

Date: February 16, 2021

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

Symbol: BSE

ISIN: INE118H01025

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

Sub: Transcript of the Conference Call held on February 11, 2021

Dear Sir/ Madam,

With reference to our letter dated February 5, 2021 intimating you about the conference call with Analysts/Investors held on February 11, 2021, please find attached the transcript of the aforesaid conference call.

The above information will also be available on the website of the Company: www.bseindia.com.

This is for your information & record.

For BSE Limited

Sd/-
Prajakta Powle
Company Secretary and Compliance Officer

Encl.: a/a



BSE LIMITED

Q3 FY 20-21 Earnings Conference Call



February 11, 2021

BSE LIMITED

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

Moderator

Ladies and gentlemen, good day. And welcome to BSE Limited Q3FY21 Investor Conference Call. My name is Nirav, and I will be the moderator for today's conference. 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Yogesh Joshi – Head, Investor Relations, BSE Limited. Thank you and over to you, sir.

Yogesh Joshi

Thank you, Nirav. Hello, everyone and welcome to BSE's earnings call to discuss Q3FY21 results. This is Yogesh, Head Investor Relations. Joining us today on this earnings call is BSE's leadership team, consisting of-

- Mr. Ashishkumar Chauhan – Managing Director and Chief Executive Officer,
- Mr. Nayan Mehta – Chief Financial Officer,
- Mr. Sameer Patil – Chief Business Officer,
- Mr. Girish Joshi – Chief Trading, Operations and Listing Sales,
- Mr. Neeraj Kulshrestha – Chief Regulatory Officer,
- Mr. Kersi Tavadia – Chief Information Officer.

Please do note that the conference is being recorded and a transcript of the same will be available on our website. The financial results and 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 a question-and-answer session. Please note that BSE does not provide any specific revenue or earnings guidance. Anything said on this call which reflects BSE's outlook for the future, or which could be construed as a forward-looking statement, must be reviewed in conjunction with the risks that company faces. With that, I would like to turn the call to Mr. Ashishkumar Chauhan.

Ashishkumar Chauhan

Thank you, Yogesh. Good Morning, Good Afternoon and Good Evening to all of you, wherever you are.

It is ten and a half month since India went into a lockdown due to COVID-19 pandemic, many of us are back to work at office, partly or fully. BSE, as expected, has been operating without any interruption and has also been able to undertake new initiatives as well as improve its operational performance during this period.

Let me start by providing you with certain updates on our businesses and operations:

Continuing its stellar performance, BSE StAR MF, India's largest mutual fund distributor platform, is moving consistently towards transforming itself and the entire industry into a unique end-to-end value-based platform. It has achieved a new milestone of processing 92.98 lakh transactions, which is the highest ever in a month, including 4.77 lakhs new SIP registration in January 2021. The total value of orders processed in the Mutual Fund segment increased by 37% to Rs. 2.05 lakh crores for the nine months ended December 31, 2020 from Rs. 1.49 lakh crores for the nine months ended December 31, 2019. In spite of a pandemic year, BSE StAR MF platform has seen growth in the total number of orders processed by 64% to 643 lakhs during the nine months ended December 31, 2020, as compared to 393 lakh during the nine months ended December 31, 2019. The total number of SIPs registered under this segment increased by 256% to 11.18 lakhs during the nine months ended 31st December, 2020, from 3.14 lakh for the nine months ended December 31, 2019. The total number of X-SIPs registered under this segment increased by 2% to 16.72 lakhs during the nine months ended 31st December, 2020, from 16.35 lakhs for the nine months ended December 31, 2019. The platform continues to scale new peaks of transactions in a single day. The platform processed a record of 14.69 lakh transactions on a single day on January 11, 2021, surpassing the previous best record of 12.88 lakh transactions on October 12, 2020.

BSE had launched BSE StAR MF app in mid-2019 to enable Mutual Fund Distributors process transactions on the go. The app has been well received by the community and it has processed over 15.3 lakh transactions till January 31, 2021. It may be noted that BSE StAR MF platform has witnessed a consistent net equity inflow of investment over all the past 10 months when the industry was seeing net outflow in the equity-based schemes. StAR MF platform witnessed a consistent net equity inflow of Rs. 15,809 crores as against the total net equity outflow in mutual fund industry of Rs. 30,546 crores during the period. The total turnover on StAR MF platform for the 10 months period from April 2020 to January 2021 exceeded Rs. 2,73,000 crores.

BSE has continued with its strategy of expansion of its Mutual Fund Distributors and IFA network. BSE appointed 12,383 IFAs or members over the last 10 months, taking the total to 69,039 on January 31, 2021. This network is over and above BSE's 1,400 members, backed by over 200,000 authorized representatives covering length and breadth of our

country. BSE's market share in this segment for nine months ended December 31, 2020, stands at 79%.

