

Date: August 11, 2017

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

Scrip Code: BSE

ISIN: INE118H01025

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

Sub: Transcript of the Conference Call held on August 3, 2017

Dear Sir/ Madam,

With reference to our letter dated July 31, 2017, intimating you about the conference call with Analyst/Investor held on August 3, 2017, please find attached the transcript of the aforesaid conference call.

This is for your information & record.

For **BSE Limited**



Prajakta Powle

Company Secretary & Compliance Officer

Encl: a/a

BSE Limited
Q1FY18 Earnings Conference Call Transcript
August 3, 2017, 17:00 hrs IST

Moderator: Ladies and gentlemen, welcome to BSE Q1FY18 Earnings Conference Call. My name is Vasu and I will be the moderator for today's conference. As a reminder, all participants' line 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, you may signal the operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded.

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

Yatin Padia: Hello, everyone, and welcome to BSE's earnings call to discuss Q1 FY 2018 results. This is Yatin, the Chief Investor Officer. Joining us today on this earnings call is BSE's leadership team consist of

- Mr. Ashishkumar Chauhan – Managing Director & Chief Executive Officer
- Mr. Nayan Mehta – Chief Financial Officer
- Mr. Neeraj Kulshrestha – Chief of Business Operations
- Mr. Nehal Vora – Chief Regulatory Officer, and
- Mr. Kersi Tavadia – Chief Information Officer

Note that this conference is being recorded and archive including the transcript will be available on our website during the duration of this quarter. The financial results and the investor presentation will also be available on our website.

We also have with us -

- Mr. V. Balasubramaniam – MD & CEO, India International Exchange (IFSC) Ltd.

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 specific revenue earnings guidance. Anything said on this call will reflect BSE's outlook for the future and would be construed as a forward-looking statement must be reviewed in the conjunction with the risks that the company faces.

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

Ashishkumar Chauhan: Thank you, Yatin. Good Afternoon, Good Morning and Good Evening to all of you wherever you are.

At the outset, I am very happy to share that BSE has posted its highest ever profit of ₹524 crores on consolidated basis for the quarter ended June 30, 2017. As you must be aware, that Central Depository Services (India) Ltd. (CDSL), our erstwhile subsidiary, has successfully completed its IPO in the month of June 2017. BSE divested 26.05% of its equity stake in CDSL in order to meet its regulatory requirements, resulting in booking of gain of ₹462 crores during the June 2017 quarter. Post the divestment BSE's stake in CDSL stands at 24%. It is a matter of great pride for us at BSE that in 2017 two companies from the BSE Group have got listed in a span of six months, increasing value for its shareholders in addition to the commencement of an international exchange and international clearing corporation at GIFT City, Gandhinagar, Gujarat.

BSE has been a trendsetter in providing efficient and transparent market platform across multi-asset classes that focus on compliance, innovation, integrity and best industry practice. While

BSE has provided the best-in-class trading than other electronic platforms to market participants over last few years, it has also contributed a lot to raising compliance, government levels and awareness in the securities market. Regulatory compliance is and would remain the top most priority for BSE in times to come. To maintain public trust in the markets, as well as the trust of regulators is again the main priority. BSE's primary objective is to provide fair, efficient, transparent and orderly markets for the benefit of the society in all areas it is allowed to operate in.

This is being achieved through retaining technology leadership amongst exchanges worldwide. BSE strives to be known as a cutting-edge organization with speed, scalability, safety and security as its core principles of information technology. BSE aims to capitalize on its strength derived from strong regulatory compliance orientation, best-in-class technology leadership, nationwide distribution network and expertise in risk management to enhance shareholder value through organic and inorganic growth as permitted by the regulators from time to time.

It gives me a great pleasure to inform you that BSE promoted India International Exchange at GIFT city, Gandhinagar, Gujarat has been showing monthly compounded business growth of 96% since its commencement of operations in January 2017. The highest turnover till date reached for a particular day was US\$102 million on May 5, 2017. Its average daily turnover for the month of July 2017 was US\$57 million. The India International Exchange has 20 active members as on date and over 100 in various stages of membership process, including close to 30 being given approval by SEBI. As on date, 55 products have been introduced on the exchange for trading in commodity derivatives, equity derivatives and currency derivatives. Today itself we have got 33 more stocks allowed to be traded on India International Exchange sometime soon. The average number of contracts traded daily in the month of July was 3,427.

