

Date: May 12, 2017

The Manager,

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

Dear Sir/Madam,

Sub: Transcript of the Conference Call held on May 05, 2017

Please find enclosed the transcript of the Conference Call conducted by the Company on May 05, 2017.

This is for your information & record.

For BSE Limited

Prajakta Powle

Company Secretary & Compliance Officer

Conference Call Transcript

BSE Limited

Q4FY17 Results

May 05, 2017 | 4:30 p.m. IST

Corporate Participants

Mr. Ashishkumar Chauhan

Managing Director and Chief Executive Officer, BSE

Mr. Nayan Mehta

Chief Financial Officer, BSE

Mr. Neeraj Kulshreshtra

Chief of Business Operations, BSE

Mr. Nehal Vora

Chief Regulatory Officer, BSE

Mr. Kersi Tavadia

Chief Information Officer, BSE

Mr. V. Balasubramaniam

Managing Director and Chief Executive Officer, India International Exchange (IFSC)

Questions and Answers

Moderator: Good day, ladies and gentlemen and welcome to the Q4 FY2017 earnings conference call of BSE, hosted by Edelweiss Securities Limited. As a reminder, all participants' 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, 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. Aditya Narain from Edelweiss Securities. Thank you and over to you Sir!

Aditya Narain: Thank you. Ladies and gentlemen welcome to the BSE earnings conference call. My name is Aditya Narain, Head of Research at Edelweiss and I will moderate today's conference call. Do note that the conference is being recorded and an archive including the transcript will be available on the site during the duration of the quarter.

The financial results and the investor presentation will also be available on the website. We have on the call today BSE's entire leadership team. We have Mr. Ashishkumar Chauhan, the Managing Director and Chief Executive Officer, Mr. Nayan Mehta, Chief Financial Officer, Mr. Neeraj Kulshreshtra, Chief of Business Operations, and we also have with us Mr. V. Balasubramaniam, MD & CEO of the India International Exchange.

I would now request Mr. Chauhan to give a brief overview of the Company's performance followed by Q&A session. BSE does not provide specific revenue or earnings guidance and anything said on this call, which reflects BSE's outlook for the future, or which could be construed as forward-looking statement must be viewed in conjunction with the risk that the Company faces. With that I like to turn the call over to Mr. Ashishkumar Chauhan.

A Chauhan: Thank you Aditya. Good morning, good afternoon, and good evening to all of you wherever you are. Financial year 2017 has been a very eventful year for BSE. Thanks to your support that the BSE has become a listed entity on February 3, 2017. Our Honorable Prime Minister, Mr. Narendra Modi inaugurated BSE's India International Exchange (IFSC) on January 9, 2017 at Gujarat International Finance Tec-City Gandhinagar. The launch of our international exchange at GIFT City marks a new beginning in globalization of Indian Capital Markets and BSE is at the forefront of this changing face of India.

Our consolidated total revenue for the financial year 2017 grew by 19% over previous year to Rs.800.75 Crores and consolidated net profit attributable to the company grew by 66% to Rs.220.57 Crores. The EBITDA margin has grown from 47% in financial year 2016 to 48% in financial year 2017. Further our net margin has grown from 20% in

financial year 2016 to 28% in financial year 2017.

For the quarter March 31, our consolidated total revenue grew by 26% over corresponding quarter previous year to Rs.231.13 Crores and our consolidated net profit attributable to the company grew by 14% to Rs.60.11 Crores.

The growth in revenue and profits during financial year 2017 has been strongly aided by growth in operational revenues. The revenue from operations has consistently increased over last few years to reach 65% of the total revenues for financial year 2017.

Our consolidated networth has grown by 6% to Rs.2662.40 Crores as of March 31, 2017 considering the dividend payout during financial year 2017.

During the financial year 2017, average daily turnover in our equity cash segment grew by 31% from Rs.2,996 Crores to Rs.4,025 Crores. The average daily turnover in our currency future segment remained constant at Rs.7,470 Crores. The average daily turnover in our currency option segment grew by 49% from Rs.3,775 Crores to Rs.5,636 Crores.

Our income from security services increased by 39% to Rs.335.7 Crores and this increase was mainly contributed by growth of 123% increase in transaction charges income to Rs.122.42 Crores in financial year 2017 and 19% increase in the depository service income to Rs.145.81 Crores in financial year 2017.