It may re-called that BSE and Mutual Funds were in negotiation with respect to the rates chargeable by BSE to them via AMFI for processing of transactions through BSE StAR MF platform. All necessary provisions with respect to this segment were made in the previous quarter based on the agreement reached with AMFI. This is the first quarter reflecting the revised rates applicable to mutual funds. The total revenue earned in this segment during the quarter is Rs. 7.61 crores after provisioning.

BSE has been leading the way in adopting newer technologies and launching new innovative products. On November 14, 2020, BSE launched StAR MF Corp Direct, a direct investment portal for corporates with more features which will further simplify and provide end-to-end value-based services to the AMCs, distributors, investors and MF industry participants. Now corporates can seamlessly transact with all AMCs and schemes at one go using Corp Direct instead of switching between multiple platform, which is cumbersome. Corp Direct simplifies the MF investment process and significantly reduces time and increases efficiency for corporates. The StAR MF Corp Direct portal is loaded with salient new features and is currently live for corporates. This wouldn't be available for other non-individuals, like HUF partnerships firms, societies, etc. In order to continuously upgrade its services through innovation and development, BSE launched StAR MF Plus, a premium platform with key features for distributors and their clients on January 18, 2021. StAR MF Plus offers complete front office, order management, analytics, back office and business support solutions for distributors to enable client onboarding as well as e-KYC and provides customer portfolio management, along with CRM. Further, all the said features can be accessed through web as well as Android and iOS apps.

As informed earlier, to unlock the value and realize the full potential of this business, BSE had appointed ICICI Securities to advise on various options to unlock the value in BSE StAR MF platform. ICICI Securities has approached potential investors in this regard. However, BSE has not received any acceptable bids for the same till date, and therefore, no further decision has been taken with respect to the same.

BSE-EBIX Insurance Broking Private Limited, a joint venture of BSE and Ebix Fincorp Exchange Pte. Ltd, had beta launched its operations on February 7, 2020, with offering of private car and two-wheelers auto insurance. Currently, there are seven general insurance companies, two standalone health insurance and three life insurance companies available on the BSE Ebix platform. As on January 31, 2021, BSE Ebix registered 3,907 point-of-sale persons and 2,370 certification. BSE Ebix has beta launched term insurance of ICICI Prudential Life Insurance on its state-of-the-art hi-tech platform on December 15, 2020. With this launch, BSE Ebix now has the ability to handle

insurance sales across both term and endowment policy in life insurance segment, using its omni-channel digital presence, supplemented by the Phygital pan-India physical presence of BSE Ebix's thousands of point of sales persons. The launch of life insurance product by BSE Ebix is a major development for the company's perspective since life insurance is traditionally one of the fastest growing insurance segments in the country. BSE Ebix's strategy is to have unrivalled 'Phygital' pan-India reach by combining the physical presence of tens of thousands of POSPs with omni-channel digital channel, thereby allowing its POSPs to have access to extensive real-time quotes from insurance companies and to complete the entire transaction online on behalf of their customers. Through its technology, BSE Ebix empowers POSPs to deliver best of the insurance products and provide comfort to the end customer by transacting physically at the speed of digital technology. This presents a huge opportunity for BSE Ebix to build its life insurance portfolio. In order to offer a bouquet of insurance products to meet the diverse needs of the end customer, BSE Ebix also plans to offer other insurance products for commercial vehicles like trucks, tractors, auto, taxi, commercial products like fire, liability, shopkeeper insurance and other personal lines of business like home, personal accident, travel insurance, etc. BSE Ebix also plans to add many more insurance companies in each insurance vertical in coming days and months while ensuring that their integration with BSE Ebix is state-of-the-art for each vertical. Till January 31, 2021, the company intermediated issue of 7,912 policies, with premium amounting to Rs. 2.35 crores. BSE holds equity stake of 40% through its subsidiary BSE Investments Limited in this company.

BSE launched an electronic spot platform for agriculture commodity, known as BSE E-Agricultural Markets Limited, BEAM, through its wholly owned subsidiary BSE Investments Limited on December 11, 2020. This platform functions as a national level institutionalized, electronic, transparent commodity spot trading platform in line with the Prime Minister's vision to create a "single market". The platform facilitates spot agriculture commodities transactions across value chain consisting of producers, intermediaries, ancillary services and consumers. BEAM has leveraged on state-of-the-art technology to offer customized solutions to farmers, traders and stakeholders to facilitate risk-free and hassle-free purchase and sale of various agri commodities. This platform ensures reduced cost of intermediation, improved procurement efficiency, enhanced producers' realization and more competitive consumer prices. The platform also helps eliminate bottlenecks associated with procurement and trading. The platform witnessed trading of 2 tonnes of imported almond shell worth value of more than Rs. 6 lakh on the launch day of electronic spot platform for agriculture commodities.

