

**Date: November 15, 2018**

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

**Symbol: BSE**

**ISIN: INE118H01025**

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

**Sub: Transcript of the Conference Call held on November 2, 2018**

Dear Sir/ Madam,

With reference to our letter dated October 31, 2018, intimating you about the conference call with Analyst/Investor held on November 2, 2018, please find attached the transcript of the aforesaid conference call.

This is for your information and record.

For **BSE Limited**



**Prajakta Powle**  
Company Secretary & Compliance Officer

Encl.: a/a



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**BSE LIMITED**

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**Q2 FY 18 - 19 Earnings Conference Call**



*November 2, 2018*

*BSE LIMITED*

*25th Floor, P.J Tower, Dalal Street, Fort, Mumbai 400 001*

**Operator**

Ladies and gentlemen, welcome to BSE's Q2 FY2019 Earnings Conference Call. My name is Basu and I will be the moderator for the today's conference. As a reminder, all participants' line will be in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. [Operator Instructions] Please note that this conference is being recorded today.

I would now hand the conference over to Mr. Yatin Padia, the Chief Investor Relation Officer, BSE Limited. Thank you. Over to you, sir.

**Yatin Padia**

Hello, everyone, and welcome to BSE's earnings call to discuss Q2 FY2019 results. This is Yatin, the Chief Investor Relation Officer. Joining us today on this earning call is BSE's leadership team consisting of Mr. Ashishkumar Chauhan, Managing Director and Chief Executive Officer; Mr. Nayan Mehta, Chief Financial Officer; Mr. Neeraj Kulshrestha, Chief of Business Operations. Do note that the conference is being recorded and a transcript of the same will be available on our website. The financial results and the investor presentation are also available on our website.

I would now request Mr. Ashishkumar Chauhan to give a brief overview of the Company's performance followed by Q&A session. BSE does not provide any specific revenue or earnings guidance. Anything said on the call will be – which reflects BSE's outlook for future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risk the company faces.

With that, I would like to turn the call to Mr. Ashishkumar Chauhan.

**Ashishkumar Chauhan**

Thank you, Yatin. Good morning, good afternoon, and good evening to all of you, wherever you are.

We are happy to inform you that BSE became the first universal exchange in India on October 1, 2018 with successful launch of Commodity Derivative Segment with the launch of gold and silver futures. BSE has become the first exchange in India for providing platform to trade and invest across all asset categories. Further, BSE also provides platform for aggregation and distribution of financial products making it a one stop destination for all investments requirements.

I'll now update you on the recent business developments in various segments.

As mentioned, BSE has successfully launched commodity derivative segment with the launch of gold and silver futures on October 1, 2018. Thereafter BSE launched contracts in Oman crude oil futures on 26th October. BSE has also recently received market regulator, SEBI's approval to launch copper derivative contract, which was launched today. Contracts start day will be on the first day of contract launch month and the final trading day will be the last day of contract expiry month. Accordingly, trading on this contract has been launched as I say.

Over the past one year, BSE has tied up with various associations in the commodities business for growth of and development of commodities derivatives business in India. The entities with whom BSE has tied up includes renowned entities including Federation of Indian Export Organization, London Metal Exchange, Bombay Metal Exchange, Cotton Association of India, Federation of Spice Stakeholders, Gem Jewellery Council, Bullion Federation, etc. BSE recently entered into an agreement with Dubai Mercantile Exchange, a premier energy-focused, commodities exchange in the Middle East for the growth and systematic development of commodity derivatives in the crude oil complex.

BSE has registered 145 trading members and 27 clearing members in the Commodity Derivatives segment. Many more members are in the various stages of admission to membership.

BSE's announcement to waive transaction charges has attracted a lot of participants, including all types of brokers and traders, who are cost sensitive due to their nature of business.

Commodities derivatives trading platform with futures trading in gold and silver contracts hit fresh all-time peak with the traded volume logging INR 621 crores on Thursday 25th October, 2018. The gold contracts recorded a trade volume of 1,715 lots with a value of INR 548 crores and the silver contract clocked a traded volume of 629 lots with a value of INR 73 crores. BSE's share of average daily turnover in this segment as on 30th October stands at 86% vis-à-vis another universal exchange.

