Operator: Ladies and gentlemen, good day and welcome to BSE Ltd. Q2 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anand Sethuraman. Thank you, and over to you, sir.

Anand Sethuraman: Thank you so much, Yusuf. Good evening, everyone. Welcome to BSE's Q2 FY27 earnings call. I'm Anand Sethuraman, and it is my privilege to introduce you to the members of the BSE leadership team today. Starting with Mr. Sundararaman Ramamurthy, Managing Director and CEO; Mr. Sourav Shukla and Mr. Gopalan S Raghavan, Executive Directors; Mr. Deepak Goel, Chief Financial Officer; Mr. Sunil Alvares, Chief Business Officer; Ms. Gita Gangadharan, Chief Regulatory Officer; Mr. Viral Davda, Chief Technology Officer; Mr. Girish Pandey, Chief of Products, Policy and Strategy; Mr. Ketan Jantre, Head of Trading Operations; Ms. Radha Keppewar, Head of Issuer Relations and Corporate; Mr. Ramesh Ghadge, Chief Information Security Officer; Mr. Abhishek Jha, Joint Chief Information Security Officer; Mr. Sanjay Jha, Chief Risk Officer; Mr. Vishal Bhat, Company Secretary; Mr. Ashutosh Singh, Managing Director and CEO, BSE Index Services; and Ms. Vaishali Babu, Managing Director and CEO of BSE Clearing Corporation.

We also have representatives from our finance, business, and investor relations teams here. Please note that our latest financial results and investor presentation are available on the BSE website. Today, we will start with remarks from our MD and CEO on our performance, followed by a Q&A session. All participant lines will be muted for the duration of the call, and there will be an opportunity for you to ask questions after the management remarks. Some of the remarks made today on this call may be forward-looking in nature and are subject to risk and uncertainty. The company does not undertake to update these forward-looking statements publicly. With that, I would now invite the BSE MD and CEO to share his views. Thank you, and over to you, sir.

Sundararaman Ramamurthy – MD & CEO: Thank you. 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.

Let me first talk a little bit about the macroeconomic environment. Indian capital markets continue to demonstrate structural resilience despite a volatile global environment marked by intensifying geopolitical tensions, fluctuating crude oil prices, and prolonged tightening of global financial conditions. Against this challenging backdrop, India's core macroeconomic fundamentals remain exceptionally robust. Real GDP expanded by 7.8% in Q1 of FY 2026-27, fundamentally driven by sustained momentum across private consumption, capital investment, manufacturing output, and a resurgent services sector.

Importantly, institutional market dynamics have evolved to provide unparalleled systemic stability. While foreign institutional investors adopted a cautious stance amid macro uncertainties, resulting in a net outflow of approximately {? 35,869 ?} crore from Indian equities in September 2026, domestic institutional investors absorbed this liquidity pressure, deploying approximately {? 76,022 ?} crore during the same period. This robust influx of domestic capital serves as a critical

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countercyclical buffer, deepening market liquidity and validating long-term confidence in the Indian growth narrative.

Indian capital markets are now increasingly anchored by domestic long-term financial savings. Evidencing this depth, the mutual fund industry's assets under management reached the historic milestone of approximately rupees 82.64 lakh crores as of September 2026, marking an impressive 12.5% expansion during the first half of FY 2026-27. The compounding participation of both household and institutional investors underscores the self-sustaining nature, maturation, and expanding capacity of the domestic financial ecosystem.

Against this backdrop, I'm pleased to share that BSE continued to deliver strong financial performance during the first half of FY 2026-27. Consolidated revenues for H1 FY 2026-27 stood at rupees 3,257 crore compared with rupees 2,184 crore in the corresponding period last year, representing robust year-on-year growth of 49%.