Our Mutual Fund segment, which is an electronic online order aggregation platform for investment and redemption of funds through our broking members and authorized representatives, as well as independent financial advisers, has been showing superlative growth since past few years and continues to be another high-growth area for BSE. This segment has seen growth of 155% on a year-on-year basis. The average monthly number of orders processed during the quarter ending June 30, 2017 was 9.19 lakhs, as compared 3.6 lakhs during the quarter ending June 30, 2016. BSE continues to be the market leader in this segment and the market share for the month of June 2017 stood at 68%.

BSE had launched the platform for electronic bond mechanism, BSE-Bond, for issuance of debt on private placement based on July 1, 2016. Over 12 months, BSE's platform for bond issuance has become the preferred choice for companies to raise debt capital in India. On June 19, 2017, Pune Municipal Corporation successfully raised ₹200 crores, the first ever mobilization of debt capital by Municipal Corporation on BSE-Bond platform and the first ever over last 20 years by any Municipal Corporation. During the past 12 months, 74 issuers successfully completed 558 issues of bond raising over ₹ 2,68,000 crores using BSE-Debt platform.

With respect to listing of securities, the number of companies listed with their equity capital on the BSE Exchange as on July 31, 2017, which are available for trade is 4,070. BSE has the highest number of companies listed on any exchange around the globe with more than 5,500 companies and their equity and debt listed on BSE. Number of companies listed on SME segment has grown from – grown to 184 as on June 30, 2017. During the quarter, five companies migrated from SME Board to the main board, taking total number of companies migrating to the main board from SME Board to 30. BSE's market share in terms of companies listed on SME segment, India stood at 76% as on June 30, 2017. During the current financial year, BSE increased minimum listing fees slab on equity segment from ₹2 lakhs to ₹2.5 lakhs per annum.

In the equity cash segment, the average daily turnover in the quarter ending June 30, 2017, grew by 51% from ₹2,732 crores to ₹4,133 crores. BSE has revised its transaction charges structure for equity cash segment with effect from April 1, 2017 and have made further changes in the same effective August 2017. Transaction charges are levied on the number of trades executed by member on the exchange platform in a calendar month. Till previous year, the basis of determining transaction charges was the value of trades executed on the exchange platform by a member in the calendar month. We have received positive response in terms of the number bulk deal executed on BSE platform during the current quarter based on the changes in the transaction charges, now that it is being done on the number of transactions and not on the value of transactions.

The average daily turnover in our currency derivative segment grew by 15% from ₹15,757 crores in quarter ending June 30, 2016 to ₹18,147 crores in quarter ending June 30, 2017. Our market share in this segment increased to 52% in the month of June 2017.

Coming to the quarterly financials, we have started off fiscal year 2018 on a very strong and promising note with consolidated total revenue for Q1 financial year 2018 grew by 11% over Q1 financial year 2017 to ₹158 crores and our consolidated net profit from continuing operations grew by 44% to ₹50 crores. Our operational income has risen by 26% to ₹103 crores in Q1 financial year 2018 from ₹81 crores in Q1 financial year 2017. Our EBITDA has increased to ₹72 crores in Q1 FY 2018 from ₹62 crores in Q1 FY 2017. The EBITDA margin has grown from 43% to 45% from Q1 – to Q1 FY 2017 to FY 2018. Further our net margin from continuing operations has grown from 24% in Q1 2017 to 31% in Q1 2018.

The growth in revenue and profits during Q1 2018 has been strongly aided by the growth in operational revenues. The revenue from operations have consistently increased over the last few years. Our income from security services increased by 34% to ₹49 crores. This increase was mainly contributed by growth of 48% increase in transaction charges income to ₹31.75 crores in Q1 FY 2018 and 23% increase in treasury income from clearing and settlement funds to ₹10.34 crores in Q1 FY 2018. Our income from service to corporates increased by 24% to ₹48 crores due to change in annual listing fees slabs and increased capital market activity in the last few months.