In StAR MF, StAR MF is BSE's flagship product for mutual fund distribution. India's largest mutual fund distribution infrastructure now continues to grow at a brisk pace. We are delighted to inform you that BSE StAR MF distribution reach and network has grown over 15,000 registered distributors and over 2 lakh, indirect plus direct put together, distributors considering the employees and business associates of registered distributors including stock brokers on its network spread over 3,000 towns across India, processing over 31 lakh transactions per month, equivalent to 19% of the annual transactions of 2017-18. BSE StAR MF set an all-time high record of 31.66 lakh transactions in the month

of September 2018, witnessing a 10% month-on-month growth. On 10th September 2018, BSE StAR MF processed another record of nearly 6 lakh transactions in a single day.

The number of registered mutual fund distributors increased to 16,221 as on October 31, 2018. Total number of SIPs registered under this segment increased by 68% to 2,93,827 for the half year ended September 30, 2018 from 1,74,870 for the half year ended September 30, 2017. The total number of XSIPs registered on this segment increased by 162%, to 8,21,309 for the half year ended 30th September 2018 from 3,13,824 for the half year ended 30th September 2017. The total number of orders processed in the Mutual Fund segment increased by 148% to 156 lakhs for the half year ended 30th September 2018 from 63 lakhs for the half year ended 30th September 2017. The total value of orders processed in the Mutual Fund segment increased by 58% to INR 75,283 crore for the half year ended 30th September 2018 from INR 47,669 crores for the half year ended 30th September 2017. The BSE StAR MF Exchange infrastructure is predominantly catering to retail category of mutual fund industry. We are delighted to inform that BSE StAR MF distribution reach and network has gone over 15,000 registered distributions.

BSE has successfully created a digital democracy that is redefining the mutual fund distribution in India. BSE StAR MF is the most neutral infrastructure for all stakeholders in Indian mutual fund distribution ecosystem, be it Investors, Distributors, AMCs, RTAs, et., without any conflict of interest. BSE StAR MF encouraged its members to register maximum SIPs during the Maha SIP week from 10th September 2018 to 15th September 2018, which achieved addition of 53,547 new SIPs to the mutual fund industry in a week's time.

BSE launched a platform for electronic book mechanism for bonds called "BSE BOND" for issuance of debt securities on private placement basis above INR 500 crores on July 1, 2016. SEBI revised the threshold limit downward to debt issuances above INR 200 crores with effect from 1st April 2018. Issuers in this segment include renowned corporates from public as well as private sector in India. During the half year ended 30th September 2018, amount raised on BSE BOND platform was INR 1,00,233 crores as compared to INR 92,308 crores for the corresponding period in the previous year. BSE continues to remain market leader by a large margin in this business.

BSE SME platform has 274 companies listed on its platform as on date as compared to 258 companies listed on September 30, 2018 and 198 companies listed on 30 September 2017. Of the total number of companies listed on BSE SME platform, 53 companies have migrated to the main board as on 30 September 2018. 28 companies were listed on this platform during the half year ended 30th September 2018. BSE's market share in this SME segment is also more than 60% and BSE is leader in this segment.

BSE's average daily turnover in Currency Derivatives segment has increased by 90% to INR 32,668 crores for the half year ended 30th September 2018 from INR 17,207 crores for the half year ended 30th September 2017. The total contract traded has also grown by 79% to 58.12 crores contracts for the half year ended 30th September 2018 as compared to 32.46 crore contracts for the half year ended 30th September 2017. Growth has been aided by increase in turnover in both Currency Futures as well as Options segment. The average daily turnover in Currency Options segment increased by 87% and BSE's market share in this segment as on 30th September amongst three exchanges now around 49% plus.

India International Exchange, which is a wholly-owned subsidiary of BSE, continues to expand its footprint through various listings, products offerings and growth of turnover.

Average daily turnover in India International Exchange grew by 1387% to US\$ 630 million for the half year ended 30th September 2018 from US\$ 42 million for the half year ended 30th September 2017. The turnover comprises of significant contribution by Equity Derivative segment as well as Commodity Derivative segments. On many days, India INX is larger than Dubai Gold commodity exchange and NCDEX both. India INX achieved a major milestone on 25th September 2018, when the daily trading turnover of its Derivative segment crossed US\$1.7 billion. India INX's market share in this segment for half year ended 30th September 2018 is 68%, India INX is now the market leader in this segment also.

