

**Date: August 23, 2019**

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

**Symbol: BSE**

**ISIN: INE118H01025**

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

**Sub: Transcript of the Conference Call held on August 2, 2019**

Dear Sir/ Madam,

With reference to our letter dated July 31, 2019, intimating you about the conference call with Analyst/Investor held on August 2, 2019.

Please find attached the transcript of the aforesaid conference call.

This is for your information & record.

For **BSE Limited**

*Nayan Mehta*

**Nayan Mehta**  
Chief Financial Officer

Encl: a/a



---

BSE LIMITED

---

Q1 FY 19 - 20 Earnings Conference Call



*August 2, 2019*

*BSE LIMITED*

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

## **Operator**

Thank you for standing by and welcome to BSE's Q1FY20 Earnings Conference Call. My name is Basu and I will be the moderator for today's conference. As a reminder, all participants' line will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. [Operator Instructions] Please note that this conference is being recorded today.

I now hand the conference over to Mr. Yogesh Joshi, the Head Investor Relation Officer, BSE Limited. Thank you and over to you, sir. Please go ahead.

## **Yogesh Joshi**

Hello. Hello, everyone and welcome to BSE's earnings call to discuss Q1FY20 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 CEO; Mr. Nayan Mehta, Chief Financial Officer; Mr. Neeraj Kulshrestha, Chief Business Officer. 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 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 the company faces.

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

## **Ashishkumar Chauhan**

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

I am happy to share with you that the BSE has paid final dividend of Rs. 25 per equity share of face value of Rs. 2 each on July 17, 2019. After taking into account the interim dividend of Rs. 5 per equity share paid in the month of December 2018, the total dividend paid for the financial year 2018-19 was Rs. 30 per equity share of face value of Rs. 2 each. The dividend payout ratio for the financial year 2018-19 was 97%.

BSE proposes to buyback 67.65 lakhs fully paid up equity shares of Rs. 2 each at Rs. 680 per equity share through tender offer route. The number of shares proposed to be brought back represents 13.06% of the total paid up equity capital of the company. The total amount of buyback would be maximum of Rs.460 crores. The buyback offer price represents 24.73% of the aggregate of the total paid up capital and free reserves of the company based on the standalone audited financial statement of the company as on March 31, 2019. BSE has already filed its draft letter of offer with respect to the same on July 22, 2019 and is in the process of providing certain additional documents and information as required.

As you must be aware that over the past few years, due to various reasons, BSE's income from transaction charges on equity segment has been exhibiting volatility. BSE has therefore consciously adopted a strategy of growing by expanding into other segments also and related aggregation and distribution services. While BSE was dependent only on one trading segment earlier, over last few years BSE has steadily increased its revenues from other services and platforms such as mutual funds, book building, SMEs, currency derivative, interest rate derivatives et cetera. Further, BSE has also launched platforms for bonds, commodity derivatives and start-ups. BSE's international stock exchange, India International Exchange in Gandhinagar, GIFT City in Gujarat State has been steadily increasing its turnover and has recorded a turnover of US\$ 4.9 billion, Rs. 34,000 crore plus approximately on 25th July 2019. Taking advantage of the opportunity to grow at global scale, BSE has also setup a stock exchange and clearing corporation at GIFT City, Gandhinagar.

Further, it has tied up with Power Trading Corporation and ICICI Bank to setup a power trading exchange. BSE has tied up with Ebix Incorporated, a leading international supplier of On-Demand software and E-commerce services to the insurance and other industries to set up and to transact insurance business life and non-life through authorized distributors allowed by Insurance Regulatory and Development of Authority of India. Financial services and electronic platforms tend to grow at non-linear scale over time. BSE intends to appropriately monetize the above mentioned services over time taking into consideration the market share and other influencing factors.

It is important to point out that in spite of the public perception regarding BSE's dependence on income from transaction charges in equities market, the revenue generated from this segment is just 14% of its revenue from operations. Our stakeholders may kindly note that BSE StAR MF platform has already proved itself as a platform of choice for investing in mutual funds electronically. BSE has been able to effectively monetize the same and the revenue earned from the services provided under BSE StAR MF is 11% of its revenue from operations, which is almost 80% as much as what it is earned by the BSE in the equity segment.

BSE continues to upgrade and bring technological innovations to its StAR MF platform. BSE's newly launched StAR MF mobile app has processed over 10,000 transaction in first month amounting to Rs. 101 Crore. The mobile app was launched to help the Independent Financial Advisers to register clients on real-time basis and execute paperless transactions. As you must be aware that this segment enables investors across India to do investment and redeem the investment in Mutual Fund through intermediaries on a fully automated electronic platform. While intermediaries earn their, fees and commission for their services, the mutual funds pay BSE for processing the transactions. As per estimates, approximately 200,000 distributors are working on BSE StAR MF platform of which, around 26,000 distributors are direct Independent Financial Advisor registered with BSE, others are working through aggregators and stock brokers. As per estimates, BSE StAR MF accounts for 12% of all mutual fund transactions in numbers, almost 20% of all value and 40% of all new subscribers coming to the mutual fund industry.

The daily number of orders received on this platform in the quarter ended June 30, 2019 has increased by 75% to 122 lakhs as compared to 70 lakhs in corresponding quarter previous year. On 10th June 2019, the exchange set a new record by crossing over 7.6 lakh transactions in a day in this segment surpassing the previous record of 7.2 lakhs on March 11, 2019. BSE started charging to mutual funds for its services since financial year 2017-2018. Income in this segment has grown by 97%, from 6.04 crore in Q1FY19 to 11.90 crore in Q1FY20.

The number of registered mutual fund distributors in the Mutual Fund segment increased by 146% to 26,269 as on July 31, 2019 as compared to 10,678 as on June 30, 2018. This network is over above BSE's 1,400 members backed by over close to two lakh authorized representatives covering length and breadth of our country.

The total number of X-SIPs registered under this segment increased by 27% to 4.67 lakhs for the quarter ended June 30, 2019 from 3.68 lakhs for the quarter ended June 30, 2018. The total value of orders processed in the mutual fund segment increased by 39% to Rs. 54,449 crore for the quarter ended June 30, 2019 from Rs. 39,125 crore for the quarter ended 30 June 2018. Further, the total number of orders received in the month of June 2019 is higher by 57% as compared to the orders received for the month June 2018. BSE's market share in this segment for the quarter ended 30 June 2019 stands at more than 75%.

