BSE

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Operator: 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 star and zero on your touchtone phone. I now hand the conference over to Mr. Anand Seshachalam, Head of Investor Relations, BSE Limited. Thank you and over to you, sir.

Anand Seshachalam – Head of Investor Relations, BSE Limited: Thank you so much, Sathya. Good evening everyone. Welcome to BSE's Q4 and FY26 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; and the MD and CEO of our subsidiary companies ICCL and BSE Index Services Private Limited, 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 by 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.

Sundararaman Ramamurthy – MD and CEO, BSE Limited: 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 FY26 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 FY26, BSE's total revenues crossed 5,000 crores for the first time ever in its 150-year history to reach 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 the 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 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 8.5 lakh crores during FY26, representing a sharp step up over the previous years. Equally encouraging has been the continued commitment of India's retail investors whose SIP flows reached a record 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 1,630 crores, surpassing the previous quarter's record of 1,334 crores, a growth of 22%. On a full-year basis, FY26 revenues reached 5,148 crores as compared to 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 to date, 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 4,834 crores from 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 3,795 crores from 2,030 crores, reflecting robust growth in core trading and settlement related activities. Other operating income, which includes enhanced data dissemination fees, co-location, and index services, has increased by 59% to 349 crores from 220 crores.

Operating expenses increased by 20% to 1,755 crores from 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 are directly correlated to increasing transaction volumes. The operating EBITDA, including contribution to core SGF, has more than doubled to 3,079 crores as compared to 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 2,497 crores from 1,326 crores, representing a robust year-on-year growth of 88%. Profit margins have expanded to 49% from 41%.

Following these financial results, it is my pleasure to inform you that the Board of Directors of BSE Limited has recommended a dividend of 10 per equity share having face value of 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 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 FY26, welcoming 255 new listings across main board and SME markets and raising a total of 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 1.75 lakh crores, reinforcing our position as a leading global fundraising venue. Overall, our business fundraising platforms remain the preferred choice by Indian companies to raise capital by enabling issuers to raise 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 crore 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 markets in FY26 on account of our product offerings, growing client base, and platform adoption. Our technology capabilities and expansion of co-location services are also delivering greater value 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 7,950 crores.

The BSE index derivatives segment continued to demonstrate strong momentum in FY26 with average daily premium turnover reaching a record of 19,523 crores compared to 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 a 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 FY26.

On the new products front, BSE has received approvals for three new monthly index derivatives: BSE Focused IT, Focused Midcap, and Sensex Next 50. Based on market feedback, derivatives on the BSE Focused IT index will be launched from May 11, 2026, further expanding and strengthening our monthly derivatives suite. The launch of derivatives on the 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 tenor 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 171 crores compared to 74 crores in FY25, reflecting strong growth, healthy utilization levels in the country, and the 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 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 crore transactions in March 2026, further reinforcing its position as the 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 an MOU with the Department of Posts, Government of India. As mentioned in my previous earnings speech, we have successfully onboarded the Department of Posts as a member on our BSE STAR MF platform in January 2026. I am happy to update that STAR MF has become the first platform to go live for Dak Sevaks who have executed over 1,500 transactions to 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 being India's senior mutual fund distributor into the country's definitive super gateway for long-term wealth. With STAR NPS, we now capture the entire financial life cycle 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 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 trading, 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 the BSE Group. We will continue to take a disciplined and proactive approach to capital allocation, investing in our 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 cause 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 Seshachalam – Head of Investor Relations, BSE Limited: 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.

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove 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. The first question is from the line of Sornabh Mukherjee from P361 Capital. Please go ahead.

Sornabh Mukherjee – P361 Capital: Hi sir, thank you for the opportunity and congratulations on a great set of numbers. I just wanted to understand in terms of ICCL member additions, how should we think about how the trends are playing out? And in terms of our core SGF, how does this manifest into the core SGF contribution in terms of how open interest positions are adding? If you could give some color on that. And one data-keeping question on the other expenses side; if you could highlight why 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.