The average daily turnover during the nine months ended 31st December 2020 increased in equity segment to Rs. 3,675 crores as compared to Rs. 2,554 crores during the nine months ended December 31, 2019, and Rs. 3,132 crores during the nine months ended

December 31, 2018. The same is also reflected in the company's strong operational performance in the current period. The pick-up in the average daily turnover in equity segment in the current financial year to levels higher than previous two financial years is a positive development and provides encouragement to look forward to better operational performance going forward.

I am glad to inform you that certain broking business houses have started providing execution of trades at best execution price which benefits the investors and is in line with the mandate of the regulator SEBI. A part of the increase in average daily turnover can be attributed to the same. As more and more broking houses provide such facilities for the benefit of the market and investors, and as more and more investors insist for the same, it is felt that the same would further have a positive impact on the turnover on BSE.

I also wish to inform you that the BSE has decided to increase transaction charges in the equity segment with effect from March 1, 2021 to bring it in line with the competing exchange. The same is likely to result in increase in transaction fees on trading of commonly-listed securities.

BSE changed the weekly expiry of contracts to Monday in equity derivatives segment from Thursday in its equity derivative segment from June 29, 2020. Since the change in weekly expiry of equity derivatives contracts from Thursday to Monday, the average daily turnover in equity derivatives segment has grown from Rs. 78,442 crores for September 2020 quarter to Rs. 2,01,162 crores for December 2020 quarter. The average daily turnover in this segment is Rs. 2,46,651 crores for the month of January 2021. Over time, the growth in turnover of equity derivatives contract can significantly complement growth in turnover in equity segment to improve BSE's turnover and market share in these Red Ocean business of BSE.

India International Exchange at IFSC, India's first international exchange based in the GIFT City. IFSC introduced rupee-dollar derivatives contract on 8th May, 2020. Average daily turnover on India INX platform for the nine months ended 31st December was US\$ 4.1 billion including significant contribution from equity derivative segment. Equity derivative segment contributed to 94% of average daily turnover and other segment has contributed to 6% of average daily turnover for the nine months ended December 31, 2020. India INX is dominant IFSC exchange in GIFT City with the market share of over 80% in derivatives trading and 99% in bond listing for the nine months ended December 31, 2020. During the nine months ended December 31, 2020, almost all the Indian issuers of debt securities in the international markets over the last three years have listed on India INX' global securities market. It has witnessed an all-time high turnover of listing of US\$ 24.13 billion on 14 January 2021. The previous all-time high turnover was US\$ 23.06 billion on February 3, 2021. The constitution of the IFSC authority at Gandhinagar GIFT

City is a big step towards development of IFSC as a major international financial hub and growth of exchange therein.

On January 25, 2021, among many firsts within this calendar year 2021, supernational institution, Asian Development Bank listed the re-tap of 10-year, Rs. 3 billion masala bonds on Global Securities Market of INX at GIFT City. The 6.15% bonds, due in 2030, are rated AAA by S&P and Moody's.

On December 22, 2020, Adani International Container Terminal Private Limited listed US\$ 300 million foreign currency bond on Global Securities Market of INX at GIFT City. This is the first issuance by the corporate on the Global Securities Market. The issuer has raised the funds at a very competitive rate of 3% for the senior secured notes, maturing in 2031.

The currency derivative segment of BSE continues to provide a very liquid platform for trading in currencies. The average daily turnover of currency futures segment for the nine months ended December 31 was Rs. 8,145 crores. And the average daily turnover in the options segment for the nine months ended 31st December was Rs. 11,698 crores. BSE's market share for the same period was 29%.

BSE is the second largest commodity derivatives exchange in India now and the only exchange in India to witness delivery in options on goods contract. BSE facilities trading in derivatives of a bouquet of bullion, energy, metal and agri products, which include gold, silver, Oman crude oil, Brent crude oil, aluminum, zinc, copper, guar seed, guar gum, cotton, turmeric, castor seed, chana, soya bean and almond. BSE created history on November 3, 2020, by becoming India's first exchange to complete deliveries of gold under BSE-BIS India Good Delivery Standard on its commodity platform, supporting the Prime Minister's vision of "Make in India" and "Aatmanirbhar Bharat". The exchange executed delivery of gold to the tune of Rs. 1.5 crores in the options in good framework, marking the fifth consecutive month of deliveries at the exchange designated vault in Ahmedabad, Gujarat.

BSE's seamless trading platform, integrated with a robust delivery framework for options in goods contracts has proved extremely beneficial and cost efficient for jewelers, bullion dealers, other physical market participants. It empowers them to not only hedge their price risk, but also avail delivery on the expiry of the contract. The total number of members admitted in commodity derivative segment is 290. The turnover in commodity derivatives segment for the nine months ended December 31, 2020, was Rs. 4.11 lakh crores, and highest turnover was Rs. 5,118 crores recorded in August 11, 2020.