The continual growth in the mutual fund segment is in line with our expectations. BSE continues to pursue the strategy of appointment of distributors and optimal pricing for

its services in this segment to maintain the rapid growth in business and revenues witnessed over last few years.

In commodity derivative segment, ever since the launch of gold and silver futures on October 1, 2018, BSE has been expanding its bouquet of commodities. BSE has launched contracts in Oman crude oil futures on October 26, 2018, copper contracts on November 2, 2018 and Guar seed & Guar gum on February 6, 2019, cotton futures on February 18, 2019 and turmeric on June 28, 2019.

As informed in our earlier investor calls, BSE has tied up with various associations as well as exchanges in the commodities business for growth and development of commodities derivatives business in India. This includes Federation of Indian Export Organizations, London Metal Exchange, Dubai Mercantile Exchange, Bombay Metal Exchange, Cotton Association of India, Federation of Indian Spices Stakeholders, Agriculture Price Commission, Gem and Jewellery Skill Council of India, Bullion Federation, Dubai Mercantile Exchange, et cetera.

The total number of members admitted in this segment is 264. Average daily turnover in commodity derivatives segment for the quarter ending June 30, 2019 was Rs. 238 crores per day. Currently as per BSE's circular, dated 27 September 2018, BSE has waived transaction charges in this segment till September 30, 2019.

BSE SME platform has 308 companies listed on its platform as on date. During the month of July 2019, BSE has listed six companies on its SME platform. Further, the number of companies listed on SME platform have grown by 19% over past one year from 254 companies as on June 30, 2018 to 302 companies listed as on 30 June 2019. Of the total number of companies listed, 63 companies have migrated to the BSE main board as on June 30, 2019. Total market capitalization of these companies as on 30 June was Rs. 18,500 crores and total funds raised by these companies was Rs. 3,184 crores. Number of market makers registered with BSE SME as on 30 June 2019 was 126. The Companies listed on BSE's SME segment have shown outstanding growth over the last seven years. The SME IPO Index which was launched on 14 December 2012 with 100 as a base has increased to 1,711 as of June 30, 2019.

BSE's market share in listing of SME companies is now 61% as of June 30, 2019. Recently, in July 2019, BSE has signed a memorandum of understanding with Department of Industries and Commerce, Government of Haryana to encourage and support MSME in raising capital, gain visibility and credibility vis-à-vis large corporate.

BSE launched platform for Electronic Book Mechanism "BSE BOND" on July 1, 2016. This platform facilitates issuance of debt securities on private placement basis. Issuers in this

segment include renowned corporates from public as well as private sector in India. During the quarter ended 30 June 2019, amount raised on the BSE-Bond platform grew by 59% to Rs. 73,570 crores as compared to Rs. 46,411 crores for the corresponding quarter in the previous year. BSE-Bond platform has enabled issuance of debt securities of more than Rs. 6.39 lakh crore since July 1, 2016 when it was launched.

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

Average daily turnover in India INX, BSE's wholly owned subsidiary in GIFT City, Gandhinagar, witnessed growth of 321% to US\$ 1.879 billion for the quarter ended June 30, 2019 from US\$ 447 million for the quarter ended 30 June 2018. The turnover comprises of significant contribution by Equity Derivative Segment as well as Commodity Derivatives Segment. Equity Derivative Segment contributed to 91% of the average daily turnover and the Commodity Derivatives Segment contributed to 9%. It may be noted that average daily turnover for the month of June was US\$ 2.779 billion. India INX witnessed an all-time high turnover of US\$ 4.9 billion on July 25, 2019.

India INX's market share for the quarter ended June 30, 2019 is 84%.

As on 31 March 2019, India INX Global Securities Market has cumulatively established Medium Term Notes ("MTN") amounting to above US\$ 42.5 billion and listed debt securities including masala bonds and green bonds amounting to above US\$ 14.7 billion. About 35% of Indian issuers of debt securities in international markets have listed on India INX's Global Securities Market.

Several large Indian corporate entities, public sector units, banks and financial institutions like Export Import Bank of India ("Exim"), Housing and Urban Development Corporation, National Highway Authority of India, National Thermal Power Corporation, Rural Electrification Corporation, State Bank of India, IndusInd Bank, etc. have established MTNs and/or listed debt securities on the Global Securities Market of India International Exchange.

On April 3, 2019, India INX has signed a memorandum of understanding with Moscow Exchange with an aim to connect the investors' community and companies in both countries and allowing a capital formation platform on a larger scale. India INX is the first Indian Exchange to enter into an MOU with Moscow Stock Exchange.

BSE along with PTC India Limited and ICICI Bank have filed a petition with the power market regulator, Central Electricity Regulatory Commission ("CERC") on September 7, 2018 for grant of license for setting up a new power exchange. This proposed institutional

exchange, subject to necessary regulatory approvals, would leverage on the experience and expertise of its stakeholders in their fields, knowledge of the power sector, funding of power projects and associated infrastructure, setting up and running various exchanges and platforms in India and offer the market participants a credible power trading platform. BSE has a stake of 41% as on June 30, 2019 in the proposed power exchange through its wholly owned subsidiary, BSE Investment Limited, which will be brought down to around 25% as per the regulatory requirements.

BSE has set up joint ventures with Ebix called BSE Ebix Insurance Broking Private Limited for conducting Insurance Broking Business where BSE holds equity stake of 40% through its subsidiary, BSE Investment Limited. The regulatory approval from Insurance Regulatory and Development Authority of India for a scheme is awaited.

With respect to listing of securities, the number of companies listed with their equity capital on BSE, which are available for trade was 4,118 as on July 30, 2019. BSE has the highest number of companies listed on any exchange around the globe. Market capitalization of companies listed on BSE is about Rs. 142 lakh crore. The total number of investors registered on BSE exceeds 4.13 crore.

BSE has been undertaking calibrated increase in listing fees over last few years to make the same comparable to the charges levied by competing exchanges as well as to cover increasing costs of compliance. With effect from April 1, 2019, BSE has increased its annual listing fees charged to exclusively listed companies by Rs. 50,000 in their listed capital is up to Rs. 100 crores and by Rs. 20,000 in case their listed capital is between Rs. 100 crores to Rs. 200 crores.

BSE has become India's first ever stock exchange to get certified with International Standard for Business Continuity Management System (ISO22301:2012) BCMS. BSE has been accredited with ISO 22301:2012 certification for Business Continuity Management Standards.