Sundararaman Ramamurthy – MD and CEO, BSE Limited: 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 had stated that ICCL has significantly increased its technological capability to handle around 29,000 trades per second per broker and a peak of 59,000 with a small latency of one second, which is a big number. Therefore, it has attracted some significantly large market participants and also significantly 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 SGF requirements. At this point in time, the SGF maintenance by ICCL and BSE is in a very comfortable situation and it has added even more strength to the balance sheet and situation of ICCL. I hope I have answered your questions.

Sornabh Mukherjee – P361 Capital: Right, sir. Some forward-looking view on SGF could be very helpful if you could see some continued 20 crore kind of a contribution. Some color would be very helpful.

Sundararaman Ramamurthy – MD and CEO, BSE Limited: I wish that I were 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 would voluntarily contribute a specified stipulated percentage of our profits into SGF every quarter. We put a threshold of a maximum up to which we will contribute. That is, if we 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 that point in time set as 5% of profits. At the point of time when we reviewed, we had already touched the threshold of more than 150 crores. We have crossed it and in this situation, we are reducing the contribution requirement per quarter from 5% to 2.5%. Other than that, a forward-looking number cannot be put; as I said, the SGF computation is based on a complex set of parameters.

Sornabh Mukherjee – P361 Capital: Understood. Very helpful. If you could comment on the other expenses, that would also be very helpful. Thank you.

Sundararaman Ramamurthy – MD and CEO, BSE Limited: 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, either to SEBI. I hope you are talking about other expenses in our balance sheet. Deepak, do you want to explain?

Deepak Goel – CFO, BSE Limited: Thank you, Sornabh. As you are aware, when you talked about our group's clearing company ICCL, it provides services to both BSE and NSE. There is an outstanding of 80 crore rupees, which is an old outstanding from NSE. So we have taken an ECL provision, which is in line with our ECL policy and as per accounting standard requirements, which has led to this increase in this particular current quarter.

Operator: Thank you. We request participants to please limit your questions to one per participant. The next question is from the line of Supratim Datta from Jefferies. Please go ahead.

Supratim Datta – Jefferies: Hi, sir. Thanks a lot for the opportunity. My question is on the pricing side. Your options contracts are still priced lower than the competition and recently we saw that a competitor increased the realization per contract. Could you give us some color around how you are 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? If you could give us some color around that, that would be very helpful. Thank you.

Sundararaman Ramamurthy – MD and CEO, BSE Limited: Thanks, Supratim, 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 support all those noble causes stipulated by the regulator in the normal fashion as 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, the cost of trading, the affordability, and what will be easy for the members, etc.

So at this point in time, we have priced our services based on our studies of what 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 would be totally driven by our own estimate and not by any external factors.

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 numbers. 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 seen that the share of our monthly contracts has also been rising. You have been talking about trying to do that, but the share in the monthly side is still only at around 5-6%. How do we see this panning out in the next 1 or 2 quarters? Also, in the incremental volume that we're seeing on the options side, if you can quantify how much of that is coming from existing participants versus new participants, that would be helpful. Secondly, on the cost side, we have seen a drop in the expenses in terms of clearing expenses. If I just take the expenses based on the number of contracts traded, for the full year it is down by around 12-13% on a full year basis despite the options revenue going up 113%. How do we see the clearing expenses panning out? If we are gaining share, can we see further reduction in the clearing expenses? Thank you.

Sundararaman Ramamurthy – MD and CEO, BSE Limited: Mr. Amit, thanks a lot. I think you have packed three questions into one question despite the stipulation. Let me try and do justice to all three questions. First is on monthly contracts. As you rightly observed, 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 proceed further. It is our strong belief that the market has to be deeper and broader. Greater participation in monthly contracts is one of the parameters for us to achieve that. Since BSE's derivatives segment is fairly new even now—it has only been three years—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, I see that more such participants who have a long-term view on the market will be participating in an even bigger way with Sensex contracts, which will bring in those types of monthly volumes which we are looking forward to. One of the recent contracts introduced is Bankex, which as you would be seeing is showing some traction with respect to monthly contracts, proving the fact that monthly contracts do have their own advantages. We are very confident that we will be able to bring those types of participants here.