With this introduction, let me welcome you once again and invite all of you for question-and-answer. Thank you.

Question-and-Answer Session

Moderator: Thank you. We will now begin the question-and-answer session. Participants if you wish to ask the question, please press '*1' on your telephone keypad and wait for your name to be announced. First question comes from Kunal Shah from Edelweiss Securities. Your line is unmuted.

Kunal Shah: Yes sir congratulations, good set of numbers. So firstly, in terms of our trading fees, as we shifted from say value to per trade basis, so how was that impacted overall? Maybe the – in value terms, would we have earned more as compared to that of what we are now getting on a per trade basis? And in fact, the revision which has happened from 1st of August, I think in across the slabs, it has again been increased by almost like 50-odd-percent as compared to that of Re.1 like almost like say Re.1.5. So what was the reason maybe of again increasing it say within almost like five-odd months?

Ashishkumar Chauhan: No, we have got, basically good response. We were trying to move away from me to kind of pricing strategy and that's why we moved from the value-based charges to transaction-based charges. And at that time when we introduced, we have said that we will review the entire framework in three months and then we'll come back. So one of the feedbacks which

we have received was that people are not willing to pay more than the single trade charge if one order converts itself in to say 100 trades, because it happens in real-life that your one order of say one lakh shares could convert itself into literally one lakh trades.

And they wanted us to have only one charges done, which is what we have now announced from August 1. So it's a more of a – sort of a framework change from charging all trades to now charging orders based rather than trade based in case the trade happen on that order, especially on the incoming orders or active orders as we call it. That's where you have more trades happening out of that. And that has been well accepted. In fact, our move has – it was designed from April onwards to broadly give the same revenues as we had received early on when we were on a value-based charges.

So we were not trying to increase our charges, which is in sort of given by, all brokers put together. And that has now been proven beyond out that our – the revenues have remained the same and increased sort of some – because the markets have gone up over last few months. And this – the slab changes is basically fine-tuned based on our observations and feedback we have received from members.

Kunal Shah: The only thing is have we done may be the internal analysis that instead of say on a per trade basis have we valued it on say the overall value basis using the earlier charges? How would have been the differential? So just wanted to get the sense whether maybe it has overall maybe when it was followed in the first quarter, whether it has adversely impacted or it was positively impacted given the similar kind of a volume, just on a value and on a per trade basis?

Ashishkumar Chauhan: See it is in a sense hypothetical because we had to – we were losing market share in equities and we had to make our charges attractive to at least some people in a significant way. So when we were charging ₹275 a crore, and NSE was charging ₹325 a crore, then it was not being attractive to anyone. Now, it is being attractive to the larger guys, right.

Kunal Shah: Okay.

Ashishkumar Chauhan: So now assuming that if they come now, I have to charge them more, it is basically self-defeating.

Kunal Shah: Okay.

Ashishkumar Chauhan: So idea is people measure it on – people measure the exchange on a value transacted and you and me measure it on the money made out of it, right.

Kunal Shah: Yes.

Ashishkumar Chauhan: So, the idea is how do you make money the other way around, but you still give people what they want, right.

Kunal Shah: Okay. So what would be the overall transaction charges for this quarter?

Ashishkumar Chauhan: It's ₹31.5 crores which is what I read out.

Kunal Shah: ₹31.5 crores?

Ashishkumar Chauhan: ₹31.50 crores.

Kunal Shah: Okay. And if you can just repeat the number of services to corporate maybe the revenues?

Nayan Mehta: Services to corporate, the revenue is ₹47 crores, ₹ 48 crores...

Kunal Shah: ₹ 48 crores?

Nayan Mehta: ₹ 48 crores and it includes the listing fees, then it includes book building charges, these are the two main components book building charges...

Kunal Shah: Listing fees will be how much out of this?

Nayan Mehta: Listing fees will be the major one, the book building charges will be about ₹5 crores. The remaining will be listing fees.

Kunal Shah: Okay, the other part would be listing fees. Okay, yeah, thanks a lot.

Moderator: Thank you, Kunal. Next question comes from Ashutosh Somani from JM Financial Mumbai. Your line is unmuted.