Indian Clearing Corporation Limited, BSE's clearing corporation and a wholly owned subsidiary has gone live and implemented interoperability framework starting from June 3, 2019. The last date for migration to interoperable framework was fixed as July 15, 2019 for equity segment; July 29, 2019 for equity derivative segment and 5 August 2019 for currency derivative segment, 403 clearing members have signed up with Indian Clearing Corporation Limited as on July 15, 2019.

BSE has signed a memorandum of understanding with Shanghai Stock Exchange, inter-alia, to support the development of small and medium enterprises, dual listing, development of fixed income market, development of joint trading platform for offshore

RMB products, experience sharing and cooperation on IT system. The MoU was signed on July 22, 2019.

India International Clearing Corporation ("ICC") has received recognition as a Third – Country Central Counterparty by the European Securities and Markets Authority ("ESMA") in accordance with the European Market Infrastructure Regulations ("EMIR") vide their later April 24, 2019.

On a consolidated basis, the total revenue for the quarter ended June 30, 2019 is lower by 9% to Rs. 165.97 crore as compared to previous quarter. Operating EBITDA for the quarter ended June 30, 2019 is higher by 130% to Rs. 5.48 crore as compared to Rs. 2.38 crore in previous quarter. The net profit for the quarter ended June 30, 2019, is lower by 20 % to Rs. 41.32 crore compared to Rs. 51.86 crore in previous quarter.

The increase in operating profit during the quarter ended June 30, 2019 is mainly attributable to decrease in operating expenses by 6% to Rs. 106.66 crore offset with decrease in revenue from operations by 3% to Rs. 112.14 crore. The operational revenue to the total revenue has been increasing and it stands at 68% for the quarter ended June 30, 2019 as compared to 64% for the quarter ended March 31, 2019.

On a standalone basis, the total revenue for the quarter ended June 30, 2019 is lower by 10% to Rs. 142.35 crore as compared to the previous quarter. The decrease in revenue during the quarter ended June 30, 2019 is mainly attributable to decrease in other income by Rs. 9.81 crore. Over time, the operational revenue to the total revenue has been increasing and it stands at 67% for the quarter ended June 30, 2019 as compared to 62% for the quarter ended March 31, 2019.

As on June 30, 2019 the total balance lying in Settlement Guarantee Fund maintained by clearing corporation is Rs. 400 crore.

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

### **Question-and-Answer Session**

#### **Operator**

Certainly, sir. [Operator Instructions] First question comes from Mr. Gaurav Gupta, Individual Investor. Your line has been unmuted.

#### **Gaurav Gupta**

Yeah. Thank you for taking my call. My question to the management is with respect to investment that as a company we have done in our subsidiaries. So considering the kind of investment that we have done, the return on investment on those investment specifically like in Indian Clearing Corporation, we have done near about Rs. 350 crore investment. And as per the latest annual report in IFSC, we have done Rs. 125 crore and clearing corporation of IFSC near about Rs. 80 crore.

So, considering the huge amount of investment that we have been in the subsidiaries, how we are expecting the return going forward? Because our core business that is an exchange, BSE Exchange. I think on quarter-on-quarter basis we are seeing nothing but the reduction in our net profit margins over there. So that is the first question.

**Ashishkumar Chauhan**

So you have made two statements. One is that quarter-on-quarter you are seeing the reduction in profit margin, which is not true. As I said in my statement, actually the EBITDA margin has increased.

**Gaurav Gupta**

I mean to say Net Profit.

**Ashishkumar Chauhan**

Yeah. So sometimes we look at sort of some numbers and we make up our minds, but I just wanted you to be aware that actually the EBITDA margins have grown slightly, but it's not that it has decreased. Having said that, the second question on the India International Exchange part, basically most of the investments is in a way regulatory in nature, regulatory capital because starting an exchange is not an easy task and governments also put many conditions including having large regulatory capital. So the exchange as well as the clearing corporation there, has a necessitated the minimum amount of investments.

And their annual loss, as always been discussed, is around Rs. 32 crore per annum, which is pretty much in line with what has been being said over last many years. And as I mentioned earlier also, over the last two years that the investment in the India International Exchange as well as in other businesses of ours is basically more like optionality you are buying. That's the money you are actually putting in, in case they grow up, they always can grow up for many fold and basically as and as and when the gift city gets its own single regulator and many more products including the currencies, Indian

rupee, U.S. dollars and so on and so forth, it can have a very large impact in terms of its own revenues as well as profitability.

It remains to be seen as and when it comes, but its clearly Special Economic Zone and International Finance Service Centre which is coming up. So volumes are increasing, BSE promoted exchange and the clearing corporation are the market leaders, and it remains to be seen how we are able to monetize as and when sort of we have the market power to do it.

**Gaurav Gupta**

Views on Indian Clearing Corporation, over there we have an investment of near about Rs. 350 crore.

**Ashishkumar Chauhan**

In Indian Clearing Corporation, it's not Rs. 350 crore. In ICCL, that is Indian Clearing Corporation Limited, we have almost now Rs. 354 crore and put together its own profits and all, its more than Rs. 400 crore currently.

**Gaurav Gupta**

Okay. And, right, you're saying that the current rate of loss in the IFSC entities is somewhere around Rs. 35 crore per annum.

**Ashishkumar Chauhan**

Yeah, Rs. 32 crore to Rs. 35 crore in that range.

**Gaurav Gupta**

Yeah, within that range. So how we are going to fund? from the cash accruals of the BSE Limited? And since how long, like 2 years, 3 years? Like, what is the time horizon that we will be consistently incurring this kind of a loss so that as an investor we can have a fair idea that five years down the line, maybe that this tap will stop flowing money out of the box.

**Ashishkumar Chauhan**

This quarter ICICI Bank has decided to invest in that exchange and also the Clearing Corporation. I think Rs. 36 crores, 10%, they have decided to invest. In ways, when this

was set up, it was said that for five years, we will have to run the exchange to check out whether it is making any headway or not.

I'm happy to report to you that almost US\$ 4 billion plus of turnover in one day, almost Rs. 31,000 crore, is basically putting it amongst the largest exchanges in the IFSC sector. For your information, I think in month of May or June, the transactions at India International Exchange in index future or index derivatives were larger than on the Singapore Exchange. So basically in a way, in a very short time, it has covered a lot of ground. And at the same time, the revenues are yet to be realized in a significant way. There is some revenue because of the listing of bonds and things like that. But it is early days and minimum five years is what we had given, we are happy that in two years itself, it has become large market player, in most segments it operates in.