India International Clearing Corporation, the clearing arm of India INX has announced the acceptance of AAA-rated international sovereign securities as collateral from its clearing members and custodians. India ICC is the first and only clearing corporation in GIFT IFSC to offer this. The acceptance of international sovereign securities by India ICC will benefit foreign investors looking to trade on India INX and make GIFT IFSC more attractive destination for international investors. For segregated nominee account providers and their end clients, this is a welcome move and will allow them to now start to trade directly at IFSC by offering their international sovereign security holdings as margins. Investors will have the option to place these international securities, directly through International Central Securities Depositories like Clearstream, etc.

India INX has announced the launch India INX Global Access IFSC Limited, a single centralized platform through which hedgers, traders and investors can access International Exchanges from GIFT IFSC. Global Access, a wholly-owned subsidiary of India INX, is the first of its kind platform from India and IFSC at GIFT City, which will offer access to derivatives and investment products traded on International Exchanges. India



INX Global Access has already established necessary connectivity with CME Group of exchanges namely CME, CBOT, COMEX, NYMEX currently.

India INX Global Access aims to become the leading financial services provider in IFSC GIFT City in the years ahead by facilitating a centralized access to international financial markets for its customers. For participants at GIFT IFSC, Global Excess will provide a unified single-window interface for trading on CME Group of exchanges with immediate effect. For members and clients of India INX, Global Access offers a competitive and sustainable value proposition to access global markets in a cost efficient way.

In the equity cash segment, BSE has changed the basis of transaction charges from trade count basis to incremental turnover basis in group A, group B and certain other groups of securities with effect from 1st July, 2018 based on market feedback.

With respect to listing of securities, the number of companies listed with their equity capital on BSE, are available for trade are 4,121 as on date. BSE has the highest number of companies listed on any exchange around the globe. Market capitalization of these companies is above Rs. 138 lakh crore as of date. The total number of investors registered on BSE has exceeded 4.10 crore.

BSE Investments Limited is a 100% subsidiary of BSE. It acquired 24% stake in CDSL Commodity Repository Limited (“CCRL”) recently. BSE believes in creation of market infrastructure institutions for development of various markets. CCRL will enable electronic accounting of commodities, thereby ensuring ease of use, higher accuracy and lower costs for document transmission. Commodity repository, will also provide the legal and regulatory environment for inventory financing and warehouse receipt lending. As per SEBI regulations, BSE cannot take direct stake in unrelated business. Hence, the stake is being taken through a subsidiary, BSE Investment Limited.

BSE in partnership with Microsoft and Shephertz has launched ‘Ask Motabhai’, an artificial intelligence based ‘chatbot’, to provide on-demand data and information from the stock exchange’s website. BSE makes available on its website information on stock price, corporate results and announcements, in real-time, of over 5,000 entities listed on the exchange. In order to make it convenient and faster for the investors, especially small, retail investors to get stock and market information.

Recently, BSE has launched Google Assistant service to make BSE market data easily accessible to investors. The leading exchange believes that voice conversation is a key interface of future, for which it has kick started its services in English first and plans to extend services in regional languages in the near future. BSE data / content like Indices,

Stock Prices, Corporate Announcement, Board Meetings, Corporate Actions etc, is now available through voice conversation on Google Assistant.

#### On the financial updates

The standalone total revenue for Q2 FY2019 is higher by 4% to Rs. 152 crore as compared to Rs. 146 crore in Q1 FY2019. The profit for the Q2 FY2019 is higher by 2% to Rs. 53 crore compared to Rs. 52 crore in Q1 FY2019. During the quarter ended 30 September, the investment income has increased by Rs. 10 crore and other income has decreased by Rs. 3 crore as compared to previous quarter. Further, during the quarter ended 30 September, 2018, total expenses increased by Rs. 8 crore over previous quarter mainly due to provision for diminution in value of investment made in IL&FS Group secured non-convertible debentures to the extent of Rs. 3.4 crore and increase in technology related expenses by Rs. 2 crore. During the quarter ended 30 September, 2018, a sum of Rs. 5 crore has been booked as exceptional income. This amount forms part of the sale proceeds of BSE's stake offered in CDSL IPO, which was retained by CDSL towards IPO expenses and now it is to be refunded by CDSL.