With respect to listing of securities, the number of companies listed with their equity securities on our exchange as on March 31, is 5,138 including suspended companies. BSE has the highest number of companies listed on any exchange around the globe. The number of companies listed on SME segment has grown by 34% from 131 to 175. During the year, nine companies migrated from SME to the main board taking total number of companies migrating to the main board from SME to 25. The market share in terms of companies listed on SME segment in India stood at 80% as on March 31, 2017. Our income from services to corporates decreased marginally by about 3% to Rs.156.86 Crores due to decrease in number of direct listings from regional stock changes.

Our mutual fund segment, which is an electronic online order aggregation platform for investment and redemption of units of mutual funds through our broking members, has shown a superlative growth since past few years. In the previous year, this segment has seen growth of around 166% from above 358,000 orders for the month of March 2016 to about 954,000 orders for the month of March 2017. BSE's market share in this segment for the month of March 2017 stood at 71%.

BSE had launched a platform for electronic book mechanism "BSE Bond" for issuance of debt securities on private placement basis on July 1, 2016. Over next nine months, BSE's platform for bond issuances became the preferred choice for companies to raise debt. During financial year 2017,

74 issuers have successfully completed 433 issues of bonds raising over Rs.200,000 Crores using BSE's debt platform.

BSE's International Exchange, India International Exchange (IFSC), at GIFT City has shown significant growth in the past few months. Currently, it has been permitted to provide platform for trading in certain equity derivatives and certain commodity derivatives. Accordingly, the Exchange has launched contracts on Sensex derivative and Sensex 50 derivatives in the equity derivatives segment. It has also recently launched contracts in stock derivatives of 10 renowned listed companies namely, Reliance, HDFC Bank, Axis Bank, Infosys, TCS, Maruti, Tata Motors, ICICI Bank, Larsen & Toubro, and State Bank of India. Further, the Exchange has also launched commodity derivatives contracts on gold, silver and copper.

Total traded turnover of the exchange during the month of April 2017 was US \$274 million, but it was increasing quite rapidly of late. The turnover has steadily been growing on this exchange over the past few months and yesterday the traded turnover on the exchange was over US\$ 86 million on over 7,000 number of contracts. Today, almost US\$ 97 million plus volume has happened as of now and still some portion of the day is left. The exchange looks forward to launching other equity derivatives, commodity derivatives and currency derivatives products from time-to-time as and when the regulatory framework permits for the same.

BSE has also applied to SEBI to setup a trading platform for trading in commodities. Necessary approval from SEBI in this regard is awaited. This is for the domestic area.

The strategy BSE strives to obtain is leadership position in opportunities while consolidating and improving its market share in areas where it is at a competitive disadvantage. In the past few years, BSE has been steadily monetizing in areas where it has a very good competitive advantage, so the income from transaction charges in equity cash, currency derivatives and listing income has been increasing over the past few years.

BSE has recently changed its transaction charge structure for equity cash segment with effect from April 1, 2017. It now charges transactions fees on the number of trades executed by a member on the 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 a calendar month. The reason behind this change is to encourage a large number of members to gradually increase their business on BSE platform.

BSE's wholly owned subsidiary, Indian Clearing Corporation Ltd., has also started charging settlement fees of 1 paisa per trade executed on the equity cash segment of BSE. The clearing corporation has also begun

paying interest at the rate of 4% on margins and deposits held by its clearing members in the derivatives segment. These initiatives are expected to be positive for business growth.

I will now discuss some other important developments. As per SEBI Regulations, BSE is required to bring down its equity stake in Central Depository Services (India) Ltd. ("CDSL") from current 50% to 24%. Accordingly, during the previous financial year, BSE has offered to divest 26% stake in CDSL in the proposed IPO through Offer for Sale of CDSL. CDSL has received SEBI observations and IPO is likely in due course.

On the regulatory side, there was one important positive development during financial year 2017 affecting the financials of BSE. In the earlier years, BSE was required to provide for transfer of 25% of its profits to Settlement Guarantee Fund, which is no longer required with effect from August 29, 2016. However, a sum of Rs.20.79 Crores has been provided during financial year 2017 towards contribution to Settlement Guarantee Fund for the period till August 29, 2016.

I am glad to inform you that the Board of Directors, at its meeting, have proposed a final dividend of Rs.23 per equity share subject to shareholders' approval. After taking into account the interim dividend of Rs.5 per equity share declared and distributed after the Board meeting held on February 14, 2017, the total dividend for the financial year 2017 stands at Rs.28 per equity share.

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

Moderator: Thank you very much. We will now begin with the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: Sir, congratulations for listing. I have a couple of questions. The employee benefit expenses for the quarter has been 25 Crores versus an average run rate of 15 to 17 Crores, can you explain is there a one-off here or 25 Crores per quarter is going to be the run rate ahead?