Ashutosh Somani: Sir, just wanted to understand what are the key revenue drivers going forward for the next fiscal...

Ashishkumar Chauhan: I didn't get you I think your – voice is dipping.

Ashutosh Somani: Am I audible now?

Ashishkumar Chauhan: Yes, you are.

Ashutosh Somani: Yes, thanks for taking my question. Just wanted to understand what will be the key revenue drivers going forward for the next as of the main focus across asset class. Basically with regards to the International Exchange, and these higher opportunity.

Ashishkumar Chauhan: Again you have become inaudible.

Mr. Nehal Vora: Your voice is breaking.

Ashutosh Somani: Okay, I'll repeat my question what will be the key revenue drivers going forward for the next 12 to 15 months?

Ashishkumar Chauhan: We have basically few sort of revenue sources, one is the transaction charges, and fees for members. Second is the services to corporate, which includes listing and distribution and book building. And third is others, which includes the data services and rent. These are the three large components, and this will remain for foreseeable future.

Ashutosh Somani: Sir, I wanted to understand – what will be the revenue drivers in terms of growth across asset classes, I understand the breakup of the revenue.

Ashishkumar Chauhan: So, if the markets go up, and if the volume of number of transactions on BSE go up, then basically, transaction charges will go up. If the companies – more companies get listed, then over the next five, 10 years, we get more listing fees, and immediately, we get the book building fees.

Ashutosh Somani: So other than the current asset classes, do we see the International Exchange being a bigger opportunity? How do you think this will contribute to the revenues?

Ashishkumar Chauhan: In the first year of International Exchange, India International Exchange in Gandhinagar, GIFT City has announced that it will not charge a single paisa to anyone. So for next nine months, already, it's completed four, five months of its existence. For the next five, six months or seven months it will not be charging anything to anyone.

Ashutosh Somani: And sir, in terms of the contribution we have to make towards the regulatory fund, I believe the Core SGF, how much is over provided there and by what fiscal year will we be again providing towards that cost?

Ashishkumar Chauhan: See currently, basically the way the waterfall framework for the clearing corporation works – it's based on the risk assessed. And the money which BSE is to give will be in the form of deposits usually, not in form of the transfer of funds as a kind of a contribution which goes away full. So we are still working on the exact modalities, whether we send the money as and when it is asked to us by way of total transfer or as a deposit.

But effectively, for the next couple of years, we think we have provided for it, unless our volumes increase many fold, which will anyway, give us good benefits on the other side that is on operating revenue side.

Ashutosh Somani: Is it possible to share the excessive amount there in that fund?

Ashishkumar Chauhan: It's around ₹55 crores additional that has been provided.

Ashutosh Somani: Okay, thanks so much.

Moderator: Thank you, Ashutosh. Next question come from Dimple Kotak from SKS Capital, Mumbai. Your line is unmuted.

Dimple Kotak: Hello, sir congrats on a good set of numbers. Sir, I have just one question that post the divestment in CDSL, what would be the impact on our revenues and on your profits?

Ashishkumar Chauhan: Basically CDSL, on a standalone profit, of course did not contribute anything.

Dimple Kotak: Yes.

Ashishkumar Chauhan: On consolidated profit it had around 20% effect on the revenues, and less than that in profits.

Nayan Mehta: Right So basically, its likes this that you know means – if they earn profit of say ₹25 crores in a quarter. So before divestment, our income will increase by around ₹12 crores.

Dimple Kotak: Okay.

Nayan Mehta: And there will be a dividend component which will come to us. So in a year probably say ₹20 crores, ₹25 crores. Now 24% which we continue to hold will continue to give us the returns in terms of their profits and the sale proceeds which we have got out of our divestment will be suitably invested till the time they're utilized for any project. And they will continue to provide us some returns. So as such, we think it is – our understanding in, it is revenue neutral or maybe positive.

Dimple Kotak: Okay, sir. This year – this quarter your investment income and other income, did not show any growth, in fact, there was a de-growth.