I will now share some of the key financial numbers on a consolidated basis for the half year ended September 30, 2026, as compared to the previous year. Operational revenues have grown by 48% to rupees 2,999 crore from rupees 2,026 crore. Transaction charges, comprising revenues from the equity cash, equity derivatives, mutual fund, and clearing operations segments, registered a substantial increase of 60%, rising to rupees 2,456 crore from rupees 1,531 crore, reflecting robust growth in core trading and settlement-related activities. Other operating income, which includes enhanced data dissemination fees, co-location [trails off]

Management: ...and order flow charges, index services, et cetera, increased by 23% to rupees 200 crores from 163 crores. Operating expenses increased by 36% to rupees 980 crores from 721 crores. It may be noted that 50% of the total operating expenses are attributable to regulatory fees and clearing and settlement expenses, all of which are directly correlated to increasing transaction volumes. Operating EBITDA, including contribution to core SGF, increased by 55% to rupees 2,019 crores as compared to rupees 1,306 crores, with margins expanding to 67% from 64%. The net profit attributable to the shareholders of the company demonstrated a significant increase, reaching rupees 1,520 crores from rupees 1,095 crores, representing robust year-on-year growth of 53%, with a net profit margin of 52%.

The continued growth of BSE's investor base is an encouraging indicator of the growing reach of India's capital markets. Investor accounts registered on BSE have now reached 26.8 crores, with 3.9 crore new accounts added over the past year. Importantly, this participation is becoming increasingly broad-based, with 11 states now having more than 1 crore investors each, reflecting the widening geographic reach of the capital markets across the country.

Alongside this growth, investor education and awareness continued to remain an important priority for BSE. We conducted 2,328 investor awareness programs during H1 FY27, reaching over 1.2 lakh participants. [pause]

Looking ahead, BSE remains deeply committed to expanding investor awareness and advancing financial literacy. We view this educational mandate as a key pillar for promoting informed investment decisions, safeguarding investor interests, and securing the long-term sustainable growth of India's financial ecosystem. The consistent improvement across both our revenue

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streams and operating margins is direct evidence of our disciplined strategic execution. By expanding market participation and driving key platform efficiencies, we are continuously enhancing the depth of India's financial ecosystem while reinforcing BSE's structural position at the center of India's capital market expansion.

Let me now discuss a few key trends that shaped our business this quarter. In primary markets, we have seen very strong momentum during the first half of FY27, with a record 71 mainboard IPOs raising over rupees 84,400 crores... [hesitates] for 84,000 crores, making it the strongest on record for Indian capital markets. In September alone, BSE witnessed a 32... [hesitates] a record 32 mainboard IPO listings collectively raising rupees 40,354 crores. The strong pipeline of issuances, coupled with healthy investor participation, demonstrates the growing confidence of companies in accessing the public markets for capital formation. We remain optimistic about the opportunities ahead and believe BSE is well-positioned to participate in India's growing equity capital market.

Alongside the strong momentum in the mainboard IPO market, the SME segment also continued to demonstrate healthy growth, with strong issuer and investor participation. BSE SME crossed a significant milestone of 800 listed companies in October 2026, up from 600 a year earlier. Notably, the latest 200 listings have raised rupees 8,387 crores, representing nearly 45% of the cumulative capital raised on the platform, underscoring the growing role of SMEs in India's economic growth and capital market development.

Overall, in H1 FY27, issuers raised over rupees 13.9 lakh crores through BSE's fundraising platforms across equity, debt, bonds, commercial papers, REITs, and InvITs, reaffirming the trust placed in BSE's market infrastructure. Looking ahead, we remain positive on the outlook for India's primary market. The mainboard IPO pipeline remains strong, with over 150 companies seeking to access the capital markets and targeting fundraising of approximately rupees 1.5 lakh crores.

Moving on to our trading segment, we continue to witness strong momentum across both our cash and derivatives markets, supported by growing client participation and product innovation. In the equity cash segment, BSE continued its strong momentum, recording its highest-ever quarterly average daily turnover of rupees 10,494 crores in Q2 FY27, reflecting sustained market participation and strengthening liquidity on the exchange.