On a consolidated basis, the total revenue for Q2 FY2019 is flat at Rs. 164 crore as compared to Q1 FY2019. Profit for Q2 FY2019 is lower by 11% to Rs. 46 crore as compared to Rs. 52 crore in Q1 FY2019. During the quarter ended 30 September, 2018, the investment income has increased by Rs. 3 crore and other income has decreased by Rs. 3 crore as compared to previous quarter. Further, during the quarter ended 30 September, 2018, total expenses increased by Rs. 8 crore over previous quarter mainly due to provision for diminution in value of investments made in IL&FS Group secured non-convertible debentures to the extent of Rs. 3.4 crore, increase in contribution to investor services fund expenses by Rs. 2 crore and increase in technology related expenses by Rs. 1 crore as compared to the previous quarter. During the quarter ended 30 September, 2018, a sum of Rs. 5 crore, towards residual sale proceeds on the sale of BSE's stake in CDSL as mentioned earlier has been booked as income from discontinued operations.

As of 30 September, 2018 the total balance lying in Settlement Guarantee Fund maintained by our clearing corporation is Rs. 374 crore.

With this overview, let we welcome you, once again, and invite all of you to question and answers. Thank you.



**Questions-and-Answer Session**

**Operator**

[Operator Instructions] First question comes from Mr. Sandesh. Your line is unmuted.

**Sandesh**

Hello, sir.

**Ashishkumar Chauhan**

Yes, please.

**Sandesh**

So I have one question. Which subsidiary are making operating loss, and when they will reach a breakeven? Which subsidiary are making operating loss ?

**Ashishkumar Chauhan**

India International Exchange and India International Clearing Corporation are making losses.

**Sandesh**

India International and ?

**Ashishkumar Chauhan**

India International Exchange and India International Clearing Corporation are make losses. In addition, there is a minor small company called BSE Sammaan CSR Limited, which is making losses of minor amounts.

**Sandesh**

Is there a chance to reach a breakeven?

**Ashishkumar Chauhan**

Basically, India International Exchange and India International Clearing Corporation are in a sense joined at the hip, India International Exchange does the trading, Clearing Corporation does the clearing and settlement. NSE, they have also started their own exchange and that exchange is a – NSE's exchange is not charging anything. So as a competition BSE also cannot charge and that is basically the reason, why we are not charging.

In addition, SEBI has allowed the NSE's IFSC exchange to do liquidity enhancement scheme, so BSE also had to match it, and that's why sort of losses have increased and I do not see when this will basically do it, but as when the market power is there with BSE, we will start charging, till we don't see it in your future.

**Sandesh**

Okay. Sir I have a question about the consolidated statement. The administration and other expense has increased by Rs.10 crore, in standalone and consolidated both ...

**Ashishkumar Chauhan**

Rs. 10 crore.

**Sandesh**

What is the account for that?

**Nayan Mehta**

So in the consolidated statement, there are two main items, which is the provision for diminution in value of investments, which we have made in ILFS group securities, which is we had invested Rs.17 crores in secure non-convertible debentures of ILFS group. And we had made a provision of 20% of same that is Rs.3.4 crores on that account.

And we have also made some provision for listing fees, which is receivable, so these are the two main items because of which the admin cost has increased.

**Sandesh**

Okay. And there is commodity exchange and INX exchange, there is charge, you have one-year free transaction in commodity exchange. So that is including that.

**Ashishkumar Chauhan**

You are talking about the India International or you're talking about the BSE's commodities?

**Sandesh**

BSE commodities.

**Ashishkumar Chauhan**

BSE commodities have started trading as of October 1. It is one month old in terms of calendar days.

**Sandesh**

Okay.

**Ashishkumar Chauhan**

And we're not charging anything as of now for one year from October 1, 2018 to September 30, 2019. So till that time, we will not be making any charges to the -

transaction charges to the brokers. So there will be basically some minor losses that will be incurred for the people, who are dedicated for that business. And of course, we have to also do a three shift running operations because of the fact that the commodities are running till very late in the night, almost midnight.