Nayan Mehta: See, in the investment income, it's like this that – the yields has been going down in the last few months – last one year as you must be aware. And second thing is that, we have invested in FMPs and such as in instruments, where we don't have a tax liability. And as such, while you will find that there is some de-growth in the investment income, that will also benefit us in terms of the lower tax liability for – at the end of the period. And as far as the other income goes, our – last year, we had got a refund of around ₹9 crores from income tax authorities, which is not – which is a one-time type of transaction, so obviously, that has to impact our results for this period.

Dimple Kotak: Okay. And sir, going ahead, what kind of growth you expect, just on a ballpark, if you can just throw some light on that.

Nayan Mehta: See this is a forward-looking question, I don't think – we can really contribute to this one.

Dimple Kotak: Okay, sir. No issues. Thank you, so much.

Moderator: Thank you, Dimple. Next question comes from Sheetal Agarwal from K.R.Choksey, Mumbai. Your line is unmuted.

Sheetal Agarwal: Hi, sir congrats on a good set of numbers. I just wanted to understand from you in your International Exchanges in the GIFT city what kind of over the next maybe two, three years. What kind of revenue or growth traction do you see from there?

Ashishkumar Chauhan: I think we are planning to charge \$0.20 per contract from the – after first year of operations. That's what has been announced.

Mr. V. Balasubramaniam: That's part of our business plan, but we will have to wait and watch how things unfold in that jurisdiction. So again, giving a complete idea over next three year is probably going to be forward-looking.

Sheetal Agarwal: Okay.

Ashishkumar Chauhan: But you can make your models on this basis and probably figure out.

Sheetal Agarwal: All right, thanks a lot sir, thanks.

Moderator: Thank you, Sheetal. And next question comes from Rahil Jasani from ICICI Securities from Mumbai. Your line is unmuted.

Rahil Jasani: Hi, sir, thank you for taking my question. First question on this quarter's numbers, so I wanted to ask the other expenses have gone down admin and other expense year-on-year and obviously quarter-on-quarter too. I wanted to know what was the reason, what kind of cost controls are there in place?

Nayan Mehta: Rahil, in the previous year, in the first quarter, we had charged some provisions. We have made some provisions with respect to listing fees and some other amounts, which are one time in nature.

Rahil Jasani: And around the amount of that would be around?

Nayan Mehta: Around ₹3.5 crores the difference between what we have provided in this current year, as well as previous year.

Rahil Jasani: Okay. Okay.

Nayan Mehta: And there were some one-time provisional fees which we had to paid one particular consultancy firm which was about ₹2.7 crores which is non-recurring.

Rahil Jasani: Got it, got it. Okay. And my next question would be that – from 1st July, you'd levy charges for new fund offers and new schemes after that, subsequent new schemes on the mutual fund platform. So I just wanted to confirm there will be no charges on the existing schemes, right? How does this work?

Neeraj Kulshrestha: Yes. So we plan to charge only on the schemes, which are going to be listed going forward. That's what we have announced. So its all very clearly mentioned in the circle.

Rahil Jasani: Okay, so then do you all have plans to levy charges on the existing schemes in the future? And what will be the timeline and fees structure for that?

Neeraj Kulshrestha: No, no, no. So existing schemes, as we said, no we are not – we have said that we are not going to charge only from new schemes onward, is what we will be charging.

Rahil Jasani: No, no. Sir, I'm asking you, in future also would you have plans to charge soon, or there is no decision on that front?

Ashishkumar Chauhan: Currently there is no decision

Neeraj Kulshrestha: No, there is not decision.

Rahil Jasani: Okay, okay. Got it. And last question, on the debt side, on the debt initiative, there has been a lot of traction lately. So what about the fee structure and charges on that side, too?

Neeraj Kulshrestha: See, as of now again, we are not charging there. And we will take a decision as and when the suitable decision has to be taken.

Rahil Jasani: Okay, okay. Got it. And thank you. Yeah, I am done.

Moderator: Thank you, Rahil. Next question comes from Nilanjan Karfa from Jefferies Mumbai. Your line is unmuted.

Nilanjan Karfa: Thank you for taking my question. Just to revisit this argument and the changes that we have made on the transactions for the last quarter. So, what was our – out of that ₹29.5 odd, I think, crore of equity cash transactions? What was the contribution from the segments A, B and the non-exclusive segments? And how's the number, let's say, in the March quarter and June 2016 quarter for those same segments?