BSE, along with PTC India and ICICI Bank had earlier filed a petition with the power market regulator, Central Electricity Regulatory Commission (CERC) on September 7,

2018, for grant of license for setting up of a new power exchange. BSE has a stake of 22.62% as on December 31, 2020, in the proposed power exchange through its wholly owned subsidiary, BSE Investment Limited. CERC has issued a new order in this regard today, and we hope to get the final license and launch operations soon.

The number of companies listed on BSE SME platform grew by 5% as of December 31, 2020, to 331 companies as compared to 314 companies listed on December 31, 2019. Of the total number of companies listed in BSE SME platform, 93 companies have migrated to the BSE Mainboard as on December 31, 2020. Total market capitalization of companies listed on SME platform as on February 5, 2021, was Rs. 21,490 crores, and total funds raised through these companies was Rs. 3,381 crores. The companies listed on BSE's SME segment have shown outstanding growth over the last seven years. SME IPO index, which was launched on December 14, 2012, with 100 as base has increased by 1,286% to 1,386 as of December 31, 2020. BSE's market share in listing of SME companies on the SME segment stood strong at 61% as on December 31, 2020.

BSE launched the BSEBOND platform on July 1, 2016. This platform facilitates issuance of debt securities on private placement basis as well as public basis. Issuers in this segment include renowned corporates from public as well as private sector in India. During the quarter ended December 31, 2020, 179 issues have successfully raised over Rs. 0.90 lakh crore through this platform. BSE's market share for the same period stands at 55%. BSE continues to be an institution for capital formation in India. The total debt raised under this platform crossed Rs. 14.08 lakh crores as on December 31, 2020.

On November 13, 2020, Lucknow Municipal Corporation successfully raised Rs. 200 crores by issuing municipal bonds on private placement basis using BSEBOND platform. Lucknow Municipal Corporation received 21 bids on BSEBOND platform for Rs. 450 crores, 4.5x of the issue size. Out of the total 11 municipal bonds issuance aggregating to Rs. 3,690 crores, Rs. 3,175 crores have been exclusively raised on BSE BOND platform, scaling its market share to 86%. In the current financial year till November 13, 2020, BSE BOND platform has enabled corporate India to raise Rs. 2,45,968 crores by issue of debt capital.

With respect to listing of securities, the number of companies listed with their equity capital on our exchange which are available for trade are 3,913 as of February 5, 2021. BSE has the highest number of companies listed on any exchange around the globe. Market capitalization of companies listed on BSE has now reached more than Rs. 200 lakh crores. The total number of registered investors registered on BSE now exceeds Rs. 6.1 crores.

Further, under BSE's framework for listing of commercial paper issued on or after November 27, 2019, 165 issuers have done 2,903 issuances of commercial paper and successfully listed CPs of Rs. 12.63 lakh crores on BSE.

On a consolidated basis, the profit attributable to shareholders of the company, excluding exceptional items, for the quarter ended December 31, 2020, has increased by 139% to Rs. 32.37 crores as against Rs. 13.53 crores for the corresponding quarter of the previous year. The total revenue for the quarter ended December 31, 2020, increased by 9% to Rs. 162.16 crores as against Rs. 148.66 crores for the corresponding quarter of previous year. Operating expenses have decreased by 8% to Rs. 108.68 crores. The operating EBITDA increased by Rs. 20.11 crores to Rs. 11.91 crores for the quarter ended December 31, 2020, as against operating loss of Rs. 8.20 crores for the corresponding quarter of previous year. Operating EBITDA margin stands at 10% for the quarter ended December 31, 2020, as against negative 7% for the corresponding quarter of previous year. It may be noted that during the corresponding quarter of previous year, profit after tax includes onetime profit of Rs. 32.04 crores at consolidated level on account of gains on partial equity stake sale of CDSL, Central Depository Services Limited.

On a consolidated basis, the profit attributable to shareholder of the company, excluding exceptional items, for the nine months ended December 31, has increased by 19% to Rs. 108.74 crores as against Rs. 91.54 crores for the corresponding nine months of previous year. Total revenue for the nine months ended December 31, 2020, has increased by 2% to Rs. 484.64 crores as against Rs. 474.21 crores for the corresponding nine months of previous year. Operating expenses have decreased by 6% to Rs. 322.77 crores. Operating EBITDA has increased by Rs. 37.53 crores to Rs. 26.42 crores for the nine months ended December 31, 2020 as against operating loss of Rs. 11.11 crores for the corresponding nine months of previous year. The operating EBITDA margin stands at 8% for the nine months ended December 31, 2020 as against negative 3% for the corresponding nine months of previous year.

Interoperability of settlements amongst clearing corporations was implemented from June 2019. After implementation of interoperability, the members have the option to select the clearing cooperation to clear their trades. Based on their selection, the trades of BSE are cleared by respective clearing corporations. As per regulatory requirements, BSE needs to contribute to Core SGF of all the clearing operations through which its trades are cleared.