In our index options segment, Q2 FY27 ADTV at premium volumes stood at 22,531 crores. While this represents a first sequential quarterly contraction, decreasing from 29,615 crores in Q1 due to compressed market volatility and certain temporary structural shifts in participation, we have seen a decisive recovery in September 2026 and a record-breaking October 2026, which registered our highest-ever monthly index options premium ADTV of rupees 35,481 crores. BSE also achieved its highest [cut off]

Management: BSE has recorded a single-day expiry premium turnover of rupees 85,356 crores on October 22, 2026, reinforcing the deep systemic liquidity, resilience, and expanding market share of our derivatives platform. Crucially, our focus on broadening the derivatives ecosystem continues to progress well. BSE's focused Sensex and Bankex index derivatives introduced earlier this year are gradually establishing themselves on our platform, with participation developing across successive expiries.

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To further strengthen our global product offering, BSE has entered into a strategic collaboration with MSCI, bringing together BSE's market infrastructure capabilities and MSCI's globally recognized index expertise. Through this partnership, we aim to develop and expand MSCI-linked derivatives products on BSE, providing market participants with greater opportunities to access and manage exposure to global and Indian markets. The collaboration marks an important step in broadening our derivatives ecosystem and strengthening BSE's connect with domestic and international investors. This reinforces our strategy of offering differentiated products that address the evolving requirements of market participants.

Moving to other operational revenue streams, BSE's co-location and other connectivity charges, including protocol charges, continued to perform well, with revenues of rupees 103 crores in H1 FY27. We remain committed to further expanding our co-location infrastructure in line with client demand and growing market participation.

Turning to our mutual fund distribution business, BSE STAR MF continues to deliver strong and consistent growth. During Q2 FY27, the platform processed 24.5 crore transactions, representing a healthy 22% year-on-year increase. Revenues for H1 FY27 grew 11% year-on-year to rupees 146 crore, reflecting continued growth in investor participation and increasing scale of India's mutual fund ecosystem.

As mentioned in my last earnings call update, the STAR NPS platform by BSE Technologies continues to expand by integrating central recordkeeping agencies and pension fund managers, thereby providing a unified architecture for seamless NPS adoption and management. Through this initiative, we are strengthening our position as a comprehensive investment and retirement solutions platform, supporting investors throughout their long-term wealth creation journey.

During the quarter, BSE also signed MOUs partnering with the Government of Andhra Pradesh to advance the SME ecosystem, investor protection, and municipal finance; collaborating with MMTC-PAMP to develop electronic gold receipts; and engaging with the Chamber of Marathwada Industries and Agriculture and MISSO to enhance SME awareness of capital market participation.

In summary, the first half of FY27 has been a defining period of structural growth for BSE, characterized by robust financial expansion across our core business verticals, accelerating market participation, and critical platform scalability. The strong H1 performance directly reflects the growing scope and resilience of our business model. As we scale, our focus remains firmly anchored on reinforcing India's market infrastructure, diversifying our multi-asset product suite, and delivering long-term sustainable value for our stakeholders.

This institutional progress has been validated by premier global industry benchmarks. BSE was recently honored by Euromoney as Asia's best derivatives exchange and received the Innovation of the Year award by FOW Asia Pacific, besides being named Exchange of the Year. Crucially, the deep capabilities of our subsidiaries were also recognized, with {? ASIL ?} awarded Asia Pacific's Best Index Benchmark Provider and BSECL winning Asia's Best Clearing House, complemented by the Best Content Marketing award at the afaqs BrandVantage Awards. These accolades comprehensively validate the operational excellence, technological superiority, and comprehensive maturation of the BSE ecosystem.

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Looking forward, we are highly confident in the secular long-term expansion of India's financial architecture. Equipped with a resilient, diversified business model, deep network effects across our transactional platforms, and an unwavering commitment to core technological innovation—I would say unwavering commitment to core technological innovation—BSE is uniquely positioned to capture incremental market volumes, pilot sophisticated financial products, and drive compounding stakeholder value. Thank you for your enduring trust and strategic partnership. With these updates, I now hand the call over back.