So we had to also sort of restructure our operations, which will cost us a little more. But it will also allow us to do trading in equities & derivatives till late in evening, as and when it is allowed. So effectively this is more of an investment happening just now and once we have good amount of volumes, we may be able to charge in commodities also, like what we did in currencies.

**Sandesh**

Okay. Can you give a break up of administration and other expenses, Rs.41 crore you have shown, just give us major amount of break up. What includes Rs.41 crore?

**Nayan Mehta**

See, administration expenses will be include all types of expenses, which will be regulatory expenses, which will be overheads – day-to-day overheads. There will be some business expenses involved. So obviously, that you can make out from our balance sheet, which is already available.

**Sandesh**

Thank you.

**Operator**

Thank you. Next question comes from Mr. Ashish Chopra from Motilal Oswal Securities. Your line is un-muted.

**Ashish Chopra**

Hi. Thanks for the opportunity. Nayan firstly, if you could just clarify again, I missed out on the admin and other expenses you mentioned that the provision of Rs.3.4 crores would be there and what's the second element?

**Nayan Mehta**

The second element is we have made some provision for doubtful debts and which basically, comprises of listing receivable. So that is amount, which is because of it, the administrative expenses increased.

**Ashish Chopra**

Okay. Okay. How much...

**Nayan Mehta**

This is basically – and this is Rs.4 crore provision which we have made and which is in line with all the provisions, which we have been making earlier also every year.

**Ashish Chopra**

Okay. And the reversal of unrealized interest of Rs.82 lakhs, would that also be in the same expense item.

**Nayan Mehta**

Yes.

**Ashish Chopra**

Okay.

**Nayan Mehta**

That will be basically reduced out of income, investment income.

**Ashish Chopra**

Okay, got it. And secondly, if you could just quantify, so what would be the costs maybe of running the commodity derivatives for an year without any transaction charge? In terms of the people, and like you mentioned it will be operating till evening. So what would be the loss that one can factor in because of that?

**Nayan Mehta**

So it's basically a marginal increase. And that is basically for the guys who are working for two shifts, their salary cost and obviously, you know, since most of our operations and data center works full time, 24 hours. So it wouldn't really make too much of difference on the other overheads.

**Ashish Chopra**

Okay. So I think one other announcement was of the non renewal of the S&P license. Does that in any way have any impact maybe on the cost side or on the – some of these indices which were licensing earlier and taking S&P's name. So how does that really change anything? I just wanted to get some understanding on that?

**Ashishkumar Chauhan**

Nothing much. Basically, we had done this tie-up five years back, but J.V. couldn't do much in terms of expanding in the foreign jurisdiction, the usage of the indexes and all. And that's why we have decided to not renew it, but overall the impact on profits or on the revenues will be minuscule.

**Ashish Chopra**

Understood. So I think, Ashish on the Clearing Corporation, so there was this report that came out which finally allowed or made way for interoperability of Clearing Corporation sometime in the future. So if you could just help us understand what could be the roadmap for this implementation, the likely timelines and how does it impact BSE for the better or for the worse?

**Ashishkumar Chauhan**

See basically interoperability of Clearing Corporation was a requirement which BSE had come out with long back. And then of course there was a committee under Mr. K. V. Kamath that was set up around five, six years back. And then they given their report around 3.5 years back, recommending it, but timing was left to SEBI. And since then there were discussions. And then later on in August, 2018, SEBI board took a decision to allow interoperability of Clearing Corporation. As you would have seen, it's already six years since the discussion started, three, four years since recommendation. So some more time – also might be sort of taken by various people to come out with regulations after their board approves.

And once they come out with their regulations, we will be able to implement. Most probably people are expect it to have some positive impact on BSE's volumes, because of the fact that, you are able to take sort of hedged positions in multiple exchanges, if you are on a single Clearing Corporation on a multiple framework basis. And that is basically the advantage for a trader, or a hedger or an arbitrageur. And that might increase liquidity in the exchange which have lower amount of liquidity. Now that is the theory. Practice remains to be seen how the competing exchanges allow it to be implemented and how actually the benefits accrues. But we have some hopes and once it is allowed we will try to launch it as quick as possible.

And you might have seen in the past anything new that is allowed, we are pretty much the first to launch any product like even commodity recently. And because we have some solid technology and business development teams, which end up conceptualizing and implementing all these things, all the changes that SEBI wants or business changes that come very, very fast.