**Gaurav Gupta**

Yeah. One more question if you will allow me that last con-call and couple of earlier calls as well, you talked about the inter-operability between the clearing corporations like NSDL and CDSL. So since that has been implemented, if you can just throw some light that how exactly that is going to pan out and how -- if it is going to impact positively our business as BSE Limited compared to competition?

**Ashishkumar Chauhan**

In a way, interoperability has been long pending reform in Indian market for almost nine years it has been talked about. It has been implemented for equity and equity derivatives now. For the currencies, I have been told today that there might be minor postponement one or two weeks at the request of another exchange. But BSE is fully equipped and BSE is implemented.

Last few days have some increase in BSE's trading volumes. I don't take this as a trend. But it's early days, it will allow many more experimentations going forward. And hopefully, it will be beneficial to BSE as well as Indian markets.

**Gaurav Gupta**

Thank you.

**Operator**

Thank you, Mr. Gaurav. Next question comes from Mr. Vivek Asodariya for Individual Investor. Your line has been unmuted.

**Vivek Asodariya**

Hi sir, thanks for taking my call. So my first question is that why we're not spending much amount on – much focus on advertisement? As of now, the interoperability is implemented. So I think it is our chance to go aggressive on advertisement. So if you can throw some light on that. So if I can remember in like two years ago, there was one advertisement coming like "Feel the Financial Pulse of the Nation". So it was like good campaign from our company.

**Ashishkumar Chauhan**

In a sense, it's a good idea to do Advertisement, we have to basically maintain a balance between what is possible and what needs to be done. We have primarily a B2B market. Its not a B2C market where advertisement makes too much difference. Currently, the interoperability is in early days, people are still trying to figure out also lot of wrong newspaper reports go on saying 95% of the members have decided to go not with ICCL and all. As I told I think 450 odd members have agreed to go with BSE's clearing house. So it's many wrong information go, but ultimately the people who need to know are close to around 1,400 total. And so all of them, we're making them aware where we have had several rounds of discussion with members in different cities across over the last six months and made them aware, gave all the answers, which nobody else could give, because in a way, we have been prime mover of this framework.

And people take ahead thought leaders in this business of interoperability. And hopefully, as you rightly said, it is a chance we have and hopefully, people will use it to create a more level playing field across exchanges in India.

**Vivek Asodariya**

Okay, thank you. So my second question is regarding a mutual fund business. So as you said, our market share is 75%, right?

**Ashishkumar Chauhan**

Yes, 75%.

**Vivek Asodariya**

So what kind of means or like in that, if you can give me just a picture of next five year, how it could be pan out and it could be one of the important segment for us? So that would be helpful to project some earning or future revenue from that segment.

**Ashishkumar Chauhan**

It is said in the front that we don't give any future guidance.

**Vivek Asodariya**

No, no, I'm not...

**Ashishkumar Chauhan**

Effectively, we have a good base now around 43 lakh, 44 lakh transactions a month. It has been a bad time for mutual funds over last six months, but we have continued to dominate in some ways, more and more people are joining BSE Star MF and industry distribution framework, which was hitherto unorganised—has suddenly become completely automated. And many people recognize that over last five, six years, the funds which have flown into the mutual fund industry to some extent are due to good advertisement, but to a large extent due to the distribution framework, which BSE has created.

At the same time, today I believe, at least I've been told that we account for 12%— in a way, our revenues are from the number of transactions and not value of transactions. Value of transactions wise, we are large but number of transactions is around 12%. That's what I've been told. Some people say it is 20%, but I will take a conservative figure of 12%. And that, if it's the industry doesn't grow at all for the next three, four years, still the growth potential is almost eight times and if an industry grows over next five years to, say, become double, then we have even larger growth potential. And that is what we are looking at, that we add value to the industry. We bring down the cost of the distribution and a more secure, more certain way. For everyone, it becomes a win-win solution. And the industry ends up supporting BSE's initiatives in this regard.

So we have come a long way. 10 years back, when we started, nobody paid, nobody even thought that this is possible. Today, we are a force to reckon with. But it is an outcome, not of a fluke or not of a luck. It is an outcome of tremendous hard work against many odds, including many of the large players from within the industry also working against it. And still, this has become successful, because it's time has come and hard work has happened. And if we continue to do the hard work, probably this might become a prime mover of our revenues going forward.

As I said, today also the mutual fund in this quarter has given almost 80% revenues compared to the trading volumes coming from the equities market, which is a much more older segment, almost 144 year old. And so you can see that it's catching up very nicely and hopefully going forward, it will do even better.

**Vivek Asodariya**

Okay. So just last question on a Power Exchange. So – when we should expect, we're getting the all approval and the incorporating exchange. It's like, I don't need a timeline, but just like a next one year or two year or three years like that?

**Ashishkumar Chauhan**

The regulator has given three months' time for compliance with the regulatory standards in terms of the shareholder norms. And so the efforts are currently on to bring in additional shareholders on, and who also shown some interest by writing to us, to bring them on to the platform. So that we have more broad-based shareholding structure. The regulator has given us three months currently.

**Vivek Asodariya**

Okay. Thank you.

**Operator**

Thank you, Vivek. [Operator Instructions] Next question comes from Mr. Ashok Shah, LFC Securities. Your line has been unmuted.

**Ashok Shah**

Thanks for taking my questions. My first question is, can you throw some light on when this buyback to be implemented?

**Ashishkumar Chauhan**

If everything goes as per schedule, probably by October 1, everything should be over.

**Ashok Shah**

So what's the tax to be paid by the exchange and the investors? clarified by the government?

**Ashishkumar Chauhan**

Exchange will be paying, I think Rs. 12 crore of tax.

**Ashok Shah**

So it's not a 20% tax on the total buyback?

**Ashishkumar Chauhan**

There are – what I call, there are situations within the Finance Act this time, which has allowed us to pay lower tax because – when the BSE shares were issued foreign investor, they were issued at a higher price, so it's basically premium minus premium is where, basically, we are currently due to fate or luck, we have to pay only Rs. 12 crore extra tax. And the investor is not ending up paying any tax at all.