Honestly, I do not know how much of the volume is coming from new people versus existing people because we don't measure it participant-wise in that way. Our intention has always been to broaden and deepen by bringing more members. In the last year, the member count has increased from 446 to 587, FPIs have increased from 100 to 520, and the count of other participants has increased from 300 to 500. Monthly contract volumes have gone up by 5 times and index futures have gone up by 3 times. Of course, they are on a smaller base, but that is what we are keeping track of and we will continue to work to deepen the market in this fashion.

As far as clearing expenses are concerned, as you know, the SEBI turnover fee is based on the notional traded, the clearing expense is based on the number of contracts, and we earn revenue based on premiums. In times of volatility when the premium is higher—volatility being one of the factors for pricing an option—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 is not certain because global volatility is as unpredictable as it is. Therefore, the correlation between clearing and settlement expenses versus premium cannot be predicted. One more point you should understand is that the contract size has doubled over the last year. I hope I have explained all the points you asked for.

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

Deepak Ajmera – IDBI India: Hello, thanks for the opportunity and congratulations on a good set of numbers and very commendable leadership. My question is on segments other than equity, like electricity derivatives and commodity derivatives. Because of the different day expiry, the fortunes of BSE changed altogether; similarly, any innovative thoughts there would be helpful. Thank you.

Sundararaman Ramamurthy – MD and CEO, BSE Limited: Mr. Ajmera, thanks for participating in the call and thank you for your kind words. Indeed, BSE's strategy is to explore commodity derivatives as early as possible. As you would recall, BSE was not able to have an opening in equity derivatives with very poor volume in equities for a very long time. In the last three years, our entire attention span has been totally consumed by bringing in a level playing field to whatever extent we can through regulatory requests and advocacy and bringing in a new segment to build volume. We were concentrating on that by and large. Now that we see that we have made some headway, though there is a long way to go, we will start to think about commodity derivatives.

Here we have a few thoughts. We do not want to have a sense of being left out or a "me-too" type of syndrome where we start something just because others have started it. We want to create a value proposition for the market by thinking about some unique selling proposition, not just the expiry day alone as a differentiator. Do we have anything immediately on our mind and on the cards to implement? No. But some thought processes are on and our sincere wish is that very soon we should be able to come out with consolidated views, take them up with the regulators, and take the commodity agenda forward. Thanks once again for your question.

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

Prayesh Jain – Motilal Oswal: Congratulations on a good set of numbers. My question is on the co-location part.

Operator: I'm sorry to interrupt, Mr. Jain. We are unable to hear you; your voice is breaking. May we request you to please rejoin the queue and talk through a proper connection? We will move to the next participant, Yash Parekh, an individual investor. Please go ahead.

Yash Parekh – Individual Investor: Good evening, sir, and congratulations on the good set of numbers. On a review of the investor presentation, in the transaction charges income, there are two heads: special rate income and normal rate income. I wanted to understand the difference between the two and note that year-on-year, the special rate income has somewhat reduced. I wanted to understand that part.

Sundararaman Ramamurthy – MD and CEO, BSE Limited: First of all, thanks for asking this question and for your congratulatory message. The special rate income is for exclusive stocks and the normal rate income is for commonly traded stocks across boards. We have been conducting a lot of investor programs where we tell people that in times of volatility, large-cap equity stocks generally are a safer bet for new investors. As you would appreciate, more new investors are coming into the market as markets are becoming more democratic with good access for a new class of investors. When new investors come, because of all the good investor protection measures and awareness creation we and the regulators are doing, they are migrating more towards the commonly traded large-cap or mid-cap stocks. Therefore, that income is growing 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 the extent of analysis we are able to see without encroaching into the privacy of a client. When we look at it from economic parameters, this is what we are able to confirm. Thank you.

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

Satnam Chaurasia – Individual Investor: Hi sir, good evening. First of all, congratulations for making it 13 consecutive records in the top line and bottom line. My question is about the competition. How do you look at other exchanges as emerging competitors, and could you please give the numbers for what your current market share is in the cash segment?

