

I just have two questions. One is that what is the net cash balance of the BSE at this point of time. That's my first question.

**Sundararaman Ramamurthy:**

So I will ask my CFO to see. I think what you are asking is what is the net cash balance. I don't know whether I have understood the question well. I will ask my CFO.

**Deepak Goel:**

So Santhosh, at this point in time, we are maintaining a net cash surplus of about Rs. 2,000 crores.

**Santhosh Kesari:**

My second question is about the distinction between treasury income and your other income that you are showing in the presentation, if you can just clarify on this one?

**Deepak Goel:**

So Santhosh, investment income has been shown separately in standalone as well as in consolidated financial results. For the current quarter in consolidated basis we have under investment income of Rs. 54.57 crores and at standalone level we have got a treasury income of Rs. 41.2 crores.

**Moderator:**

Thank you. Next question is from Deepak Ajmera from IGE Family Office. Please go ahead.

**Deepak Ajmera:**

Looking or comparing with the NSE profitability, we are already at 15%-16% of the profitability level, market share level. But the profitability, if I compare with NSE, they're generating almost 10,000 crore of profit from options and by when we can expect Rs. 1500-Rs. 1600 crores profit at the current market share?

**Sundararaman Ramamurthy:**

Honestly, I don't think I have a reply for this because if you would have recalled my previous conversations as well, we are doing it from the perspective of providing a marketplace which is vibrant, which helps in addressing concentration risk and provides very good complementary product. That is the way we are measuring our success and incidentally that give rise to the profits. So our focus will continue to remind the same, to make BSE vibrant and provide a very good vibrant complimentary product which helps in reduction of concentration risk. How much it will contribute to profitability? Is the profitability comparable? These will be very difficult questions because of the simple reason. If you look at the contribution of profits, from the top line to the bottom line with increasing profitability, exchange being fixed cost business, the marginal contribution to the bottom line by every rupee added to the top line goes on increasing. So it is a question of how we are able to make the products of BSE relevant and vibrant so that we get into the trail of increasing marginal contribution of the topline to the bottom. So that will be our continued effort.

**Deepak Ajmera:**

I asked this because lots of scope is there on the charges side also. And mainly on the charges side, currently we are charging much less charges. And it doesn't impact as such the turnover related charge, Rs. 3000 or Rs. 2000 or Rs. 500. So that's going to be one thing?

**Sundararaman Ramamurthy:**

It's a very, very fair point that you are making. Yes, we do feel that there are a lot of good opportunities for us to increase the revenue of BSE. We look at revenue from two perspectives, how we are very careful and conscious about spending, the cost part of it we are very careful about. And in respect of revenue, as I promised to the shareholders at some point of time in the last-to-last quarter, that appropriate time we will start charging for derivatives. We have started charging. We have made a beginning. We very closely watch the market and its behaviour based on whatever we are doing. And based on market feedback, based on the voice of customer, we will be very much considering whatever appropriate levies to be made from time to time and that will certainly show up in the increase to profitability.

**Moderator:**

Thank you. The next question is from the line of Jayan Kharote from Jefferies. Please go ahead.

**Jayan Kharote:**

Two questions from my side. One is just digging on the SGF piece a little more. Is there a part of the Rs. 91 crore which was towards currency derivatives or was all of it towards that? And secondly, what we've seen is our currency derivatives, ADTV has been sort of consistently or steadily moving down. So if you're moving on the same trajectory, it's fair to assume that the SGF piece will be at least as far as these levels or lower and not more than this?

**Sundararaman Ramamurthy:**

Your second part of the question was not audible to me. First part was audible. In the first part, you asked whether it is all because of currency derivatives or part of it towards currency and part of it towards equity? To clarify, it is all because of currency derivatives. The second part of the question was not properly audible. If you could please summarize and repeat again, I'll be very happy to answer.

**Jayan Kharote:**

Yes, sir. Just to summarize, basically our turnover in currency has been steadily coming down. So if this trend continues, is it fair to assume that the SGF contribution should be similar or lower incrementally?

**Sundararaman Ramamurthy:**

See, as I told, it is just not the volumes that decide the contribution to SGF. As you have observed, the volumes have come down but still the contribution has gone up. So it is, it may not be that fair to assume that if the volumes continue to go down there will be no SGS contribution to currency segment.

**Jayan Kharote:**

No sir, I didn't say no, I said similar or lower but not more than this.