BSE has already contributed Rs. 15,770 lakhs to Indian Clearing Corporation, which is in excess by Rs. 13,094 lakhs as compared to the requirements relating to the contribution to be made to ICCL for Core SGF as of December 31, 2020. Based on the transactions executed on BSE, which are cleared by NSCC which is another clearing corporation. The requirement to contribute Core SGF to other clearing corporation of Rs. 1,183 lakhs as of

December 31, 2020. Based on the representation made by the company, SEBI has now allowed transfer of excess contribution made by the stock exchange from Core SGF of one clearing operation to the Core SGF of another clearing operation in interoperability scenario. Hence, BSE shall not have to take charge in profit and loss account towards SGF contribution to clearing corporations so long as there is excess in any other clearing operation.

As on January 31, 2021, the total balance lying in Settlement Guarantee Fund maintained by Indian Clearing Corporation is Rs. 457 crores, of which, as mentioned above, Rs. 158 crores has been contributed by BSE.

BSE's consolidated net worth as on December 31, 2020, stands at Rs. 2,458 crores and standalone net worth stands at Rs. 2,172 crores.

The free cash in BSE standalone books as on December 31, 2020, is Rs. 1,393 crores.

Before I conclude, I wish everyone in this call to stay safe with their near and dear ones. With this overview, let me welcome you all once again and invite all of you for question and answer. Thank you.

Moderator

Thank you. First question is from the line of Saket Kapoor from Kapoor Family. Please go ahead.

Saket Kapoor

Good Evening Sir, thank you for giving me the opportunity, Sir, firstly, if we take our operating income and our operating expenses or the administrative expenses, they are not in commensurate to each other. So sir, what steps, as an organization, are we taking or are in the anvil that will further improve, as you have told that the operating expenses have gone down in commensurate to the income. So what more steps are we taking? And what is our road map going ahead for, say, one or two years down the line with the type of initiatives which you have spoken in your opening remarks, wherein you have articulated various segments in which we would be present going forward. So first your take on that, sir?

Ashishkumar Chauhan

Basically, I think on several other occasions during this call, I have mentioned that exchange business is about fixed cost business. So the cost pretty much remains consistent and goes up over a period because of the new regulations that are coming as well as the cost of technology and employees that go up over a period due to inflation. Having said that, the only way the operating margins can go up because of that is that our revenues go up. And as and when the revenues go up, you are seeing an upsurge in the profitability of BSE, and that would be seen even in this quarter. So our all the attempts are basically to increase our revenues. Of course, that would depend on our investors and our brokers who would push in more business through BSE through which we can earn more money. And that would be basically our strategy for times to come, increase our revenue, control our costs, so that would increase our operating margins and other margins.

Saket Kapoor

Correct, sir. Sir, looking at the business proposition going forward, sir, correct me if I am wrong, maybe a decade earlier, when you were not at the helm, you were a person who were advocating or even you were presenting an option of CFS, known as cash future spread, wherein you were at that time contemplating with SEBI to introduce this mechanism in the cash segment, wherein, at the end of the day the investors can have an option of so-called modified byaj-badla type of option. So in today's realm of things, how relevant is that proposition? And how good business-making opportunity could be CFS? If I am not wrong, sir, then correct me.

Ashishkumar Chauhan

Basically, it's still a good proposition. Those days, although I was not CEO, I was Deputy CEO. And those days a similar framework was offered by another exchange, of course, in commodities called NSEL. And unfortunately, NSEL had other issues because of which people at regulatory level got some apprehensions about allowing such products where both the settlements get merged. We will continue to ask the regulators for providing these facilities to the investors. And if they allow, then BSE would be willing to launch that. I would request you two join the queue again, so lets try to be discipline maximum two questions per person.

Moderator

Thank you. (Moderator's instructions) Next question is from the line of Rohith from Marshmallow Capital. Please go ahead.

Rohith Potti

Thank you for the opportunity So I missed the first 10, 15 minutes of the call. So just curious if there's any update on StAR MF value unlocking that you had disclosed a few months back?

Ashishkumar Chauhan

Yes, I did update. It will be there in the transcript. Just for your information, not much progress has been made in that because the bids we received were not acceptable to us.

Rohith Potti

Okay. Understood. And what about within StAR MF itself, we were planning to launch a few other products which will allow us to increase the monetization potential there. So any update there as well?

Ashishkumar Chauhan

Yes, please. We have also mentioned it in our speech, probably you might like to look at our transcript.

Moderator

Thank you. The next question is from the line of Saket Kapoor from Kapoor Family. Please go ahead.

Saket Kapoor

Sir, my first question is regarding this Union Budget. There has been a recommendation from the income tax department wherein there would be a procedure for pre-filing of IT returns, wherein the capital gains will also be lifted. And sir, going forward, what kind of repository services can be offered in funds offered on the exchange in collaboration with the DPs? And how good business proposition can be made out of it with this pre-filing of income tax returns? That's my first question.