Sundararaman Ramamurthy – MD and CEO, BSE Limited: Thank you for participating and for the congratulatory message. This is indeed the 13th consecutive quarter where BSE has seen new highs. I joined in January and by the end of March that first quarter started, so it is the 13th consecutive quarter.

Regarding competition, our stand has always been that 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 the investor population available, I feel that multiple exchanges can cater to society by creating niche products for themselves. That's how we look at that part of it.

Market share in equities has been hovering around 7-8% compared to 5-6% when I joined. This is far away from what we wanted it to be; we wanted it to be at least double digits. With significant effort, we brought in common contract notes and the closing auction. We thought with that, both institutional and retail participants would become exchange agnostic and trade where the prices are suitable for them, so the same order could be split across multiple venues to get the best price execution.

But unfortunately, what we are understanding is that the applications for Smart Order Routing (SOR), which people send to both the exchanges, while we have cleared them, are still pending for more than 6 months at the other exchange. Because of this, Smart Order Routing has not taken off and clients are not able to be exchange agnostic and take the best prices available at BSE. Our inference is that this has probably impeded the growth in the market share and the contribution of BSE to the generation of capital and economic development of India. Thank you.

Satnam Chaurasia – Individual Investor: Okay sir, that was helpful. Thank you.

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

Madhukar Ladha – JP Morgan: Hi sir. Congratulations on a great set of numbers. I wanted to get a sense of the participants on the BSE derivative platform. Are there any brokers who are still yet to get empaneled on the derivatives platform on the institutional side? Also, in terms of large HFTs, competitors were always ahead of BSE. Is that gap closing right now? What is the runway still available? How many more HFTs and what additional volumes could come onto BSE?

Sundararaman Ramamurthy – MD and CEO, BSE Limited: Mr. Madhukar, thanks for this question and the congratulatory message. As you would recall, our goal in derivatives is the deepening and broadening of markets. At this point, we have around 587 active brokers of India who are trading Sensex options. In terms of brokers, while our stated goal for this year was to reach at least 600-700, 600 appears to have been achieved by now already. So at least 700 is the goal.

Will this add a greater runway in terms of volume? I don't think so, because these are all small members. We want to increase the number of members because we feel it is not the size that matters, but the deepening and broadening that matters. So that is the position regarding the number of brokers.

With regard to HFTs, some of the HFTs are FPIs. Our FPI count has grown from 100 to 520, which is commendable, but we have set a target for ourselves of around 800 FPIs. The reason we are setting this number is that there are quite a few HFTs or funds who typically look into long-term option products because that is their strategy. Some of them are slowly coming in because until very recently, liquidity in monthly contracts was lower. Today, with a lot of effort, we are finding that it is meaningfully liquid, so more people are coming in. We feel the runway is more in that area.

In terms of the big and known HFTs, most of them are already there. It is the sector of bigger funds that get into longer-term situations we are looking for. These are the areas where we are looking forward to growing. If I were to put a forward-looking number, I will not be able to provide any forward-looking numbers in terms of volumes or market share because that is not where we are strategizing and putting our targets. Our targets for our employees are based on how many members are added, FPIs onboarded, co-location utilization, monthly contracts built up, and the percentage of contribution of FPIs to our total volumes. We are already at around 5-6% while in the market generally we find the participation is around 9%. So that is a target for us to reach around 9% of FPI participation. I hope I have clarified your doubt. Thank you.

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

Devesh Agarwal – IISL Capital: Thank you sir and many congratulations on a strong performance. I wanted to understand, if we see the premium to notional ratio for Sensex and compare it to the other large index, there is a gap. It has been 8 months since we shifted the expiry to Thursday. There is some expectation that this gap could converge as non-expiry volumes go up. I wanted to understand one, what can be done to converge these premium to notional ratios and can that happen?