Nayan Mehta: Nilanjan, it's like this that – it means that we have two buckets. One bucket is the exclusive scripts, where we charge on ad valorem basis, which is on value basis.

Nilanjan Karfa: Yes.

Nayan Mehta: And one is that common segment, where we charge on the basis of per trade costs. And – means you know – means as you know as it has been happening in the last few years, the last two years, the income which we earned from the exclusive segment is almost as much or as a little more than we are earning from the common segment. And that continues as it is for the time being. So means when we talk of our security service income of ₹49 crores, about one third would come from the exclusive group, about another one third say would come from this – the common segment. And then there are other segments, which are currency derivatives and other things.

Nilanjan Karfa: Okay. And Nayan sir, what is this ₹49 crores that you mentioned because...

Nayan Mehta: This is security services for the current year, ₹49 crores is a quarter – current quarter income, right, in the security service.

Nilanjan Karfa: Right. No, no, I'm just looking at the transaction charges, which I think is about ₹29.5 crores, right, on the equity side.

Nayan Mehta: Transaction charges overall is ₹31 crores of which ₹29 will be towards this one. So, out of the ₹29 crores around ₹16 crores will be from our exclusive segment, and around ₹12 crores will be from the other segments.

Nilanjan Karfa: Right. So it's not altered the scheme that we introduced based on the volume basis. Did it alter a lot of volumes for you other than the bulk side?

Nayan Mehta: You know Nilanjan, if you see our

Ashishkumar Chauhan: it did, it did, yeah. It did what you asked yes. Basically, it was designed to be revenue neutral, which it has remained and it has increased value, right.

Nilanjan Karfa: Right. Okay, okay.

Nayan Mehta: [Indiscernible] And it is about 56%%

Nilanjan Karfa: Right. And the second question is the expectation on the International Exchange is that next year onwards, will start charging, so we are on track on re-monetizing from that?

Ashishkumar Chauhan: Currently, it's early days. We'll probably review it next year, January or something.

Nilanjan Karfa: Okay, okay.

Ashishkumar Chauhan: But it's doing better-than-expected.

Nilanjan Karfa: Right sir, right. Okay, excellent sir. Thank you.

Moderator: Thank you, Nilanjan. Next question comes from Nitin Agarwal from JM Financial Mumbai. Your line unmuted.

Nitin Agarwal: Thanks for the opportunity. Sir, can you just give me the breakup of the net sales from operations that is security services, services – other listing services and data dissemination for 1Q FY2017?

Nayan Mehta: See from security services, our major income comes from transaction charges. Our security services is ₹49 crores, of which ₹32 crores comes from transaction charges, ₹5 crores comes from other recoveries. Then we have got ₹10 crores, which comes from treasury income, which is derived out of clearing and settlement funds, remaining are miscellaneous charges of BSE Exchange and Clearing Corporation.

Nitin Agarwal: Sir, I wanted for 1Q FY2017...

Nayan Mehta: In the last year, obviously, the transaction charges were lower. It were, means we have done much better in the current year. So last year was ₹21 crores for transaction charges. And instead of ₹10 crores in clearing and settlement treasury income, we had got ₹8 crores last time.

Nitin Agarwal: Okay. And security services and listing in last quarter...

Nayan Mehta: In listing services, in current quarter, it is ₹47.7 crores, last quarter it was ₹38.5 crores in June quarter.

Nitin Agarwal: Okay, thank you. Thank you, sir.

Moderator: Thank you, Nitin. Next question comes from Ashish Chopra from Motilal Oswa Mumbai. Your line unmuted.

Ashish Chopra: Yeah, thanks for the opportunity. Sir, just to clarify, so the ₹31-odd crores of other expenses would be like the pure rate to consider as a base from hereon?

Nayan Mehta: ₹31 crores in terms of, Ashish, which one?

Ashish Chopra: The admin and other expenses of the quarter?

Nayan Mehta: No, in this case, I mean, obviously it means that we – you cannot ignore that there will be some inflationary pressures during the year. There'll be certain expenses in terms of the – well, if you – I think the ideal comparison will be year-on-year. So last year, it was around ₹35 crores. So I think you should rather keep ₹35 crores as a base rather than – keeping this as the base.