Ashishkumar Chauhan

Yes. It's a good proposition. We will explore that. But naturally, BSE on its own cannot provide the full end-to-end all the details because there are many RTAs and many depositories who will not be allowed to jointly provide their services because of the information security and privacy situations. So based on whatever the information is

available to us, of course, we can provide things. We have the database to the investor specifically, their data we cannot sell it to anyone. And SEBI has also set up some groups and committees to figure out the privacy related things because there are apprehensions and complaints about the information getting misused or other things as per the new sort of privacy information security kind of act. So those are a little more farfetched. But clearly, the government and exchanges and the depositories and RTAs are working together to give you end-to-end data in your income tax returns as a part of the overall process of honourable Finance Ministry mentioned.

Saket Kapoor

Right, sir. And one more point was regarding this G-Sec part. Even the RBI has now opened first time in our country the window for retail participation in G-Sec market. So I think this also could be a good business proposition if the settlement of the same could be accomplished with the RBI through the exchanges. And we also give an understanding to the RBI regarding the business proposition, what it makes sense, how the client code and everything can be merged and a system pool of data can be created so that as we participate in the StAR MF platforms to buy Mutual Funds, the same could be carry forwarded even to the G-Sec market through the RBI platform. So that's another business proposition that can be looked into. And the first mover advantage as we the exchange could be in the offering.

Ashishkumar Chauhan

It's a welcome announcement by RBI. Of course, it would be even better if they would allow holding of shares and interoperability among depositories that government bonds also can be held in depositories, and also traded through that. That would ease the life of many investors rather than having multiple accounts with multiple agencies. And so those are the issues being discussed as we go. But clearly, BSE is one of the larger distributors of sovereign gold bond, which is also RBI issued bonds, if you might be aware. We are in touch, we are discussing a variety of modalities and metrologies to attract more and more investors to government securities in whichever way it is possible. And the early indications, even for corporate bonds, that our volumes even in those corporate bond area seems to have improved over the last one year. And of course, we would want to build on that and become a dominant marketplace for investments in India, as I said in my speech also. Thank you.

Moderator

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

Amit Chandra

Sir, my first question is, so we have seen a significant surge in volumes. But if you see the pricing, so it has been coming down consistently. So I know there were, let's say, renegotiations with AMFI and all. So, from like Rs. 10, it went to Rs. 8, now at Rs. 5. So it seems that we don't have any pricing power here. So how do we ascertain that it will not come further down from Rs. 5 as volumes increase? So that is regarding StAR MF.

And also, the second question would be on the incremental investments that is required for all the new initiatives that we are planning in terms of the power exchange and all. Because we still are having a lot of new initiatives which are still not yielding results, like the INX and all, we are spending a lot on that. But yes, the volume has increased, but we are still not earning anything from that exchange as of now. So when we will start charging on the INX? And like what are the incremental investments required for all the initiatives that we have planned? Thank you.

Ashishkumar Chauhan

So basically our volumes on the StAR MF have gone up 65%, 70% despite the MF industry losing a lot of equity value in terms of almost Rs. 30,000 crores, Rs. 40,000 crores in last 10 - 11 months. So effectively, we are trying to compensate in terms of the revenues because of the reduction in charges, as you rightly mentioned. And it remains to be seen going forward how we will be able to increase our value per transaction. But clearly, the value due to increase in volumes is now much visible. And you will see that even going forward.

In terms of the incremental investments other than INX, the numbers have been very small, whether it is in Power Exchange or E-agricultural markets or BSE-Ebix joint venture, the numbers are somewhere between Rs. 10 crores and Rs. 20 crores max per event. And we are not splurging money to do anything else. On the INX, as in many of the local businesses, whenever we are successful, NSE and their subsidiaries tend to reduce their prices close to zero. And that ensures that even despite our success, we are not able to actually charge well, and that's very anti-competitive. We have taken up this issue even in StAR MF area as well as in bonds area and many other areas in local institution as well as in IFSC area with the IFSC new authority. And we have complained, and let's see how the level playing field to, what I call, a new competitor is being provided, who is not able to cross subsidize due to the immense profitability that NSE has.

And so we have taken up, I don't know as and when the level playing field will be provided by the regulators. But till the time, we will continue to invest our time and efforts into creating newer business lines for BSE. And if we are successful in a few of them, our value will also go up like, for example, in mutual funds also, for 10 years almost we couldn't charge much and now AMFI has also accepted our ability to charge. And that's a heartening news. And as and when we are able to charge, we will certainly charge. So for me, like any other high capex activities where plant and machineries are sort of invested in. And as and when the market share comes or the production happens, the industrial companies are able to basically make profit. Till the time it looks like a loss.