Sundararaman Ramamurthy – MD and CEO, BSE Limited: Thanks once again, Mr. Devesh, for participating and asking the question. Yes indeed, the premium to notional ratio of Sensex vis-a-vis comparable indices in the market is lower. This is mainly because the monthly contracts are yet to develop and grow in a big way at BSE.

Previously, that ratio used to be abysmally small because most of the volumes were only on the expiry day, back when we had Friday as the expiry. Compared to that today, the concentration of volumes on the expiry day has significantly fallen and has become more distributed. But still, if you talk about monthly volumes, the maximum of what we trade is the one-month volume. We don't have enough traction in the second and third month ahead. Can it be closed? Yes, that is exactly what we are working on. As I stated in previous replies, we are working on such types of participants who have strategies in trading longer-term contracts.

I would like to emphasize that Sensex is just a 3-year-old product whereas other comparable products are 26 years old in the market. Sensex has been fortunate with the support of market participants and has grown significantly in 3 years. Typically, product growth takes a lot of time. While the time has been compressed a lot for Sensex, some more time will be required for the larger, longer-term contracts to develop and sustain. That is what we see.

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

Rishabh Doshi – Nirmiti Investment Advisors: Thank you for the opportunity and congratulations on a great set of numbers. My question is basically on returning wealth to shareholders in terms of dividends and buybacks. If you refer to slide 30 of your deck, until 2023, the payout ratio was close to 99% and over the last 2 years it has fallen; it is currently around 28%. Our understanding is that this business doesn't require a lot of cash apart from the capex you are doing. Although I agree that has been going up on a year-on-year basis, it is still not close to the amount of free cash flow surplus the company has. Compared to other exchanges, the payout ratio is much lower. Could you spell out the reasons you are holding onto excess cash on your balance sheet? You might only be generating around 4-4.5% post-tax returns on that excess cash.

Sundararaman Ramamurthy – MD and CEO, BSE Limited: Thank you for the congratulatory message and the question. A 100% dividend payout or a significantly large payout may indicate a situation where the company has no growth idea at all. Historically, BSE did not have many growth targets in mind. When you look at it, the entire amount generated was paid back because it apparently did not have those growth ambitions.

Things are different now. Share price growth is also a way of returning money to shareholders. When I tried to buy back the shares, most of the investors were so supportive of BSE that they didn't even want to offer one share for the buyback. Regarding share price, which improves shareholder wealth, 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, saying that holding onto cash and not returning it to shareholders is incorrect may not be accurate.

What are we doing with the cash? Are we paying a good dividend? Last year we paid around 23 per share, with 5 as a special dividend for the 150th year. The remaining 18, in the current share scenario after the 1:2 bonus—which was also a way of returning capital to make it more liquid—would translate to 6 per share. Today, against 6 per share, we are giving a 10 dividend, which is around 66% more than last year. The total outgo, excluding the special dividend, has increased 67% to around 414 crores.

The accumulated cash is being used productively. In the last 2 years, we have built a gross block of around 500 crores for capacity increases. BSE is a rapidly growing company that requires significant technology investment. The current year's technology budget appears underpriced. We set 300 crores, but with the global situation, the price of memory and hardware is increasing; the investment requirement to "keep the lights on" and grow is almost doubling. We have also invested heavily in technology for our sister companies to provide seamless service. Additionally, a strong balance sheet for an exchange is essential to showcase to the world that the clearing corporation is strong.

Last but not least, we have been increasing our capacity in terms of co-location, which requires a lot of outlay. There are also efforts to see whether we should acquire land in the heart of Mumbai to materialize our dreams of expanding BSE further. So the money is not lying idle at a 4.5% return; it is being put to productive use for further enhancing shareholder value. The market reflects this growth in our share price. A 5,000 crore market capitalization has become 1.56 lakh crores in 3.25 years. This growth trajectory and strategy is being followed by BSE. I hope this clarifies the situation.

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

Arul Sethuraman - BSE Limited: Thank you, sir, for those remarks. And thank you all for joining us today. If you have any further questions, please feel free to reach out to us at bse.ir@bsemail.com. Thank you.

Operator: 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.