Operator: Thank you, sir. We will now begin the question-and-answer session. In the interest of time and to ensure all participants have an opportunity to address the management, we kindly request you to limit your remarks to a maximum of two questions each. Should you have further questions, you will be welcome to rejoin the queue. Thank you. Thank you very much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants are requested to restrict themselves to two questions only. The first question is from the line of Sumit Sinha from Macquarie. Please go ahead.

Sumit Sinha – Macquarie: Hi, yes. Thank you very much. A couple of questions from my side. First, looking at the daily data that comes out from your exchange, we are obviously seeing a nice reversal in the derivatives side, options premium and notional as well. The equity side is still down sequentially. Any thoughts there that will help us think about how the quarter or the rest of the year will pan out? That will be helpful.

And the second question is, in the last call, you had set out some goals regarding cash equities double-digit market share...

Sumit Sinha – Macquarie: ...and {? member ?} FPI sort of growth goals. Can you reiterate those? Or where are they tracking right now? That would be helpful. Thank you.

Management: [pause] Thank you so much for attending the call and asking this question. As far as the equity trend is concerned, there are quite a few macroeconomic situations today, as we are all aware, resulting in a broader outflow from the Indian market by FPIs. This has impacted multiple things, including the total volumes that trade in the equities market in the country. To compensate, the new IPOs that are coming in are creating a lot of encouraging trading volumes. So it is a mixed bag.

Where do we see this equity trend going? There are a lot of discussions about government intervention and facilitation of increasing market liquidity. We hope that some of them, if they see the light of day, along with the stabilization that is expected to happen in the global scenario and various outcomes, including election outcomes that people are talking about, and with all the structural-change-related issues that were hampering the Indian market at last appearing to have been put to rest, will further enhance and deepen the market. We feel that already we are seeing, and we feel that it will further enhance and deepen the market. Our view is that India has a lot of potential in terms of increased volumes, increased participation, and increased liquidity.

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As far as the trends and targets that we set out for ourselves, in terms of the number of brokers and FPIs, we are doing extremely well. We are going exactly as we thought we would in terms of having people in place. Exact numbers are available in the presentation, so you will be able to see them.

As far as cash equity market share is concerned, which is one market share that I track, we are yet to reach double-digit market share. There are multiple things still pending. Some of the facilitations in terms of a common contract note have happened. But still, we find quite a few tribes of brokers who have completed their KYC and are permitted to trade in these segments, such as equity, on both BSE and NSE. They are yet to be permitted to trade in NSE, in BSE. We are working with such brokers where there is this tendency, to ensure that clients are provided a fair and equitable field to participate in both NSE and BSE and select what they want to.

This single thing should help us, and best-price execution is still not happening at the scale at which we want it to happen. It takes time for market participants to probably imbibe this, along with various other things which have been eating away their attention till now. Maybe we are yet to make full progress there. In the coming days, we feel that it will happen.

As far as some of the new listings are concerned, our initial expectations about the volume outcomes have not yet been fully met. I'm sure that over a period of time, if those scripts where we had some volume expectations also grow to the levels of our expectations, our market share will expand.

Sumit Sinha – Macquarie: All right. Okay. Thank you very much.

Operator: Thank you. The next question is from the line of Pravin Malik, an individual investor. Please go ahead.

Pravin Malik – Individual Investor: Sir, good evening. Can you hear me?

Management: Yes, sir. Yes, please go ahead.

Pravin Malik – Individual Investor: Sir, first of all, congratulations for a good set of numbers. My question is that now NSE is listed on BSE only, as NSE is not permitted to list on its own platform, own platform. My question is, will the futures and options of NSE be traded on BSE, or can they be traded on NSE also? And how can we view NSE in the F&O segment? Thank you.

Management: [pause] Thanks for your congratulations. I'm not sure whether I heard you properly because your voice was very unclear. I presume I heard the question as whether NSE will continue to be traded only on BSE, or whether it will be permitted to trade on itself, or whether it will be listed on itself. One such thing is what I understood. I'm not sure what the basis of this question is because, multiple times, including the SEBI Chair, it has been stated that at this point in time there is no regulatory framework available for either permitting a stock exchange to trade on itself or permitting it to list on itself. The question at this point does not appear to arise. If there is any regulatory change discussed or in the offing, the question will make a lot of sense. At that time, we need to revisit this question. Thank you so much.