A Chauhan: It is one off. It is due to the IPO and the GIFT City exchange starting.

Dhruvesh Sanghvi: I am talking about standalone.

A Chauhan: Standalone will be what you have seen plus average I think you have to increase by 8% to 10% as inflation.

Dhruvesh Sanghvi: Sir, but around 17 Crores was the previous quarter that is the December quarter and in the March quarter it turned out to be 25 Crores?

A Chauhan: That is one-off because of IPO.

Dhruvesh Sanghvi: So how much of this would be one off?

A Chauhan: Basically the average remains same.

Dhruvesh Sanghvi: Around 17, 18 Crores on the standalone?

A Chauhan: See around 6 Crores is one off.

Dhruvesh Sanghvi: 6 Crores is one off, and it is related to IPO that we pay to the employees?

A Chauhan: Yes, one time sort of ex-gratia.

Dhruvesh Sanghvi: On the management remuneration side, do we book it in the one-quarter, which is at the end of the year or how do we book?

A Chauhan: Every quarter. Every month it is paid and so it is booked that way.

Dhruvesh Sanghvi: The second question is on the computer technology expenses, again it has on the standalone aspect increased from 20 Crores YOY to 32 Crores and consistently increasing from 20 Crores to 32 Crores every quarter, so can you explain this and how it will shape up ahead?

A Chauhan: Are you talking of standalone right now?

Dhruvesh Sanghvi: Standalone, I am only talking about standalone.

A Chauhan: So basically the figure for the previous quarter was 28.73 Crores and for the current period it is 31.80 Crores. So, this is the normal increment in our technology expenses.

Dhruvesh Sanghvi: Sir, four quarters back, we had 20 Crores of per quarter expense, today we are reaching to 32 Crores, so can you explain a bit where is this spending done and where will be stabilization coming?

A Chauhan: So, we are basically in the middle of expansion and also adding fewer things, we are actually also going to spend some money on the cyber security and other things, but the numbers are broadly what is sort of a consistent rate now. It would not increase much more than probably 1 or 2 Crores a quarter additional.

Dhruvesh Sanghvi: May be if you want I can call up again later, but you have not been able to explain what is this increase for, so we are talking about 12 Crores of quarterly increase, if we see this one year back versus today we are spending 12 Crores per quarter extra?

A Chauhan: I will tell you, this technology expenses comprises of two parts, one is our direct operations related expenses, which include you know we have set up our DR site also one year ago and that is started functioning, so certain expenses increase on that account disaster recovery and we also set up our new data centre in our premises so obviously once we make investments in various hardware and we have to set in around 8% to 10% annual AMC. Now the second part is that as a part of our ongoing initiative to encourage members to align with us obviously we provide them certain infrastructure facility at our location

here and those costs are also considered as a part of technology expenses, while if you see proper technology expenses in the last quarter it was around 19 odd Crores as against 18 odd Crores for the previous year for the extend period.

Dhruvesh Sanghvi: The December quarter was 28 Crores.

A Chauhan: December quarter was 28 Crores.

Dhruvesh Sanghvi: This quarter it is 32.

Nayan Mehta: Basically the IT cost is divided into two parts, one is what we spend on ourselves and the other is what we get reimbursed, which is reimbursable from the members.

Dhruvesh Sanghvi: In the form of revenues?

A Chauhan: So you may see the increase on one side, but you will also see appropriate similar number increasing on the revenue side because we get reimburse from the members, so what Nayan said 19 or 18 Crores is basically our own spend and the remaining 13 Crores out of 32 is basically where we get it reimbursed by the members.

Dhruvesh Sanghvi: But this reimbursement part, will it remain variable in the same nature of revenues or at some point it will stabilize and the revenues will still increase?

Nayan Mehta: What we try to do is basically largely it is in the form of the network charges, which like Bharti or MTNL all those lease charges we pay and those vendors want us to collect and pay to them rather than they kind of directly dealing with each member, so basically it is like a pass through thing.

Dhruvesh Sanghvi: One last question on the value to volume change that we have done on the transaction charges, with 30 days passed, I understand that the broader strategy is to get the larger trades out on the BSE platform. I think we gave very good image kind of a thing for Allcargo deal it may have come out of BSE or somebody else I do not know, but it showed the comparison of amount saved on the transaction charges, so is the competition responding to this in a similar way or they will definitely not because it is like cutting their own revenue and on the second aspect how will this shape up because it will also cut down our own revenues on these deals that happens right?