**Ashok Shah**

Yeah. Okay. Can I take another question? The second question is regarding BSE being a very old – oldest exchange. We have largest number of the companies listed, but unfortunately or fortunately demating of a share is a very tedious work now on, and still 15% to 20% of shares are not demated by the investors due to some problems – from the part of the registrars and everything. So can we take a initiative and demating processes become a easy and the largest BSE listed shares get demated so trading on BSE exchange get increased and our income also get increased.

**Ashishkumar Chauhan**

It is a very good idea. But once you tell me the real methodology by ensuring that those demat people will only trade on BSE and not other exchanges we will discuss that.

**Ashok Shah**

No. for the BSE listed shares, it has to be traded on BSE only. BSE being the largest, share company being listed, it will be traded on naturally on BSE only.

**Ashishkumar Chauhan**

It's a good idea. it's a noble cause. We continue to work on it, but the largest value is in top 1,700 stocks which are commonly listed. And so the remaining are basically not trading much, but your suggestion is valid and we will work on it.

**Ashok Shah**

Look, in the demating, if the aadhar card and everything is only match, so it's easy to demating the procedure and all the shares can compulsory demat 100% in near future if the simple procedure is followed.

**Ashishkumar Chauhan**

Fair, Fair

**Ashok Shah**

Thank you, sir.

**Operator**

Thank you, Ashok. Next we have Mr. Partha Jonsal from SGS Brokrage. Your line has been unmuted.

**Partha Jonsal**

Yeah. Hi, sir. My question is on your commodity side, it's pretty new for BSE, can you just throw some light what is the roadmap laid down by BSE going forward? because it has been started off since October, we are in now FY20, so what is the roadmap going forward, sir?

**Ashishkumar Chauhan**

Basically, we have started many agri commodities. We have started also non-agri commodity, oil and gold and silver and then we went to base metal some of them. Then we went to guar seed, guar gum, turmeric, cotton. Turmeric, guar seed, guar gum and cotton we are having a reasonably large market share now. In gold, silver, we have not been able to capture that market share. And oil, we did not have a price framework, which was in a way benchmark against the best in the world. Now we have got tie up done with ICE, Intercontinental Exchange for Brent contract.

And so we will launch the contract with them sometime soon. You might be aware that there are two types of crude oil that get traded WTI and Brent. And so we have now the ICE, which is the largest exchange in that Brent area, has tied up with us. So we have some good, interesting products coming up, even almonds and other things in commodities, I mean in agriculture commodity. So, you will see some interesting developments going forward in commodity segment from our side.

**Partha Jonsal**

Okay. So Sir, my question is when do you start charging a particular fee? right now I believe it's free, but once you start charging a particular fee, what is – how do you perceive the segment to grow?

**Ashishkumar Chauhan**

People are used to paying, and currently, we are opened newly, so we are basically having it free. But once people see our services, and reasonable chargers and better technology, slowly people come in more numbers like what happened in currencies. In currencies, we started around 2013 December or 2014 early and we were starting almost 7, 8 years after other exchanges. And today, on day after day, we have more than 50% market share in currencies and we started charging zero for the first full year or more. And slowly, we started increasing. And still people have stayed with us because, they have tasted our services, technology and all. And that is basically whenever we get market power, we start charging and we charge reasonably, which makes it a win-win thing for users as well as BSE.

**Partha Jonsal**

Okay. And sir, coming to the previous gentleman's question on buyback, I believe under the new rule it was a 20% tax plus surcharge and all the other tax. So can you just through some light on why just that extra Rs. 12 crores tax would be paid by BSE and not the higher amount?

**Ashishkumar Chauhan**

This is a very complex question, but I'm giving you, on this public platform, Rs. 12 crores. It has been discussed ad nauseam at in BSE AGM also and answers have been given, but effectively the basics is that we had issue share at a premium earlier. And now, we are buying back. So the difference between the two premiums is what the tax is payable to, okay. So you might not have read the details. You might have read only newspapers, who don't end up giving details. And that's why you may have this perception, which is in a

way invalid for this specific case. And that's why, Rs. 12 crore is the amount, which we will give end up paying.

**Partha Jonsal**

Okay. Thank you so much, sir. Thank you. Appreciate it. Thank you.

**Operator**

Next question comes from Mr. Ankit Sanghavi. Your line has been unmuted.

**Ankit Sanghavi**

Hello. Thank you. Sir, I have question regarding our growth. The growth has consistently improving, but this share market price of the stock has been consistently dropping. Can you suggest few important reasons why this maybe so?

**Ashishkumar Chauhan**

We are completely unaware of why this happens. So I won't be at a loss to give you any answer on that.

**Ankit Sanghavi**

Okay. Okay. And sir, with respect to buyback. This is my last question, like how many shares can a retail investor has to participate or pledge for the buyback? Is there any maximum ceiling on that?

**Ashishkumar Chauhan**

Yes, I have been told, if you consider yourself as retail investor then it will be 380 shares, you can offer maximum.

**Nayan Mehta**

Anybody holding upto 380 shares is a retail investor.

**Ashishkumar Chauhan**

Anyone holding less than 380 shares is a retail investor.

**Ankit Sanghavi**

So if someone has more than 380 shares, he can pledge all the 380 or he is not eligible?

**Nayan Mehta**

No, he can pledge but it will go under the...

**Ashishkumar Chauhan**

It's not pledge, it is buyback. So he will be considered as a non retail investor.

**Ankit Sanghavi**

Okay. Thank you.

**Operator**

Thank you, Ankit. Next question comes from Mr. Utkarsh from Damosh Capital. Your line has been unmuted.

**Utkarsh**

Hello?

**Ashishkumar Chauhan**

Yes, please.

**Utkarsh**

Sir, earlier in the call, you mentioned that ICICI Bank has decided to invest in IFSC, right?

**Ashishkumar Chauhan**

Yes, please.

**Utkarsh**

So you wish to share any details regarding it?

**Ashishkumar Chauhan**

As I told you, they are going invest up to Rs. 36 crore for 10% each in the India International Exchange and India International Clearing Corporation.

**Utkarsh**

And we have invested till now how much in both combined?

**Ashishkumar Chauhan**

Rs. 205 crore.

**Utkarsh**

Okay, thank you Sir.

**Operator**

Thank you. Next question comes from Mr. Shivam Gupta from CWC Adviser. Your line has been unmuted.