Ashish Chopra: Sure. And what would be the ongoing cost of turning the operations in INX that would be coming on the P&L?

Nayan Mehta: So, that will be around – see, I'll tell you, it's like this. The current year, means in the current quarter, where the overall – it means the overall expenses which we have incurred on the net basis is around ₹4 crores. So it means if the operation scale-up, obviously there will be little more expenses which will be coming forward in that exchange. And we'll have to just – while we keep our costs under total control, always we'll have to see how things unfold in future.

Ashish Chopra: Right, sir, got it. And on the mutual fund's platform, so when you say that the new schemes will start getting charged, basis the kind of run rate you are doing currently, would there be a ballpark on the kind of revenues that you can accrue as a result from the same.

Ashishkumar Chauhan: Very little for the time being because the new schemes as of percentage of overall transactions are very few in the long run as of now.

Ashish Chopra: Okay.

Ashishkumar Chauhan: When they buildup over several years probably it will be.

Ashish Chopra: Right. And just lastly from my side, so given the proceeds from the IPO of CDSL and with that kind of cash in the books now, so the investment income should start reflecting the yield from this – from the next quarter itself? Or would that probably be a couple of quarters forward?

Nayan Mehta: Yes, Ashish, we have received the funds with respect to the sales proceeds, so obviously till the time they are deployed in anything else, they have been deployed towards investments.

Ashish Chopra: Got it. That's it from my side. Thank you and all the best.

Nayan Mehta: Yeah, thank you.

Moderator: Thank you, Ashish. Next question comes from Nilanjan Karfa from Jefferies Mumbai. Your line is unmuted.

Nilanjan Karfa: Hi, sir, two more questions. So, we are very sure that we are not paying any one-off dividends from the cash that we received post-IPO of CDSL. Is that a...

Ashishkumar Chauhan: Yes, we have not heard of it, unless you have heard of it.

Nilanjan Karfa: That's right, okay. And so, second question, how much – what is the total unencumbered cash and investments on the balance sheet today, on both standalone and consol basis versus let's say the March quarter?

Nayan Mehta: Let's say, it's like this that if you talk of unencumbered, obviously, means investments are there, which are represented by capital reserves, which are represented by earmarked funds.

Nilanjan Karfa: Yeah, excluding that...

Nayan Mehta: And second thing is that even if you come out with the figure, if we come out with the figure of say ₹2,400 crores or something like that, the point still remains is that, we'll have to remove the capital reserve part of it which will again bring it down by another quite a few hundred crores. The issue is like this that whatever be it, BSE needs to have the cash for its organic and in-organic development.

Nilanjan Karfa: That's a very substantial portion of the balance sheet.

Nayan Mehta: It will be around ₹2,400 crores which is there, which is available with BSE and that's it.

Nilanjan Karfa: And it's completely unencumbered.

Nayan Mehta: No, out of it, 800 will be encumbered.

Nilanjan Karfa: Which will be the reserves.

Nayan Mehta: Capital reserve, part of it...

Nilanjan Karfa: Yes, okay, okay. Great, thank you sir.

Moderator: Thank you, Nilanjan. Thank you. Next question comes from Shree Karthik from Invespac from Mumbai. Your line is unmuted.

Shree Karthik: Hello sir, thanks for the opportunity, so you mentioned quite a few initiatives over the last two, three years that you've taken up, especially including this StAR MF and some of those things, if you could briefly speak about the initiatives and what stage we are in terms of monetization.

Ashishkumar Chauhan: In StAR Mutual Fund as Neeraj said we have started charging for the new schemes, because there is a resistance from the AMFI, and they have issued some sort of notice to their members not to pay to BSE...

Shree Karthik: Yes.

Ashishkumar Chauhan: Or NSE for that matter for the transaction going through the exchanges and so we are discussing with individuals, as well as AMFI and all, I don't know how far it will come, but currently, they're clearly not giving us the fees, while as they are giving to MF utility, which is promoted by AMFI itself.

Shree Karthik: Yes.