**Sundararaman Ramamurthy:**

That is a probable way to look at, but it is very difficult to predict because as I told you the computation of SGF is based on a host of parameters. It is just not a linear model. Because it is not a linear model, it is very difficult for anybody to predict what it will be.



**Jayan Kharote:**

And second question, sir, in terms of monetization of our derivative piece, at what levels of premium are we comfortable moving in? Basically, we've seen Bankex also do steady Rs. 5,000 crores – Rs. 6,000 crores of premiums on Monday. Is there a number that you have in your mind? How do you think about moving ahead with monetization over there?

**Sundararaman Ramamurthy:**

So it's a good question again. So if you recall, last to last quarter when the same question was asked to me about Sensex, the point that I made was it is just not the volume on a single day or volume on multiple days that clearly makes us to decide whether it is the right time to charge. We look into a host of factors, including the participants and various other things, which makes us feel comfortable. And we also go to the markets to talk to them about, understand from them what their plans are so that we will be able to take a conscious call. So it is not possible for me to just say if Bankex volumes touch this many crores, I will start charging. It's a host of factors which we look into to find ourselves comfortable that by charging. We are not killing a product, but we are only growing, making it grow.

**Jayan Kharote:**

That's very fair says and just a last question if I could just squeeze in on the clearing piece slightly longer term, is there any regulatory tweak or change that you feel is necessary to make the clearing market sort of more level playing?

**Sundararaman Ramamurthy:**

See, our country has the benefit of a very proactive regulator who thinks about all aspects. So, I am sure wherever there is a need for any regulatory intervention, they will intervene.

**Jayan Kharote:**

Anything that you feel is needed right now from BSE perspective?

**Sundararaman Ramamurthy:**

So at this point of time, we are already putting ourselves on multiple areas of work. As I told you, we are talking with the NCL for review of the agreement. We are also talking to large scale

participants to ensure that there is a deeper contract, open interest across multiple expiries. That is where we are engaging ourselves at this point of time.

**Moderator:**

Thank you. Next question is from the line of Aman, who is an individual investor. Please go ahead.

**Aman:**

Within derivative segment, what is the contribution of Bankex versus Sensex?

**Sundararaman Ramamurthy:**

You are talking in terms of volumes or are you talking in terms of revenue?

**Aman:**

You can tell either, revenue preferably, but if you can volume.

**Anand Sethuraman:**

So Aman, just to answer your question, today almost 82% of all volumes are on our BSE are from Sensex options and the rest are from Bankex options.

**Aman:**

Secondly, again on SGF only, almost Rs. 150 crore has been spent on the SGF fees. Out of that, 91 crore you said is for derivatives and I'm assuming the 60-odd crore must be spent between the regular equity and the equity derivative. Is it possible that such a dramatic impact which we have seen for currency segment can also happen for the equity derivative segment at some point in future, depending on whatever calculation methodology which the regulator has defined?

**Sundararaman Ramamurthy:**

First of all, Aman, there is no further Rs. 60 crores in this. It's only Rs. 90 crores, and I don't know where you are getting another Rs. 60 crores to put it up as Rs. 150 crores. Kindly look at it. It is the contribution to the SGF only, Rs. 92 crores, arising fully out of currency segment. And I can only repeat the same answer if you ask me to project anything on SGF. It is based on a host of factors as decided by the parameters are provided by SEBI. So any projection whatsoever in respect of any segment you ask, any number of times, any number of investors, the answer has to be same.

**Aman:**

It is not possible to be projected. I got it. So within this Rs. 90 crore- Rs. 92 crore number, there is no contribution for the equity derivative business?

**Sundararaman Ramamurthy:**

I think I have already clarified it three times. I'll clarify it for the fourth time. This entire amount is for currency derivatives.

**Aman:**

Okay, but something like this, the Rs. 92 crore what has happened for currency, can it possibly happen for equity derivative as well? That is my last question.

**Sundararaman Ramamurthy:**

I heard the same question before also from you, and I replied. It is not possible for me to predict whether it will happen for equity options or not because it is a complex algorithm.

**Moderator:**

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

**Amit Chandra:**

My first question is on the pricing. Obviously, you have answered on the pricing part, your thought process on charging for Bankex, but if I see in comparison to what NSE is charging versus what BSE is charging, then all the other segments we are at par with NSE or even higher. So is there a thought process in place that we can match the pricing with NSE? And also in terms of SGF, obviously you have answered the question, but if you can provide the total SGF that we have and also the SGF amount in all the various segments, currency versus equity?