**Shivam Gupta**

Hey, thanks for the opportunity. I have got a couple of questions. So the first one is around the equity cash segment for us. So this is the first quarter, in fact, after a series of quarters where we saw a decline in the revenues in it, this time we flat lined on a Y-O-Y basis, despite the fact that the broader markets are probably in a downward trend. So just want to understand why – what could be the underlying lever, why this may have come through. And secondly, given the fact that any inter-op is about to come in, we run into a very weak base for this particular segment on a comparable basis. Would it be incorrect to be optimistic about BSE's share going up in the segment?

**Ashishkumar Chauhan**

See if you are looking at the price, I don't know what happens to prices. Prices in many ways are not in consonance with the realities. So the way we look at it is how the business is working and BSE's overall EBITDA margins have improved a little. We would of course have been more happy if it would have been better. But currently, post interoperability, which is still stabilizing as of now. We think people who are placing more orders today or last one week. The number of orders has increased by substantial amounts. The value

traded has increased a little bit. Although it is large by BSE's percentage, but if you take overall percentage it is small. And so it is early days, I keep my fingers crossed and hope that even the equity derivatives, we have seen even some -- what I call green suits, even in equity derivatives where couples of transactions have happened on BSE's equity derivatives post interoperability.

So it's interesting, it's few days since it started. We will still wait and watch how this pans out going forward. But clearly, we are fully equipped. We are facing no technical issues at all, and we have also changed our technology rapidly to mitigate any issues that may come about, even if the other clearing corporations done give data in time and so on so forth. So effectively, we have always prided ourselves over last 10 years in having the best technology in the world and that is what continues on this side. Hopefully, when the currency's interoperability starts as and when, we would have even bigger market share, because of the, again, better service, cost and technology. But it's still early days, I would say.

### **Shivam Gupta**

Your wisdom, what explains this quarter, because inter-op was not live in this quarter, this quarter also your non-exclusive segment grew 23% in terms of transaction charges.

### **Nayan Mehta**

So Shivam. In equity cash we have got various segments such as SME, OTB, OFS, physical. So there is an element of compensation which happens generally, if there is one particular segment which has not done good, within the equity cash segment, some other segment also takes over. So that's why you will see that, we have been able to maintain the similar income from equity segment.

### **Shivam Gupta**

Got it. And I have just two part question, the last one from my side. So the service to corporate segment, this is the third straight quarter where it has not performed well. So is it like, because it is extremely highly correlated to the primary markets activity? or is there any other thing to read in there?

### **Ashishkumar Chauhan**

Yeah. It's basically what happens is not, I mean, primary market is not only new IPOs but also, right issues, bonus issues, any change in capital structure. For that, the companies end up, paying money sort of processing fees to BSE. And the last, pretty much entire year

there has been very low activity in the -- that primary market side of it. And that's where basically we have seen some reduction.

**Shivam Gupta**

Got it. And the last part, so if you could also just give me some highlight of how should we think about the clearing and settlement income that we get in the consol, which also has been running a slightly subdued de-acceleration for some quarters now?

**Nayan Mehta**

Shivam, in consolidated, the clearing and settlement income is basically, from the treasury income which is earned by clearing cooperation. There is some other charges also but they are pretty minor as on date. So that's more or less about clearing corporation, the income which comes from them in consolidated.

**Shivam Gupta**

Got it. Thank you. Thanks a lot.

**Operator**

Thank you, Shivam. Next we have Mr. Shailesh Naik, Individual Investor. Your line has been unmuted.

**Shailesh Naik**

Thanks for gave me a chance to ask a question here. My basic point was, now we are into so many segments. I mean we are competing with multiple exchanges, but most of the places, the competing exchanges is a very very huge challenge, the commodities, power exchange or in case of NSE. Is it as a point where we will say that now we will focus on this and try to get the market share higher there, because everywhere we require some resources. So is there some sort of time frame where we can really narrow down and say this is the new segment really go big on?

**Ashishkumar Chauhan**

It's a good question which management ask itself all the time every day and the answer is, you cannot a priori decide where you will become successful. But at the same time, like mutual funds, BSE is very large, right? So BSE will continue to work harder to maintain this leadership. SMEs, BSE is large, so BSE will continue to do it better. IPOs, BSE is large,

even the recent IPO which got over, BSE had more than 60%, bids that had come from its own platform. So, there are many segments, like bonds distribution, offer to buy, offer to sell where BSE is very, very, very large compared to the competition, but it is not earning us much revenue, but tomorrow, some of this may start earning revenues.

Even in commodities, we are not existing till October. Today, we were not existing in some of this even till last month, but haldi i.e. turmeric, today, we probably would close with 60% market share, today in one month's time. Guar gum, Guar seed probably 40% market share. So sometimes what clicks, you don't know, but you need to continue try in a what I call controlled cost basis, post our results were announced, somebody wrote about the cost being inefficiently managed last year. And for me, basically when you want to do from 9:00 to 5:00, or 9:00 to 3:30 transactions to – from say 9:00 to 11:00 in the night, you need to have people, additional people, additional technology, interoperability, all those things basically end up costing you. And so our case, what I call a fixed cost situation with variable income. Fortunately, we also have fixed income in the form of listing fees. So unlike say, commodities exchange which are pure play fixed cost, variable income, we are like fixed cost, fixed income to some extent and then variable income to other extent play.

So somewhere along the line we need to continue to increase our fixed income, control our fixed cost and keep on trying to get more variable income going forward and that is now building up in mutual funds, in some ways, on variable basis. In SMEs on a fixed income basis for listing fees, even overall listing fees are generally doing well, variable part is in the IPOs, as when they happen, we end up getting some money. On transaction charges, the largest transaction charges, three years back, we were getting were actually from the exclusively listed stocks and they have gone down 80% in value and so our transaction charges also have gone down even more because the trading volumes have also dried up. If they come up, again you will see a different kind of a sort of a revenue that is going to happen.

So effectively, all these things, of course, equity derivatives remains aspirational for us because we did not participate from 2000 onwards when they were allowed, we tried in between for two, three years. Again, post-interoperability a new opportunity has come up. Our technology is considered the best. The liquidity continues to be in some other place. So hopefully, some of it may flow back. If equity derivatives comes then equity comes. Otherwise currencies, we are doing very well. Interest rate futures, we are doing well. IPOs and SMEs and so on and so forth. So, we are doing very, very well in many areas, which probably you are not observing because you are not watching that intently, and they also currently don't give us much revenue except in currencies, in SMEs and largely in mutual funds.