Ashishkumar Chauhan: So it's more of an anti-competitive activity on behalf of AMFI, but so be it. And in terms of bond distribution, again, we are pretty large but we have not started charging because of the fact that still, we have a very large competition who can also match. And we have matched that. So if we start charging and if they don't charge, people will go to them. So we will have to work on that too.

Currently, our exchange in the GIFT City also is not charging. So these three large initiatives have currently not yielded us much revenues, they have given us more flows in terms of – and more prestige and more people connecting to us. But in terms of the overall scheme of things, we are still dependent on the older version, I mean older revenue source, except one, which is becoming now more promising, which is also charged well, is the currency and interest rate futures. So there we are now becoming market leaders and there we are also charging. So those are kind of what I call interesting revenue growth that are happening over last quarter.

Shree Karthik: And sir just briefly in terms of where you see the some of nearest competitor perspective, how far are we off in terms of our current transaction costs? So is it one-fourth, one-third, where we vis-à-vis competitor sir?

Ashishkumar Chauhan: We are on ₹22 a crore and they are probably ₹110 a crore. On a top scale and I think they give rebate. So they have – on a bottom scale I think I have been told they are come close to ₹60 a crore.

Shree Karthik: About a third difference, one-third, so we are essentially one-third on the bottom?

Ashishkumar Chauhan: Correct.

Shree Karthik: And one-fifth on the top?

Ashishkumar Chauhan: Correct.

Shree Karthik: Okay, sir. And sir, just a continuation on the cash question – the cash on hand question. What would be the deposits from the market participants that you're holding, which is not part of a net-worth?

Nayan Mehta: That if we see it will be around say ₹500 crores because this come in the nature of margins and deposits and they come mostly in clearing corporation.

Shree Karthik: ₹500 crores?

Nayan Mehta: Yeah, and it varies on day-to-day.

Ashishkumar Chauhan: It varies based on the settlements.

Shree Karthik: Yes, of course. And we would – our yield on cash that we are holding currently, which is about close to 5.5%, 6%, it is primarily invested in fixed income or do we have any equity investment also?

Nayan Mehta: No, basically fixed income, mutual funds, fixed deposits and bonds.

Shree Karthik: And we do not have to pay tax on this part again?

Nayan Mehta: Taxable bonds, fixed deposits we have to pay tax, for tax free-bonds and for certain....

Shree Karthik: No, no, second, in our income statement we do not pay tax on any of this income.

Nayan Mehta: No, if it is in – so the interest which we earn from taxable bonds or interest from fixed deposits, we have to pay tax right, on that.

Ashishkumar Chauhan: It will be like our normal tax.

Nayan Mehta: Any other...

Ashishkumar Chauhan: Part of our income, yes.

Shree Karthik: All right, okay sir. So just to conclude, for ₹2,400 crores is cash of – shareholder cash and ₹500 crores would be the deposits from participants?

Nayan Mehta: Deposits from participants in any case that's an earmarked amount.

Shree Karthik: Earmarked amount, yes, and ₹2,400 crores is unencumbered shareholder funds?

Nayan Mehta: Those are shareholder funds which are – which includes the capital results.

Shree Karthik: Including the capital results, okay. Thank you so much.

Moderator: Thank you, Mr. Karthik. Next question comes from Kunal Shah from Edelweiss Securities, Mumbai. Your line is unmuted.

Kunal Shah: Sir in terms of operating this GIFT city, what is the operating cost per quarter? So on the revenue line, there is nothing but in terms of the costs, how much do we have to sell it out?

Nayan Mehta: Kunal as I just said that our total cost for the quarter was around ₹4 crores and there is no revenue there.

Kunal Shah: ₹4 crores?

Nayan Mehta: So right now, depending on the stage at which this company operates, this cost will gradually, it will differ.

Kunal Shah: Okay, good. Yeah, thank you.

Moderator: Thank you, Kunal. As we don't have any further questions from the participants. Now I would like to hand flow back to Mr. Yatin Padia for final remarks. Thank you and over to you, sir.

Yatin Padia: Thank you for attending the earnings call. Thank you.

Moderator: Shall we conclude the call sir?

Yatin Padia: Yes.

Moderator: That does concludes our conference for today. Thank you for participating on the Reliance conference bridge. You may all disconnect now. Thank you all.

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