Pravin Malik – Individual Investor: Sir, my question is about the F&O segment, not the cash segment. Thank you.

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Management: [pause] Oh, you are talking about NSE being permitted in the F&O segment of BSE? Got it.

Pravin Malik – Individual Investor: Yes, correct, sir.

Management: Okay. Thank you so much, and sorry for my misunderstanding of your question. As far as the F&O segment is concerned, SEBI has laid down certain criteria in respect of a stock becoming eligible for trading in the derivative segment of any exchange. This includes multiple things, including {? MWPL ?}, quarter-sigma value, daily traded turnover, and its market capitalization, et cetera. The role of stock exchanges is to continually watch all listed scripts, check their fulfillment of eligibility, and, once they fulfill the eligibility, introduce derivatives on them after taking the necessary approvals. The same process will be diligently followed by BSE for all scripts that are newly listed, and we will do the needful at the exact time when they become eligible to trade.

Pravin Malik – Individual Investor: Thank you, sir.

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

Amit Chandra – HDFC Securities: Thanks for the opportunity, and congratulations on a very strong set of operating performance and numbers. My first question is on the adjusted {? CAS ?} rules, which are applicable in December. As per the new {? CAS ?} rules, the contracts that are expiring, especially on the expiry day, will be settled based on the {? VWAP ?} method. Is it fair to say that this actually gives an advantage to the contracts that are expiring on that day? Especially if I see BSE's expiry, which is Thursday's Sensex expiry, we have a 60-65% market share versus the larger exchange's expiry, where they have a 90% market share. Is it fair to assume that it may be an advantage for contracts that are expiring under the new rule?

That is my first question. The second question is, as we have reached a steady-state kind of market share on both the notional and options sides, is it fair to assume that perhaps some of the pricing gaps that we have in the options segment, and especially on the co-location side, where on the entry and port charges we are much lower than the competition, could there be any possibility of rationalization there? Thank you.

Management: [pause] Thank you so much for your congratulatory message, and thanks for participating and asking these questions. As you pointed out, from December onwards, in respect of derivatives expiry for the contract that is expiring on that date, the {? CAS ?} rule applies to us. In that sense, the settlement price for those expiring contracts will be the last half-hour {? VWAP ?}, which is as per the old process that we were following before the introduction of {? CAS ?}.

Will it be beneficial to BSE? Will it help in our volume growth? Honestly, we have not been looking at it from those perspectives. There could be outcomes that come out of market behavior and the market's interest in and understanding of the product. What we were looking at was this. The market was finding it difficult to cope with and adjust to the new {? CAS ?}, which was finding it [trails off]

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Management: [pause] Is being difficulty being expressed in risk management, particularly on the expiry day, with regard to the closure, with the amount of uncertainty in the last few minutes, and creating therefore a lot of pain points for the market participants.

So the rule change which SEBI has kindly considered after taking market participants' feedback into account is a very positive move, and therefore, in our opinion, it will help in the overall development of the market, including equities and equity derivatives. BSE may benefit from the overall market participation and market development, like any other market participant.

As far as the charges are concerned, as I said, BSE is still a nascent exchange in derivatives. It has only been three years since we fulfilled, completed this phase. In respect of the derivatives market segment, we are not yet following the market share. Our thought has always been to expand the market. Our expansion spree in terms of adding more FPIs and more brokers has not yet stopped, and therefore, in that sense, we are still in a growth phase and are not in a mature phase, according to us.

So will that mean—when does that mean we will be revising our charges? Will we be revising our rates? Will we be revising them or not? These important questions have been raised by you. Our stand has always been that we will do what the market participants find suitable. We have a mechanism for ascertaining customers' voices, and based on that, at the appropriate time and to an appropriate level, we will increase the charges, including transaction charges and co-location charges, rack charges, et cetera. All revisions will be subject to market feedback and to the appropriate level and appropriate time. Thank you so much.