**Shailesh Naik**

We observe your other areas. The reason why I put out because these are the big earning areas where the power exchange earns a good chunk from power trading, MCX and chunk from, so that might be the reason why I have asked this question. The second question which I have is, last time somewhere in an annual report you mentioned that data center and data related thing can also be a revenue driver. Any progress on that? Or how do we see it planning going forward? Because we collect data, we have a lot of data, any monetization plan which we see there?

**Ashishkumar Chauhan**

So India, basically the data related services for both exchanges is not very high vis-à-vis other markets because there, those markets, the exchange is actually charge even their members for their data. Whereas in India exchange are forced to give data free of cost, on real time, even to the investors. And so in a way, what is considered data business for international exchanges, Indian exchanges don't have that comparable, but we're trying to work on some additional areas, like we are just now in the process of starting through our subsidiary, new services for data security for third parties including stockbrokers. And let's see how this works out, but we also have, through our subsidiaries, implementation happening in SWIFT, because we are now, our subsidiary marketplace technology is also a partner of SWIFT now, they are Service Bureau of SWIFT in India, SWIFT India. And they also implement many, many projects on behalf of other companies and so on and so forth.

And so there are interesting outcomes of that strategy that is happening. There are other things on our website you might have seen, there is a company called Sentifi, which provides the social media trend of BSE listed companies. And there is one, a company called market's mojo, which provides much more detailed information about the BSE listed company and there we have a revenue sharing on the advertisement they receive. So, there are interesting models we are working on. They are all, currently very small. But it's basically experimentation mode currently.

**Shailesh Naik**

Thanks a lot and the best wishes for the next quarter. Thank you. Bye.

**Operator**

Thank you. [Operator Instructions] Next question comes from Mr. Ajay Bodke, Prabhudas Liladhar. Your line has been unmuted.

**Ajay Bodke**

Thank you for this opportunity. Firstly, I think, you have mentioned in the presentation that you are awaiting approval for a composite broking license from IRDA for the insurance broking. By when do we expect this license? And secondly, you also mentioned that currently you are not levying any fees towards the use of the e-Platform facility for the BSE bond platform. So, any thoughts on when do you intend to start levying fees for this? Thank you, sir.

**Ashishkumar Chauhan**

So, IRDA part, I don't know. It's very close, but still it's not coming. So, we keep on giving them answers to new questions get raised. Hopefully, it should happen, because we are ready with technology and everything as now. But you never know what – when these things happen actually, but these are regulatory set of compliance related issues. In terms of BSE bond platform, basically, currently we owe around 60%, 65% of market share on all bonds, still the competition has a habit of cross-subsidizing the newer segments by not charging anything. Therefore, reducing any sort of revenues that may accrue to the, smaller competition like us and there is one way to go to competition commission like MCX-SX 10 years back and they are still struggling to get their penalty despite winning, and so we don't want to go that route. So, we'll continue to fight and as when we get market power like what we did in currencies, we will start charging, even mutual funds, for eight years we did not charge and ninth year we start charging, now it's basically in 10th year, I mean probably, it looks as if we might have larger revenues from there rather than on from the trading revenues in equities market going forward. So, as and when we get market power, we'll start charging, because it's no point in fighting legal battles in India, it just drains you out emotionally, financially and otherwise and still the resolutions don't come so fast.

**Ajay Bodke**

Sir, on a couple of quarters back, you had mentioned about a kind of non-linearity in the incomes that could accrue to you, on a platform like the StAR MF platform that you have built so successfully, now the kind of savings that are accruing to the mutual funds, you had mentioned that you would progressively try to negotiate a better deal with the mutual funds. So, if one looks at a medium-term, what kind of sort of an improvement in – say for the transactions of – can accrue to the BSE and also sir in terms of two emerging businesses of Insurance Broking and Power Exchange, if you could give a medium-term perspective of what kind of potential do these two emerging businesses hold for BSE that possibly could help the market appreciate. I think the kind of undervaluation that it is currently according to the franchises that you are building so successfully.

### **Ashishkumar Chauhan**

Last year, if you see our mutual fund revenue was around Rs. 6 crore at this point in time in Q1. This year, it's almost double, Rs.11.9 crore. Rs. 6 crore to almost Rs.12 crore. So you can see the increase in the volume as well as value and it will continue. Of course the base has become large enough so you may not grow end up frantic pace we are growing earlier, but revenue base is pretty interesting, it is growing very rapidly, more and more people are joining, even the ones who have joined are putting now more transactions through us because they are feeling more comfortable.

And so as I said, currently we are doing 44 – 43 lakh transactions a month. The industry tells me that we are 12%, 13% of the market yet. So we have like eight times more to grow and even if the industry doesn't grow. And if the industry grows at a good pace, then in five years if they double, probably we have like a very large growth upside, that is available. And this is pretty much the industry standard now. Everyone is on this platform, wants to join in if they are not there and it is easy to operate and mobile has been – again the mobile StAR MF IFA has become a very important tool in the hands of the IFA community. So we hope this continues, we will work hard to consolidate those.

And, second was on? One is MF and other is commodities.

So, commodities, early days we are having some – we are winning some areas. We are fighting hard in other areas. Hopefully, by next year this time, you will see a much more confident BSE in commodities because, although we launched a lot of preparatory work which doesn't happen irrespective of whenever you start, like, vendors are not ready with back office and front office, they get delayed and so those guys have started now giving out BSE terminals also along with other commodities exchange terminals and of course we have been winning some area so people are more confident coming over to BSE for commodities. We are increasing our product range, and that is also helping people who are pure, basically, commodity players, not exactly the growers or hedgers, but just people who trade they want many more products, so which we are now offering as a bouquet in commodities. So these are still early days, but we are very confident the response which we are getting from many, many players across India in various commodities.

### **Ajay Bodke**

Thank you very much. And all the best for future. Thanks.

### **Operator**

Thank you. Mr. Ajay. [Operator Instructions] Next question from Mr. Manan Patel from Equirus PMS. Your line has been unmuted.

**Manan Patel**

Thank you for the opportunity sir. And congratulations for great performance in many segments. So my first question is regarding StAR MF. So I wanted to understand, what would be the profitability in that segment? So do we take cost structure very separately from the entire company? How does it work?

**Nayan Mehta**

Yes. There are some cost associated with processing certain transactions, which at our end also, but then overall our net margin should be more than 50% to 60% in this segment.

**Manan Patel**

We are already profitable in this segment.