A Chauhan: Basically in this statement there is an assumption that deals will happen on us, definitely revenues will go down, if deals do not happen on you then revenues do not come. Such deals were happening on NSE so we had to do something about it. Second thing is in last one month I think in the month of April, the number of transactions have increased by 7% vis-à-vis the previous month or previous three months, so effectively it is an experiment, which we undertook for a reason that we were charging around Rs.275 a Crores compared to NSE Rs.325 a Crores nobody bothered, so at least for the large trades the smaller ones

are not even getting in touch because either you are paying or Re.1 or Rs.1.5 paisa, those kind of numbers are not being very sensitive, so there was an expectation in fact a lot of complaints we have received from three, four brokers and has also that gone to newspaper saying that BSE number of trades will come down drastically and we were also expecting some number to come down, but touchwood it has gone up so currently it looks as if the experiment is successful. It is still early days, only one month old.

Dhruvesh Sanghvi: But broadly when we took this decision it must be something like is that our total revenues will not get hit because of the shifting, but we will get the additional value in terms of the larger trades coming on to platform?

Nayan Mehta: Plus, if you walk in somebody else's footsteps, you have a very little flexibility. Here now we have flexibility which is immense because there is no comparison now, so that is where and as you rightly said it is suppose to be revenue neutral so that is how the pricing was done accordingly, Re.1, 70 paisa, 60 paisa like that and so we can fine tune it going forward, but it has now given us an interesting flexibility, which we never had before.

Dhruvesh Sanghvi: Absolutely and Sir last part on the tax expense, currently I think we are having, I mean if you can explain why our tax rates are so low that was the broader question?

A Chauhan: In fact that tells me that although Nayan will explain, but that tells me that next year we will have higher tax rates.

Dhruvesh Sanghvi: I think that answers my question its okay.

Moderator: Thank you. The next question is from the line of Avinash Singh from Jefferies. Please go ahead.

Avinash Singh: Sir, couple of question, the first one is again on this value to volume move. If I am seeing the stats correctly this move is effectively going to somehow if the numbers do not change much, it is going to slightly, negatively impact your transaction revenue from A and B segment in cash equities. Additionally, in the overall scheme of things for a participant this transaction charges are very small portion if you consider the broking and the STT so is this really going to attract the participants to your platform because in terms of if you just look at the market I know it is too early to comment just one month, but it will not change much, so how satisfied you with this move so far and the second thing is, it is not a question just wanted to know that have you released your presentation yet because at least I could not find it.

Nayan Mehta: We have sent it to stock exchange; probably in the next sometime it should get uploaded. So I think you will get it at some point by NSE website, but we will also put in our website as soon as NSE puts it on and in value to volume basically for us it is an experiment we wanted to go away from NSE matters of charging and currently as you said not

much has changed in terms of number of trades, basically it has replaced by 7% so I would not say it is a great success, but compared to what people were expecting that it will go down by 50% that has not happened and so it gives us some cushion to sort of wait and later on fine tune stuff, once you have noncomparable charging then you can do a lot of things with that.

Avinash Singh: Just a followup if you can just tell in your A and B segment what are the transaction charges under this new model or YOY change in the month of April because based on the numbers of course we can figure out the charge for April 2016 is a public domain data of date, so in April 2017 later on you can figure out so if you can tell that YOY changes in the A and B segment equity transaction revenue?

Nayan Mehta: So April numbers we would not be able to give you because the bills have not yet happened, but the number of transactions on January to March quarter as of April we have increased by 7%.

A Chauhan: Number of transactions versus previous months to current month is higher by 7% and so that is from March to April has increased by 7%. That is number of trade. So in that sense from a revenue perspective was already explained it is more or less in the same rate, so which gives us the encouragement and it is early rate at this point of time, it has just been a month.

Avinash Singh: I agree, but because it is a complication for us with the model is that now earlier your transaction charges are very simple to model first, now it is Re.1.70 paisa, Re.1.30 paisa on the three category now we do not know, which category had effectively increased so it is very difficult to model this new transaction charge model?

Nayan Mehta: Next year you will say the same thing to NSE. Avinash, we will have to wait for one quarter, let's wait for one quarter to figure out how things are looking, we have positive, but we will have to, before we come out some judgement beyond this we need sometime on this, this is the new thing which we have done.

Avinash Singh: Thank you.

Moderator: Thank you. The next question is from the line of Alekh Dalal from One Thirty Capital. Please go ahead.

Alekh Dalal: What is the status of the CDSL IPO?

A Chauhan: The CDSL IPO they have got the observations from SEBI. There was one observation that BSE had to keep its own rights of nominating the directors at abeyance, so that is now going forward and CDSL IPO should happen soon.