Amit Chandra – HDFC Securities: Yes, sir. Thank you for the answers, and Happy Diwali.

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

Prayesh Jain – Motilal Oswal Financial Services: Thank you for the opportunity, and congratulations on good numbers. Sir, firstly, on the monthly contracts as well as the second-week market share in terms of index options, what is the kind of market share that we currently have? We have been trying to scale that up. What challenges are you seeing in scaling up that part of the business meaningfully, and how do you solve for that? That would be my first question.

My second question would be on the co-location, or on the land parcel that you are looking at in BKC for the co-location servers. Could you explain technically how that will work? Generally, my presumption was that the co-location facility has to be very close to the exchange. So how does that work? Those would be my two questions, sir.

Management: [pause] Thank you so much for participating and asking me this question. As far as monthly market share and second-week market share are concerned, other than expiry-week market share, they have been steadily growing. The monthly market share volumes are around {? 2 to 2.3% ?} for us, and the other-than-expiry-week volumes are reaching 6% and 7% on a regular basis.

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They were showing a much faster-growing trend two to three months ago, but the structural changes that were brought into the market and the uncertainties made people step back, and there was a lull. Now that those issues are behind us, our efforts will continue in strengthening the monthly market share and also the other-than-expiry-week share. We are very confident that we will be able to grow them further, with circumstances improving, global uncertainties appearing to settle down, and various other positive developments that we are seeing in the market.

As far as your question on BKC co-location is concerned, what we need to clarify to you is that we have just been informed by MMRDA that we have been allotted a plot of land in BKC. We have to complete the formalities, get possession, and plan what, how, and when we will build this infrastructure and grow the market. At this point in time, it is premature to say what the position is on BKC co-location. That is still some distance away because we have just received the allocation letter from MMRDA, and due processes and procedures are a work in progress. Thank you so much for asking me this question.

Prayesh Jain – Motilal Oswal Financial Services: Thank you so much, sir, and I wish you all a very Happy Diwali. Thank you.

Operator: Thank you. The next question is from the line of Niranjan Kumar from Avendus Spark. Please go ahead.

Niranjan Kumar – Avendus Spark: Thank you, sir, for giving me the opportunity. My first question is on the impact of RBI's bank guarantee norms on the overall volumes. What was the share of bank guarantees in the margins before they went live, before the norms went live, and what is it today? How do you think it will progress going ahead?

My second question is, what is the count of co-location racks today, and where do you see the count in a few quarters or a few years? Thank you, sir.

Management: [pause] Thank you so much for participating and asking this question. The impact of RBI's stance on bank guarantees is not yet possible for us to assess. The reasons are as follows: Along with the RBI bank guarantee rule change, there was also the STT rule change and the cash system, which is a structural change and had its own set of initial teething problems. Apart from that, global turmoil and its accentuation happened during this period, so it is very tough for us to say what is having an impact on what.

If the question is simply whether the amount of bank guarantees has changed, what we need to take into consideration is that several existing bank guarantees had unexpired lives, and until they expire, we will not be able to know whether there has been a substantial reduction in bank guarantees. At this point in time, many of those bank guarantees are for 1 year, 2 years, 1 year and 1.5 years, et cetera. So, isolating the impact of the RBI bank guarantee rule change on either the collateral available or the volumes is not possible at this point in time.

The second question was the count of co-location racks. We have around 500 racks at this point in time in our data center. All of them have been allocated. It is very difficult, in a period of uncertainties like this, with a lot of global issues, to clearly predict what the exact requirement will be.

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Notwithstanding that, as a matter of abundant precaution and also to create some buffer, we are in the process of constructing another 175–190 racks within this existing building. Depending upon demand picking up, we will expedite the construction or use it for our current requirements and then release it later. Whichever way it is, we are in the process of creating a buffer of around 175–190 racks, although at this point in time, with 500 racks, we are comfortably very well placed with regard to allocation. Thank you so much for asking this question.