**Ashish Chopra**

Got it, that's helpful. Thanks. I will go back into the queue.

**Ashishkumar Chauhan**

Thank you.

**Operator**

Thank you, Mr. Ashish. [Operator Instructions] Next question comes from Su Reddy from Mergers India Info. Your line is un-muted.

**Su Reddy**

Good evening. Thanks for the opportunity. Your employee benefit and expenses have increased from Rs. 28 crores to Rs 34 crores on the consolidated side, any specific reason for that?

**Ashishkumar Chauhan**

Part of it is basically the inflationary part. And other part is that SEBI gave their recommendation that the employees charged to a particular fund would now have to be charged under the BSE directly and that's where almost Rs. 3 crore has been added. So it's broadly what I call large amount have added due to that part where SEBI – basically SEBI has recommended that we need to start charging some of the employees which were being charged on another fund, into BSE's own account.

**Su Reddy**

A supplementary question on the same related, is the leadership incentive in anyway link to market capitalization of BSE, because since the IPO, the prices have come down substantially? Is it done variable, what I'm saying is anyway linked with the market capitalization.

**Ashishkumar Chauhan**

Basically, the way the new regulations have come out, and old regulations affecting the employment contracts for the top management of BSE or any other exchange for that matter including commodities exchanges now, then they don't get stock options and they don't get variable salaries which are linked to the profits of the company. And so basically the reason is that these are regulatory organizations and they should focus more on regulations and compliance rather than on the – maximizing profit on a short-term basis. And so that is basically the reason, however it has no relevance to the prices going up or down. And so people may like to connect but I do not think there are any connections at all.

**Su Reddy**

Okay. Thanks. Only the reason for asking is this somewhere it needs to be linked, so that you know they should not be total disconnect with the market cap and leadership base.

**Ashishkumar Chauhan**

Thank you. But it could also boomerang for a regulatory organization like this. However, you can take it up with SEBI and other regulators.



**Su Reddy**

We, retail investors have – okay, thanks. Appreciate it.

**Ashishkumar Chauhan**

Thank you.

**Operator**

Thank you, Mr. Reddy. Next question comes from Mr. Rahil Jasani from ICICI Securities. Your line is unmuted.

**Rahil Jasani**

Yeah. Good evening sir. Sir, my question was on the mutual fund platform, which we have. So you mentioned that the platform has been seeing monthly trades of around 3 million and it's growing at a very rapid pace. So I was just assessing the opportunity size for BSE StAR MF. So I just wanted to know what will be the number and share of mutual fund transactions which are conducted via online platforms and offline platforms. And further what is the share of say IFAs, banks and other intermediaries in these transactions.

**Ashishkumar Chauhan**

Basically, we have – some of the largest distributor or aggregators, are also on BSE, okay. And we have some of the largest stockbroker entities are also on BSE, some of the largest banking cum stockbroker entities are also on BSE. So some of the larger ones go through the BSE, some of the smaller ones go through the, like one mom-and-pop joints also go through BSE and in between even the Robo-advisors and so on and so forth. So, currently I don't have the readymade numbers on which type of people are sort of facing more orders on BSE. But, effectively we're a backend to the entire industry. We are not the frontend, but any type of front-end whether it is manual front-end or automated front-end or completely robotic front-end. They all use the BSEs StAR MF platform equally. Well, in fact, even the portfolio managers, some of the largest portfolio managers also use BSE StAR MF for their customers sort of orders to be place and all.

**Rahil Jasani**

Right, right. Sir so I was not asking particularly about the existing mix of intermediaries but what potential do you see going forward of your customers increasing or the intermediaries coming to you?

**Ashishkumar Chauhan**

See, basically it is say that there are two to three crore mutual fund transactions in a month happening. And BSE is doing around 33 to 35 lakhs now from this month onwards.

So in terms of number of transactions we are still lower, but in terms of value of transactions we are like 20%, 25% of the total.

In terms of a new customers, I have been told we are around 44% to 48% of all new customers are now coming through BSE StAR MFs. And so, we are slowly becoming larger than the entire industry – in terms of the pace at which we are growing. We are growing at faster than the industry pace, and we still have a larger – to grow, our costs are phenomenally low because we are a backend. And that's where we also save as per estimates around Rs. 300 to Rs. 400 per transaction for mutual fund industry.