Alekh Dalal: Can you us a rough sense of what the commissions are on the international exchange in the cash and the derivative segments?

A Chauhan: There are no commissions currently. BSE is not charging anything or INX is not charging anything.

Alekh Dalal: Sir, could you just explain that what is the revenue model then?

A Chauhan: After one year, INX will charge and that has been announced around 20 cents per contract after one year.

Alekh Dalal: So the volumes that you will do through this year this is just a sort of build up to make the exchange more viable platforms is that the right way to assume?

A Chauhan: Jio model.

Alekh Dalal: Thank you.

Moderator: Thank you. The next question is from the line of Devansh Lakhani from NVS Brokerage. Please go ahead.

Devansh Lakhani: Good evening Sir. Congratulations on a good set of numbers. I just wanted to add on to the question, which was just previously asked like how many offices have you already booked in our INX exchange the building out there, like what is the status out there or all the offices booked or we has some still going on or what it is like, what is the current status?

V. Balasubramaniam: On the IFSC, India International Exchange has taken a office space, which is one floor flat in the IFSC building, which is Hiranandani Signature Building and that building has ground plus 16 floors, so we are occupying the first floor in which we also put the data center, which is the matching engine, so the other floors are all which can all be taken by other occupants, which could include brokers, banks, insurance companies, and other intermediaries who are allowed to be in IFSC.

Devansh Lakhani: How many floors have already been taken apart from the first floor that we have, like how many offices have already been booked or are companies or brokers or institutions have already started booking out there, what is that status basically?

V. Balasubramaniam: We would not know that numbers because that is something which the builder will probably know, but as we know that there are quite a few members has been actually discussing with them in terms of the area, size and other things and I can tell you only one thing that on the second floor, which is just one floor of our office really I think 18 brokers had kind of taken some offices that is the number which was last shared by the builder to us.

Devansh Lakhani: Around 80 odd people have got the approval to set up?

V. Balasubramaniam: So in total about 115 brokers have started the process to set up their companies in IFSC out of which about 84 companies have already been created in IFSC and out of this 84 close to about 70 odd members have got the SEZ permission from the development commissioner there, so they are all approved units and out of this list about 55 brokers have got SEBI's in principle registration and

out of this 55 about 28 members have become active who have funded money and have started participating.

A Chauhan: I am just telling, but it is giving you border numbers rather than it is a matter of speaking, Bala says about right.

Devansh Lakhani: Right, so from all these offices do we get any rental income or anything else that also one of the revenue models or that is not considered?

A Chauhan: We do not do that. This is purely INX space and IFSC.

Devansh Lakhani: That will be purely the commission thing, which will be the Jio model, which is specified earlier among all these brokers.

V. Balasubramaniam: Going forward, we will start living a transaction charge.

Devansh Lakhani: Yes that is 20 cents per contract, I think that would be in dollar terms?

V. Balasubramaniam: It is 20 US cents.

Devansh Lakhani: Yes, so it will be in the dollar. Thank you.

Moderator: Thank you. The next question is from the line of Atul Mehra from Motilal Oswal Securities Limited. Please go ahead.

Atul Mehra: Good evening. Thanks for the opportunity. Sir, just one question on commodities launch that we would look at, so now that we have universal exchange norms may be coming about by the end of the year, so how do we see, as you see as of now in terms of the possible launch of commodities stating on our platform?

A Chauhan: Within few days of approval we will launch, we are ready for last one and half years.

Atul Mehra: Right, and Sir how do we look at this opportunity for us given typically what happens is wherever there is liquidity, it is very hard liquidity to exchange from one platform to another and now that we have few options coming about in a couple of months, so the leader there obviously will have a huge advantage on options as well because the launch will be much prior to others being allowed in the segment, so how do we see this particular opportunity for us?

A Chauhan: We think our technology is better and basically we think the current incumbent does not have options technology, so they may trail a little but options require close to 400 or 500:1 ratio and that requires a different scale of technology and Microsoft base platforms usually are not considered that great. So we think as of when we are allowed that is perhaps the reason why there is a delay, but as and when we are allowed we think options we will have a great situations in coming up and we need to fight again on merits because all the members will have to see what is coming, there are issues related to transaction charges, but CTT is much larger, so as somebody said the transaction charges are not that

relevant, but on the other side the INX has now tried to trade commodities also and today just now as we are talking more than \$97 million have been traded on INX so it is basically going to be interesting things going forward, but we are very hopeful about commodities working out for us. For example, in the currencies, we started the segment in 2013 end 2014 early and today we are larger than all exchanges put together we almost have 60% market share today, not today only, but almost three, four weeks day-on-day and so in three years time we have been able to capture this market and so there are situations that happen and if you are able to capture things at the right moment if you are there at the right place at right time you can actually gather so there is myth, which gets created and liquidity gets liquidity, but by that logic NSE should never have come up nor OMX would have become the largest exchange in the world, so these are all myths we have to believe in, we continue till the time newer realities come and then we start believing newer realities as the older reality.