Niranjan Kumar – Avendus Spark: Thank you, sir.

Operator: Thank you. The next question is from the line of Ajay Polisetty from Dalmus Capital Management. Please go ahead.

Ajay Polisetty – Dalmus Capital Management: Congratulations, sir, and thanks for the opportunity. My question is specific to the equity derivatives segment. We have seen approximately 50% year-on-year growth in average daily premium turnover. I want to understand what the key drivers behind this are, specifically in terms of any contract features such as lot sizes or strike intervals, or any particular product features that have been of interest to customers.

Management: [pause] Thank you so much for participating in the call and congratulating me. Basically, you are asking what the drivers behind the swift and fast growth of Sensex derivatives are. Yes. Our understanding is this: From 2000 onwards, equity derivatives have been present in India. BSE tried a lot, and it did not [trails off]

Management: [pause] ...since May 2023, when we started this product. The product was started after taking extensive and significant points of view from customers, from more than 350 brokers across the country. Basically, they wanted Sensex 30 derivatives, which had not been developed by BSE for a long time.

BSE was, at that point in time, before this introduction, betting on Sensex 50 derivatives, which was more of a copycat product than its original Sensex 30, which is a well-understood, well-appreciated, and well-tracked index. So the moment the market got the product that it wanted, and given the base of Sensex, given the movement profile of Sensex, and given the very low noise levels in Sensex because of the very oriented and good securities that comprise it, it became an instant success.

Subsequent to that, the international and global requirement of having another exchange with reduced concentration risk, all coupled together, have been the drivers for this product and the success that we are seeing in respect of this product. That is our limited understanding. It is more of catch-up growth that we are achieving. What we could not grow over so many decades in the past with the right product and the right mixture of product delivery, we are able to capture through catch-up growth, and we are growing. Thank you so much for asking me this question.

Ajay Polisetty – Dalmus Capital Management: Okay, thank you so much, sir, for answering.

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

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Durvesh Agarwal – IIFL Capital: Thank you for the opportunity, sir, and congratulations on a good set of numbers. My first question is on technology costs. This quarter, we have seen a sequential decline in technology costs, although marginal. We also see that your capex in the first half of this year has been half of what it was last year. Are we seeing that a significant technology-led capex program is already behind us, and to that extent, can this cost come down for us? That is the first question.

Secondly, even on SGF, we have seen a decline on a sequential basis. Is there any change in the SGF computation?

Management: [pause] I will answer the second question first and then leave the first question to my CFO, Deepak Goyal, to answer on technology expenses. First of all, thanks for attending the call and asking this question, and thank you for the congratulations.

As far as SGF is concerned, there has been no structural change in the computation methodology or anything. As you would recall, what we started doing was providing for the SGF over the entire period of 1 year instead of waiting for sudden jerks in volumes or the SGF number going up and creating a lot of trouble. Because of the calibrated approach towards providing for SGF, the impact of SGF in any single quarter or any sudden spike has come down. That is why you are finding it to be smoother and more stable.

As far as capex, particularly technology expenditure, is concerned, I will ask Mr. Deepak Goyal, as CFO, to answer.

Deepak Goyal – CFO: [pause] Thank you, Durvesh, for this question. As far as the technology expenses seen in the P&L and the sequential reduction are concerned, this is purely a temporary change from one quarter to another, but as such, the cost is going to be stable now.

As far as capex is concerned, in Q1 and Q2, yes, some commitments have been made, but the cash flow may not have occurred. Therefore, what you are referring to as cash flow capex, or cash outflow on capex, is comparatively low compared to the first half of the previous year.

But there are plans, and we are in the process of building various systems. As such, there is no plan to slow down capex spending or capex expansion. By the end of the year, probably, you will be able to see the full picture.

Durvesh Agarwal – IIFL Capital: Understood, sir. Thank you.

Operator: Thank you. The next question is from the line of Vinod Mokashi, an individual investor. Please go ahead.

Vinod Mokashi: Hello, am I audible?

Operator: Yes, please go ahead.