However, some of the large mutual fund industry players who have very large distribution network, they clearly do not like smaller ones to have similar or even better distribution framework at even lower cost. So there is a bit of a kind of a competition that is going on, we have also try to set up MF utility by creating one through AMFI and all.

And of course, everyone now is trying to create their own direct website based framework. But clearly BSE StAR MF is growing at a very, very rapid pace. And I don't know how fast it would be able to kind of get to one crore transaction and then two crore transactions in a month, but our technology is ready.

And as you know this year we started charging token amounts broadly to the mutual fund industry, because it was the first year of payment, for seven years of our services nobody paid. This year only they have started paying and hopefully we'll be able to also increase our charges a little bit going forward. And so basically, it remains to be negotiated and other things. But those are the hopes and let's see how it works out.

### **Rahil Jasani**

Right, sir. Great color. So, actually, just a follow-up on that, you said, there are other bigger players, who have also started their online – already have online platforms going on. So, what will – what can be our value proposition for these guys to come to BSE's StAR MF platform onboard?

### **Ashishkumar Chauhan**

It's, basically, the distributor, who is not tied to a particular fund, he would rather want to sort of have a piece of mind and a piece of operations every day. When he goes through BSE StAR MF, he has to settle with only one entity, which is BSE every day for all these transactions, in all the mutual funds, in all the schemes, whereas if he goes through hundred different websites, he doesn't even – he can't even keep track with whom he is trading, how much, where will the money go, and how it has gone or not and all those things, right.

**Rahil Jasani**

Got it.

**Ashishkumar Chauhan**

So, it's basically like creating your own roads if you want to travel or basically go on the road which somebody else has created and a network of roads, which is what BSE is giving you. And that's what I still think having public roads are better than creating private road by any individual.

**Rahil Jasani**

Right, right. It's a great color. So, just a final question on the mutual fund a bit again so, you said, you are charging a nominal fee now since last two, three quarters. This quarter, we saw around \$8.59 million orders in the whole quarter. So what – I was wondering what is the transaction charges, which we earned in this quarter from the BSE StAR MF platform?

**Nayan Mehta**

Around Rs. 7 crore is the income we have earned out of this mutual fund transactions.

**Ashishkumar Chauhan**

Rs. 7 crore.

**Nayan Mehta**

Above Rs. 7 crore.

**Rahil Jasani**

Okay, okay, okay. Great. Thank you, sir. That's it from my side. Thank you.

**Operator**

Thank you, Mr. Rahil. Next question from Mr. Sandesh Kadole from individual investor. Your line is unmuted.

**Sandesh Kadole**

Hello, sir.

**Ashishkumar Chauhan**

Yes.

**Sandesh Kadole**

Yes. You have given half-yearly performance. So, I just want to know the transaction charge, treasure income and other by quarterly, Q2 FY2019? transaction charge income, treasury income, other income and service to corporate income by Q2 FY2019.

**Nayan Mehta**

If you see the security services income, which is basically comprises of the transaction income, it is more or less same at around Rs. 40 crores, last year – last quarter was Rs. 44 crores, it's down to Rs. 43 crores, listing income last time was Rs. 56 crores, this time it was Rs. 55 crores. And these are the two main income, which we have earned and as far as we have investment income is concerned. Last time, it was Rs. 39 crores, it is Rs. 42 crores this time.

**Sandesh Kadole**

Okay. Okay, and the mutual fund income comes in other income or other operating income?

**Nayan Mehta**

It's the transaction charges, it's the securities services income for us.

**Sandesh Kadole**

Okay. So, thank you sir.

**Operator**

Thank you. [Operator Instructions] As we don't have any further questions from the participants. Now, I would like to have floor back to. Mr. Yatin Padia. Thank you and over to you, sir.

**Yatin Padia**

Thank you for joining the earnings call.

**Operator**

Shall we conclude this call sir?

**Yatin Padia**

Yes.

**Operator**

That does conclude our conference for today. Thank you for participating on Reliance Conference Bridge. you may all disconnect now. Thank you.

{End of Transcript}

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