Atul Mehra: Right and secondly Sir I terms of if you would have to look at GIFT City has investments for us so what will be like quarterly kind of burn or loss that you would incurring given that we are not in a revenue model at this point in time?

A Chauhan: Currently for modeling you should count around 8 to 9 Crores a quarter.

Atul Mehra: Right and just one final question in terms of cash on books so what would be like really free cash in the sense that is not member cash or something which can be completely dividend out to shareholders, so what could be like the free cash on books?

A Chauhan: Zero.

Atul Mehra: Zero?

A Chauhan: If you say dividend and out then it is zero.

Atul Mehra: So all of it is tied up to securities?

A Chauhan: Not that once you make specific usage part then it is difficult to answer in that same way.

Atul Mehra: No I mean something that you can freely pay to shareholders in the event you want to?

A Chauhan: That is why I am saying that you are putting words in our mouth, which is not fair. BSE's balance sheet is available on the web you will be able to figure out.

Atul Mehra: Thank you.

Moderator: Thank you. The next question is from the line of Rahul Ranade from Goldman Sachs Asset Management. Please go ahead.

Rahul Ranade: Thanks for the opportunity. Most of my questions have been answered; just to clarify regarding the commodities our

preparedness of launching commodity options may as soon as the approval actually comes in. So, any associated cost that could go up once you get that approval may be on technology or may be staffing cost or something like that?

A Chauhan: Probably marketing cost may go up a little, but otherwise technology is all subsumed into the current framework. Technology and manpower cost is already covered. Only the marketing cost might go up a little for some months in terms of launch and all.

Rahul Ranade: Thank you.

Moderator: Thank you. The next question is from the line of Shivam Gupta from CWC Advisors. Please go ahead.

Shivam Gupta: Thanks for the opportunity. I have just a couple of questions on the mutual fund platform that we have. So first of all you can share the data in terms of the monthly folios, which now we are clocking on that?

A Chauhan: We do close to a million transactions a month and so it is increasing, I mean there were some 9.5 lakhs plus in March, April is either to check, but it should be in that range only. 1 million in March and 1 Million in April. April is 9.50 Lakhs and March is a Million.

Shivam Gupta: Okay and we started charging on this particular product if I am not wrong in November.

A Chauhan: What happened is we charged, but there was been tremendous backlash from the mutual funds so, they have not paid and after that we stopped, because there was no point in paying service tax. So, we are talking to AMFI. AMFI is quite reluctant and so discussions are going on. Some people have started paying few small ones, but overall we are not being successful there in terms of getting them to pay up, but we continue to get the good market share there. More people have joined recently, more large ones.

Shivam Gupta: Okay, because the only colour that I am trying to understand is that since we have not recorded any revenues from these segments, which are the new products, so we have had a very good growth in the traditional ones at least till now. Going forward when we model it out would it be fair to model revenues coming through these platforms and all. That is all.

A Chauhan: Currently, the mutual funds have decided not to pay as a group, but hopefully will come to see the reason that if the service being provided and they cannot be so unfair.

Shivam Gupta: Thanks.

Moderator: Thank you. The next question is from the line of Nilanjan Karfa from Jefferies. Please go ahead.

Nilanjan Karfa: Hi, Ashish. The first question is can we breakdown the

total transaction income between what is coming from the cash currency and mutual fund I guess a zero?

A Chauhan: So cash currency in the consolidated it also has depository, so if you take cash currency would be like Rs.4 Crores to Rs.5 Crores. Currency is around Rs.4.3 Crores, remaining is cash.

Nilanjan Karfa: And this is the console number you are telling?

A Chauhan: No, standalone.

Nilanjan Karfa: And NPO transactions.

A Chauhan: NPO transactions I guess.

Nilanjan Karfa: And when I look at the consolidated, then what was the CDSL income that is booked out there on the revenue side?

A Chauhan: CDSL transactions are around Rs.145.81 Crores.

Nilanjan Karfa: Right, and what is the bottom line of CDSL.

Nayan Mehta: The bottomline of CDSL is around Rs.76 Crores in the current financial year FY2017.