We don't try to capitalize most of our expenses into mutual funds or bonds or anything. Instead, we try to expense them in that year. And that's why, except new companies which we start up, like INX, you might see, at the same time, our consolidated losses or profits are shown there. And so for me, the investments are being shown in current IndAS as if they are losses instead of the capital expenditure. But so be it, we have wisely invested, and we are now reaping rewards in terms of the new business lines, which are actually generating as good amount of revenue and good market share and good traction going forward. So which you have seen StAR MF, and you might see in other areas. For example, in INX, as you rightly said, we are now domination by, I think, probably this month, we might be 90% to 95% market share. And that tells you how good we are there. And as and when the level playing field is available and the market is right, we will be may be able to charge.

Amit Chandra

Yes, sir. And just a follow-up on INX, sir. Sir, earlier you mentioned that when the trades in INX, like per day trades will cross 1 lakh trades, then maybe we will think of charging. And the charge on the INX will be based on the per trade basis, right? So now we are currently 2.5x of what we were targeting earlier, but still we don't have clarity on the INX because that is like one portion where we can charge and we can improve our margins from there. Because already the cost is there like in the P&L. So that we are looking forward to. And any clarity on that front would be very helpful for us.

Ashishkumar Chauhan

So basically, the explanation I gave an earlier answer also, again let me give you one more. The NSE is primarily competing others in IFSC and many of the segments in India, in domestic area also by just bringing the charge to zero in an anti-competitive way. And till the time they charge zero, we don't have much of a choice but to continue to charge zero.

So as and when the regulators provide us fair and level playing field, we will be able to charge them.

Moderator

Thank you. The next question is from the line of Varun from Prospero Tree. Please go ahead.

Varun Pattani

My question was with regards to the mutual fund revenue. So as you mentioned in the presentation, the nine months revenue is Rs.293 million. So if you could give me the quarter-wise break up Q1, Q2, Q3? Q3, I heard in the initial part of the speech, it was Rs. 7.16 crores. So rest of the other two quarters, if you could give me, then it would be helpful for me.

Nayan Mehta

So the mutual fund revenue has been Rs. 7.61 crores in the current quarter. Last quarter it was Rs. 3.66 crores, and the rest, because we had made some provisions with after negotiations, and in the first quarter, April-June, it was Rs. 11.97 crores.

Varun Pattani

Okay. Thank you. And sir, with regards to the rate to follow-up on the previous participant's question, the current average rate would be around Rs. 5 per transaction. Is that what the rate has come down to?

Nayan Mehta

Yes. If we just divide our total income in the mutual fund segment divided by the number of transactions processed, it's about Rs. 5.

Ashishkumar Chauhan

But its slab wise, so it wouldn't remain exactly the same.

Nayan Mehta

Yes. There will be some variation from time to time.

Varun Pattani

Okay. So we are seeing volumes go up 65%, 70%, so I think revenue should follow in coming quarters. Is it a correct assessment?

Ashishkumar Chauhan

Yes. And despite the fact that the rest of the industry is losing clientele and becoming negative, we are the positive part of the industry, even despite COVID and all.

Varun Pattani

Thank you very much for your answers.

Moderator

Thank you. The next question is from the line of Krishna from Capita Mine. Please go ahead.

Krishna

Congratulations for good set of numbers. Excluding the one-off stake sale last year, these are actually good numbers from both standalone revenue and operations perspective. So sir, I just have two questions. One is, what are the current margins of StAR MF platform? The second one is that what are the valuations we are looking at, rough valuations for StAR MF and INX? Because as per the recent stake sale to ICICI Bank, the INX is valued at Rs. 200 crores. So can you please confirm if that is a our calculation is right or wrong. So only these two questions, sir.

Ashishkumar Chauhan

We are not exactly trying to value anything because this may become, what I call, a forward-looking or our expectations. As and when any proposal which is acceptable to the Board comes for the mutual fund platform, we will take it to the Board and they may accept or reject it, or they may want us to negotiate further and stuff like that. So on mutual fund, currently, we don't want to say anything beyond this. But on the INX, look at the numbers and see whatever the valuation comes out for the ICICI Bank part. I think it's probably a year-old number. But I wouldn't say it would be very way off the mark given the fact that INX is also making losses.

Krishna

Got it, sir. And operating margins for StAR MF platform, sir?

Nayan Mehta

So basically if you see net level, it can be around 35%.

Kirshna

Okay. So, I mean, PAT margins of 35%?

Nayan Mehta

Yes. This is a rough figure because what happens is that we have a consolidated account. This is the estimate.

Kirshna

Yes. I mean since we are looking for the stake sale and all. So just a rough estimation. So that's it.

Moderator

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

Devesh Agarwal

Just one question. On this Pranurja, you did mention that there is some regulatory order today. So I understand there are some regulatory delays for starting that exchange. But in terms of technology, where do we stand? And once we have the regulatory approval, how fast will we be able to start that exchange?