**Sundararaman Ramamurthy:**

Amit. If you ask four questions together, I may not remember. In fact, now I don't remember the first question that you asked.

**Amit Chandra:**

First on the pricing matching with the NSE.

**Sundararaman Ramamurthy:**

As I told you, it is not a question of benchmarking game with NSE. It's a question of the product and what impact the pricing will have on the bid-ask spread? How much of bid ask spread increase will happen if there is a cost from the exchange? How much it will impact liquidity? At what levels the bid-ask spread increase will not matter for the liquidity perspective. These are the points that we look into before getting into charges. So simply to say that NSE charges are this and BSE charges should be same as that may not work because in the interest of the product, the product's liquidity is paramount to ensure. So I will not therefore be able to immediately answer because these everyday go on evolving, the liquidity keeps on evolving, bid-ask spreads keep on evolving, the depth evolves. That is what we look for. When we look for all these factors, the depth, the participation spread, the bid-ask that comes, the liquidity available across strikes, all that we bear in mind before deciding, at the appropriate time the charges will certainly be levied for Bankex.

**Amit Chandra:**

Second was on the SGF spread between the various segments and where we are underfunded and where the funding is appropriate. And also, if I just compare with the other exchange, they have almost doubled their SGF in the last one year. So can we see our SGF also doubling from here on?

**Anand Sethuraman:**

Just to answer your question, the contribution to our SGF is available on our Clearing Corporation website. So the total SGF number we have as of February 2024 is Rs. 916 crores, of which Rs. 381 crores is for the equity segment, about Rs. 100 crores is for the equity derivatives and Rs. 400 crores for the currency derivatives segment. So obviously if you see the trend, even ours for SGF has kind of doubled over the last 2.5 years and these numbers will continue to evolve as the regulatory requirements come up.

**Amit Chandra:**

My last question is on the premium collection that we have across Sensex and Bankex. What are you doing to improve the depth of the contract? So maybe the premium collection on the non-expiry days has not seen that significant improvement as we are seeing on the expiry days. Also our premium collection as compared to the notion volume is one third of what we are seeing in NSE. So any thoughts on that, how we can improve that?

**Sundararaman Ramamurthy:**

So the first part of it is like this. To increase the participation across expiries, we are doing multiple things. As you know currently, the charges that we levy in respect of Sensex is only in respect of the current week. The next week and the next to next week and all continue to enjoy the benefit of Rs. 500 per crore of premium in order to encourage participation in slightly longer dated options compared to the current week alone. And that is one exercise which we have already done and which we have put in place. The second exercise that we are doing is we are trying to work with all the foreign institutions and other institutional participants to see how much of trading activity and interest they can bring into the market because many of them are into not current week, they are into other weeks as well. That will bring in a lot of stability. So one is domestic by way of the transaction charges which we talked about. Second is institutional participants which we are trying to make to deepen the other markets. Hope it is clear and answering your question.

**Moderator:**

Thank you. The next question is from the line of Karan, who is an individual investor. Please go ahead.

**Karan:**

I just have two questions. Firstly, if you can provide the YOY growth in cash and F&O turnover according to the investor category.

**Anand Sethuraman:**

Hi, Karan. If you see, we do provide this information on our website. It is available under the heading category-wise investor turnover. So this information is available on a BSE website and is available on a daily basis.

**Karan:**

And secondly, any new products in the pipeline that you're looking to launch?

**Sundararaman Ramamurthy:**

Thanks for that question. It's a very important question that you have asked. Any conceptualization of a new product is a long-term exercise, and it is a continuous effort, as you

would agree. And it is based on the voice of customers and what the market wants. While we continue to engage with market participants in understanding their need for a new product, it is very important for us at this point of time to understand that just October onwards, which is Bankex is trading, which is around three to three and a half months, and Sensex is not even full year of operation since we instituted the change. So we want to give them some time for them to stabilize and grow further. Once it is there, based on the continuous exercise that we are doing with the market participant in understanding their needs, we will come up with product propositions which can add value to the market.

**Moderator:**

Thank you. We'll take that as the last question. I would now like to hand the conference back to Mr. Anand Sethuraman for closing comments.

**Anand Sethuraman:**

Thank you, Rayo. And thank you everyone for joining us today. We have taken all the feedback that you guys have given us, and we'll try to incorporate it in our presentation. If you have any more questions, please feel free to write to us at [bse.ir@bseindia.com](mailto:bse.ir@bseindia.com). Thank you.

**Moderator:**

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