Nilanjan Karfa: Second question; when I look at the standalone financial of BSE could you elaborate off the computer charges and other administration; what are the charges it is that is for the international exchange?

A Chauhan: In standalone there is no India exchange.

Nilanjan Karfa: I am sorry it may become consolidated entity. I am sorry?

A Chauhan: Same consolidated entity basically the costs are relevant to the capital cost, which we have incurred. So that is around Rs.30 odd Crores, which we have incurred as that total capital cost for the exchange of which around Rs.14 Crores to Rs.15 Crores is just towards IT capex and the revenue expenditure is only for part of the year so we started the operations in January 2017 and that technology costs on revenue side was approximately Rs.1.2 Crores.

Nilanjan Karfa: So, of Rs.105 Crores it is about Rs.1.2 Crores?

A Chauhan: Yes, because it is only for a part of the year and the precommencement expenses actually gets capitalized.

Nilanjan Karfa: Right, what are the total capitalized expenses that we have on the balance sheet?

A Chauhan: Of INX or otherwise?

Nilanjan Karfa: INX.

A Chauhan: It is on the range of Rs.30 Crores to Rs.35 Crores.

V. Balasubramaniam: Right now capital expenditure the way it is booked it is probably Rs.15 Crores to Rs.16 Crores, because all the IT has been capexed and as well as the premises are concerned, the premises is a long-term lease. So, effectively the way it is booked is that it is split over

the next 30 years and every year it is kind of charge. So we are spent totally about Rs.12.5 Crores to Rs.13 Crores on terms of the premises.

A Chauhan: But it to be apportioned over or amortized over 30 years.

Nilanjan Karfa: That is the lease rental basically.

A Chauhan: The cash flows have already happened, but in terms of what is taken as a charge on the P&L it is basically apportioned over 30 years.

Nilanjan Karfa: Right and what about the equity infusion I think that was to happen over three year period, right?

A Chauhan: Yes.

Nilanjan Karfa: So where are we on that?

A Chauhan: So right now BSE has invested Rs.55 Crores as equity in the exchange and Rs.60 Crores in the Clearing Corporation by International Clearing Corporation. The SEBI requirement is on the exchange side minimum Rs.25 Crores, which has to go up to Rs.100 Crores in the next three years, so, right now already Rs.55 Crores have been infused. So, balance Rs.45 Crores has to be infused. Net of if we make some opex or losses obviously that will have to be topped up and on the Clearing Corporation the requirement is Rs.300 Crores over three years and the minimum requirement is Rs.50 Crores. So right now it is a little bit above that threshold.

Nilanjan Karfa: Bala, if I can ask you now we had initially talked about this crude product as well on the INX. So how are on if you can just elaborate on those five or six products that we had talked about in, where are the licensing situations in each of those?

V. Balasubramaniam: So we had initially made an application on five commodities gold, silver, copper and the two variants of crude oil that is Brent and WTI. Out of this we have got SEBI approval for gold, silver and copper futures and we were also looking at certain India variants, which are called Quanto, but those Quanto are not been approved by SEBI and similarly the commodity option has also not been approved, which I think now that SEBI Board has cleared the options; in due course even that will be permitted at some stage. So, crude oil obviously is still not approved, but something, which SEBI is working internally.

Nilanjan Karfa: That is on Quanto product, right?

V. Balasubramaniam: Not only on the Quanto, the entire crude oil thing they have not given so far, but on gold, silver and copper they had given us the basic futures contract and in terms of other products in the commodity pipeline, we have also now applied for some other variants of gold, which includes a kilogram gold bar contract and we are also looking at some other contracts on the base metals also.

Nilanjan Karfa: Right and on the stocks we have basically the single stock futures and options or just options right now?

V. Balasubramaniam: So we have single stock futures. We have got 10 Indian stocks; the top 10 names and we have got 5 foreign stocks names and also options on it.

Nilanjan Karfa: Right and you said we have about 55 members who have got us preliminary SEBI approval?

V. Balasubramaniam: Correct.

Nilanjan Karfa: Right. Any indication or preliminary indication how the trades are shaping up from any specific geography wise?

A Chauhan: They are all supposed to be in GIFT City. So the only geography is GIFT City.

Nilanjan Karfa: No, would you be able to track are you getting money out of any other tax havens?

Atul Mehra: Currently it is three days.

Nilanjan Karfa: Thank you so much.

Moderator: Thank you. The next question is from the line of Ashish Chopra from Motilal Oswal Securities Limited. Please go ahead.

Ashish Chopra: Thanks for the opportunity. Just one question from my side, with respect to technology when it comes to commodity derivatives for BSE would the technology provider or the total overarching technology contract is the same as the one that you have with Eurex or will it be completely separate?