Ashishkumar Chauhan

As of now, we have the technology we believe is going to work. It's under testing and getting feedback from the potential members. And so some of the potential members have also become shareholders of Pranurja, as a part of the process which CERC took us through. And so it remains to be seen how our technology is accepted by the market

participants in the coming times. But we are pretty much advanced, and so it is possible that after getting the final license registration, we may take a few months to launch it. And we will continue to explore potentially the best technology in the world in case we need to bring from anywhere in the world. But currently, we do have the firstcut technology available with us.

Moderator

Thank you very much. Ladies and gentlemen, we will take the last two questions. The next question is from the line of S.K. Kesri from Kesri and Company. Please go ahead.

S.K. Kesri

Mr. Chauhan, I would like to congratulate you for such a good set of numbers. It's really heartening to see that BSE is performing well. I just had one question. The investment income that is happening in the consolidated financials is Rs. 37 crores vis-à-vis in the last quarter of September 2020, Rs. 24 crores and year-on-year of Rs. 34 crores. So if you can just give some color to it that what could be the reason behind this increase? Is this owing to MTM being booked or it is the realized gains on certain investments we had?

Nayan Mehta

Yes. So Mr. Kesri, what happens is that we have made certain investments which are subject to mark-to-market. And in the current quarter, there has been a significant jump up in the mark-to-market valuation and that is one of the main reasons why you see this type of fluctuations happening.

Ashishkumar Chauhan

Perhaps you will see this kind of fluctuations in companies with large investable surpluses across the country due to the Ind-AS, the way it treats financial instruments.

Moderator

Thank you. The next question is from the line of Rohit from Marshmallow Capital. Please go ahead.

Rohith Potti

Thanks for giving me an opportunity, Yes. I was curious about the Ebix platform. It's been a year since we have launched the platform and the policy premium collected so far seems to be around Rs. 2.3 crores. And when we began, I mean, you mentioned, if we can agree

with that, insurance is a much larger market probably and more inefficient market than mutual fund and the potential is immense here. So in the context over the last year, how happy are you with the scaling up? And how do you see this going forward?

Ashishkumar Chauhan

In a way, basically, we started pretty much at the start of the COVID period, right? And so this is a physical-cum-digital channel, it's not pure digital. And that's where, basically, last one year has just, in a way, we are in beta stage. We have taken time to connect to many insurance companies. And so now we are more comfortable offering almost all types of products with many companies. We will continue to add more companies. We will continue to add more POSP, as it is called. It's a new type of channel that the regulators allow. And so it's early days. Good thing is that our competition, whether they are pure digital or physical like us, are burning at least like 50x or 30x, 40x more money per rupee of premium collected. And that is basically what is giving us that confidence that we are basically being very frugal.

We have a state-of-the-art technology; we are adding more and more POSPs. In fact, this week we also started with the government of Jammu Kashmir a framework to basically we train their people in Mutual Fund distribution as well as in insurance to bring them on our platform, and we are trying to do it for many other states and things like that. So it's a part of our skill development in those states as well as making them "Atmanirbhar Bharat" to become their own masters and become kind of agents of these two platforms. And so there are many, many such initiatives on the anvil. But last one year, due to COVID, we couldn't do as much as we thought we would be able to do, but then that is same framework with many of our competition. And in some ways, our approval framework we will continue to work on, to get maximum amount of benefits with lowest cost going forward.

Rohith Potti

Okay. That was helpful. And coming back to StAR MF, let's say, over the next three, four years when we see the trajectory of volumes being this strong or comparable, is the Board and the management open to a demerger or a spin-off of the StAR MF platform once we have a larger bouquet of products and a larger profit base?

Ashishkumar Chauhan

Again, the Board will have to take its call what it wants to do. But any investor is able to give suggestion to the Board, and Board easily takes this up from time to time. And based

on that position only this monetization framework was approved, the process was approved by the Board. And any if other useful suggestion, certainly I am sure the Board will take it seriously.

Rohith Potti

Okay. Understood. As of now this was not considered to discuss seriously, given the scale, is it? Am I right in thinking that?

Ashishkumar Chauhan

Not that. The suggestion was to find a strategic partner and do the same thing as you suggested or in some other ways sell out 100% in some variable part of it. And the Board, that way, is pretty open in creating values. And so it will be no problem at all.

Moderator

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

Ashishkumar Chauhan

So thank you, friends. And I hope this give you some idea of what we are doing and what has happened to us over the last quarter or last nine months. And it has been a tough journey of those 9 -10 months, where we had to keep the markets open continuously without even a single day's break, despite all the risks that everyone was taking, including all of our members, all our agents, all of our staff across the country. And I think BSE has, in a way, come out at least operationally with flying colours in terms of not having a single seconds delay or not having any other technical issues in the past 10.5 months that tells you the frugal ways in which we work, but also in a very solid way we work. And we hope to continue that performance. We continue to work on newer businesses, newer areas as and when they are allowed to us. And hopefully, some of those businesses areas we will be able to charge on, get you more values going forward. So thank you.

Moderator

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