Vinod Mokashi: Hello. Good evening. First of all, congratulations to the management and the team for the good results. I have a question regarding risk. What is the biggest risk to the company's growth and profitability over the next 12 months? The second question is about margins. What is

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the sustainable EBITDA margin that the company can achieve over the next 1–2 years?

Management: Thank you so much for asking this question. Risk is a very important element that one should be concerned about. Risk, by definition, as you would appreciate, is something that is uncertain and unpredictable. So while broad areas of risk that can come and impact the business can be discussed, exactly what it will be, where it will come from, and when it will come is difficult to say.

These days, everyone is very afraid of one thing, which is cyber risk. It is global and can impact anyone, anywhere, and at any time, taking many forms. So that is the first risk that is always worrying for people like us, who are infrastructure institutions. Therefore, we always remain vigilant and keep trying to check everything properly. But that is the first risk. I will not say that it is the only risk; do not ask me for one risk. There are multiple other risks that we can see.

The global turmoil and global uncertainties, the supply chain changes arising out of that, the increase in the cost of living that may arise out of the supply chain increase, and, because of this, a decrease in disposable income, along with the potential for investment and savings coming down—these are all things that cannot be undermined because the extended longevity of the global turmoil could clearly create havoc.

The third is the flight-to-safety thought process that typically happens when there is too much global uncertainty, leaving emerging markets like India with depleting capital and increasing outflows. That could be another major risk. These risks, as you would really appreciate, are not within the hands of management, and therefore we will find it very difficult to control them. At least with cyber risk, we can try to see how best we can control it. Global turmoil, supply chain risk, and the resulting potential decrease in the propensity to consume, propensity to save, and propensity to invest are all situations that are beyond our control.

Coming to the second question, thank you so much for asking about the EBITDA margin. Currently, our EBITDA margins are 65–70%, and we have been sustaining them for quite some time. I am not able to see any reason why we will not sustain this margin because, if you look at it, our cost controls and discipline have been extremely high. Our major costs typically come from regulatory fees and clearing and settlement fees, over which we do not have control because they are variable fees. With increasing volumes, they will go up. But the increase in revenue compared with the increase in expenditure arising from that will always be higher. Therefore, the EBITDA margin of 65–70% that we are looking at today appears to be sustainable, unless and until any of the various risks you asked about, God forbid, were to materialize and the position were to change. I hope I answered this question, and thank you so much.

Vinod Mokashi: Thank you.

Operator: Thank you. The next question is from the line of S. Ramani, an individual investor. Please go ahead.

S. Ramani: Thank you very much. Two questions. One is on MSCI index derivatives. Have any applications been made to SEBI, and if so, what is the position? The second question is that recently the transaction charges of BSE on futures have been almost zero. Is there any proposal to

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increase these charges, if there is good scope for that, especially because in Q4, NSE itself will be trading on the BSE platform in single-stock derivatives and also index futures? Thanks.

Management: Thank you so much. [pause] The coordinator, please note that [trails off]

Management: This is the last question that I will be answering since the time is over. As far as MTF is concerned, yes, clearly, we have submitted applications to the regulators. We are waiting for the final outcome. Once it is there, we will roll out a plan for implementation and will revert to the market.

As far as the charges are concerned, you made a valid point. For example, you gave us an example regarding exchange charges. In other areas also, BSE has been charging lower than the other participants in the market in the equity derivatives section. Certainly, as we said, we are a growing exchange, so we will look at our charges and change them appropriately at the appropriate time after considering the market feedback that we receive in this regard.

Just three years ago, we had no derivatives market at all at BSE. In only three years, we have grown. The growth has been swift. So there are areas where we are yet to charge at the level that the market can accept at this point in time. [pause] We will work on it and revert. Thank you so much.

Operator: Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for closing comments.

Management: [pause] Thank you so much, everyone, for joining the call today. If you have any further questions, please feel free to reach out to us at bse.ir@bseindia.com. Thank you, and Happy Deepavali.

Operator: Thank you so much, sir. On behalf of BSE Ltd., that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

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