A Chauhan: Come again.

Ashish Chopra: Sir, you have a technology partnership with Deutsche Eurex trading platform, right; so, where you have a particular I guess payout based on the volumes, but is that applicable purely to the derivatives?

A Chauhan: Yes to derivatives including INX.

Ashish Chopra: Okay, it would not be applicable for the commodities side as in when it becomes?

A Chauhan: No, commodities also will be derivatives. It is not applicable by equities.

Ashish Chopra: Okay. So if the volumes on commodities pick up and if they breach the thresholds, then you would be actually paying on the technology front?

A Chauhan: Correct.

Ashish Chopra: Okay, got it.

Nayan Mehta: It is not just volumes it is a revenue share. So revenue has to go up.

Ashish Chopra: Right, got it. Thanks a lot.

Moderator: Thank you. The next question is from the line of Nimit Shah

from ICICI. Please go ahead.

Nimit Shah: Good evening Sir. Sir on the BSE Star platform we were also planning to charge something from the participants as well apart from mutual funds.

A Chauhan: No, we are not planning.

Nimit Shah: Okay, so you are talking only the charges that you will be levying on the mutual funds, right?

A Chauhan: Correct. That is how the current industry is structured.

Nimit Shah: Correct, nothing from the participants.

A Chauhan: Participants do not pay anything in fact they get money from the AMCs, right?

Nimit Shah: Correct. Sure and Sir one clarification on this international exchange whether cash on this individual stocks will be allowed, cash trading at a later date?

A Chauhan: Currently, big depository receipts are envisaged. So as and well the depository receipts come up then this is possible.

Nimit Shah: That is it Sir.

Moderator: Thank you. The next question is a follow up from the line of Devansh Lakhani from NVS Brokerage. Please go ahead.

Devansh Lakhani: Thank you. Sir, I just wanted to understand what is the total number of brokers that we are expecting on the INX exchange? You specified that 100 brokers have already started the process of registration, but in the whole building, how many brokers will we expect, may be over a period of 2 to 3 years like. What is the capacity basically?

A Chauhan: Well it is not one building, there are going to be several buildings.

Devansh Lakhani: Yes, so what will be the like capacity just a round estimate what will it be, I know you cannot give an exact figure?

A Chauhan: Currently boss, the computer have capacity to take few million, so it depends on how many people will be willing to come to GIFT City.

Devansh Lakhani: Okay, right. It can go into a few millions what you are trying to say?

A Chauhan: I mean I am just telling you that we how can tell you futuristic stuff, right.

Devansh Lakhani: No, how many brokers space is there basically? That is what I just wanted to understand?

A Chauhan: You can actually a very large number.

Devansh Lakhani: Thank you so much.

Moderator: Thank you. The next question is from the line of Avinash

Singh from Jefferies. Please go ahead.

Avinash Singh: On your dividend, I mean your indicative payout ratio this time is around 70%, So, what is going to be the future dividend guidance, I mean the payment ratio or something else and also considering the fact that at a certain stage you would be divesting your stake at CDSL and then of course your equity will further go up. What sort of ROE target that you have or you do not have any ROE target as such, because I mean in that exchange business because of your high capital base your return on equity is relatively poor? Thank you.

A Chauhan: So, basically we plan to pay out very large sum out of a standalone operating profit. Last year also we did that. This year also on the standalone operating profit the dividend is around 93%. On consolidated basis it may look little smaller, but on standalone it is 93%. So, that probably will continue whatever operating profit we get, we will continue to pay large sums.

Avinash Singh: Yes, on the ROE guidance and what you plan to do with the capital that will be coming from the divesting CDSL stake?

A Chauhan: Basically we do not give guidance on ROE, last year was I think 8.51%, but we do not give guidance on future stuff and the second question was on.

Avinash Singh: What will you do with the money?

A Chauhan: Basically we have this regulatory capital, which is required. I think earlier it was discussed around Rs.400 Crores of capital has to go to the GIFT City exchanges and also Clearing Corporation over next three years, plus their operating cost and all they become profitable. So, some portion of whatever we get of additional capital will go there.

Avinash Singh: Thank you.

Moderator: Thank you. Ladies and gentlemen, please press "*" and 1" if you wish to ask a question.

Aditya Narain: If there are no more questions, I would just like to say thank you to all the participants who have dialed in and of course the management of the BSE for taking on this earnings call. Thank you very much.

A Chauhan: Thank you guys. Hope this was useful.

Moderator: Thank you. On behalf of Edelweiss Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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