**Ashishkumar Chauhan**

Overall you must understand that our's is a fixed cost business. We have fixed cost of doing a business and all of that put together, any new business, marginal cost is pretty close to zero. And so if we make lot of money there, what I call the marginal cost is not there, but the overall cost gets allocated and that's where you can talk about 50% margin or 60% margin, but the cost remains fixed because running a clearing house for five products or 10 products is pretty much the same cost.

**Manan Patel**

Okay, understood sir. Sir my next question is on interoperability, you have talked a lot. So just wanted to understand, so are we planning to make another push to get the derivatives market share from the competitor (inaudible) five, six years back. So are we trying to (inaudible) – again?

**Ashishkumar Chauhan**

Yes, we continue to try every day. So again we will try even tomorrow and a day after tomorrow. So we will continue to try incessantly.

**Manan Patel**

Okay. And sir my next question is, we are doing fantastically well on India INX platform. So, what are the risks that competition might like take some market share from us over there?

**Ashishkumar Chauhan**

I mean risk is of course there. There is a proposal to do some sort of SGX, IFSC, NSE combined transactions and all. The approvals are yet to come. We don't know the details, but as and when it comes we will have to see how things work out.

**Manan Patel**

Understood sir. Thanks a lot.

**Operator**

Thank you, Manan. Next question comes from Mr. Amit Chandra from HDFC Securities. Your line is un-muted.

**Amit Chandra**

Hello. Sir, thanks for the opportunity. Sir, my question is related to the StAR MF realisation. So if you see in the first quarter, the realisation has jumped from Rs. 7.8 rupees per transaction to Rs. 9.8 per transaction. So have you changed the fees that you charge to mutual funds? And this Rs. 9.8 will be the fees that's going to be for the next quarters?

**Ashishkumar Chauhan**

Let's see, it has increased. Let's see how we are able to sort of work with the industry players. Naturally, any increase has its own repercussions. And so, at the same time, the value provided is very high. So slowly people adjust to these new rates.

**Amit Chandra**

Okay. Okay sir. So like when we have taken the hike sir, this hike when we have taken?

**Ashishkumar Chauhan**

From basically April 1 onwards.

**Amit Chandra**

Okay. And sir, my question, second question will be related to the hike in listings fees that you have done for the exclusive listed segment. So out of the total listing revenues that we get, how much we get from exclusive and nonexclusive segments? And on a blended basis what kind of increase you can see in listing revenues for FY'20?

**Nayan Mehta**

In terms of listing revenues as far as the exclusive segment is concerned, we would be getting fees from around 2,500 companies, which will at Rs. 3 lakhs each on an average. So that's Rs. 75 crores and the remaining would come from the other companies.

**Ashishkumar Chauhan**

And basically, in a way Rs. 3 lakhs is a very small amount. And so there is some upside for the next few years in that area for BSE.

**Amit Chandra**

Okay. Okay sir. Yes sir, agreed, agreed. And sir last would be on the Ind AS treatment that we have done in this quarter. So we have seen fall in depreciation charges. Can you please explain how we have taken the Ind AS treatment? And how much rent we paid and how much rent is being come out to lease and details running there?

**Nayan Mehta**

Yes, you are talking about Ind AS 116 right, on leases.

**Amit Chandra**

Yes. Yes, yes.

**Nayan Mehta**

So the impact on us is insignificant, so we have continued with our existing treatment for the time being.

**Amit Chandra**

So the depreciation has fallen, any particular reason for that?

**Nayan Mehta**

Depreciation is the normal function of the applicable rates on WDV on the asset base.

**Amit Chandra**

Okay. So the Ind AS impact is negligible, right?

**Nayan Mehta**

Yes.

**Amit Chandra**

Okay. Okay sir. And also my last question would be on the cash that we have as of now. So what is the cash that we required for regulatory requirement? And in terms of the exposure to IL&FS, how much provision, additional provisions we have taken in this quarter? And out of the total cash, how much cash would be required for the future investments or for the regulatory requirements in the future?

**Nayan Mehta**

Well, first of all, is as far as IL&FS impairment is concerned we have not (technical difficulty)

**Nayan Mehta**

With respect to ILFS as I mentioned earlier... (technical difficulty)

**Amit Chandra**

(technical difficulty) We can take it offline, thank you.

**Nayan Mehta**

Sure.

**Operator**

Thank you, Amit. Next question comes from Mr. Sahil Jasani from ICICI Securities. Your line has been unmuted.

**Sahil Jasani**

Yes. Hi, sir. Just one question. We said that annual charges to the corporate and your annual listing fees have been increased for the exclusively listed companies from first 1st April. But when I see the listing fees growth in the presentation, it's largely the same from Q1 FY19 to Q1 FY20 around Rs. 395 million. So how do you explain that?

**Nayan Mehta**

Sahil, listing fees includes various components which includes annual listing fee, initial listing fee. So the component which we have increased is the annual listing fee part. So if there is any offset due to lesser number of listings in this year or we don't have any significant initial listing fee in the current year, so obviously it will get set off.

**Sahil Jasani**

No, no. I'm talking about the annual listing fee, sir. You gave the breakup in the presentation, the annual listing fee itself is Rs. 397 million in Q1 FY19 and Rs. 394 million in Q1 FY20, so that's largely flattish year-on-year.

**Nayan Mehta**

Yes. And one more thing is there Sahil, that in the earlier years we have got certain areas of listing fees. And that's actually inflated the amount which we have received towards the listing fees in the previous year.

**Sahil Jasani**

Okay. Okay. Got it. That's if from my side. Thank you.

**Operator**

Thank You, Next question comes from Mr. Jayesh Gandhi. Your line has been unmuted.

**Jayesh Gandhi**

So it's been one-month since interoperability. Can you throw some light on – has there been an increase in volume post, I mean in the past one month and maybe have we gained a little bit of market share?

**Ashishkumar Chauhan**

It looks like. It looks like. Just now if I tell you today's statistics in equities, when received 31.82 crore orders, which is pretty much higher compared to say what we used to receive last month, probably it has gone up by almost 70%, 80%. The number of orders have gone up. The value today traded in equity is Rs. 2,745 crore, which was say close to Rs. 2,000 crore last month. So it has gone up, but I won't to take it as a trend. It's early days. The number of orders are clearly increasing and that's a heartening thing .

**Jayesh Gandhi**

Okay. And if I'm not wrong interoperability in futures and options was suppose to start from 1st August. Has it started?

**Ashishkumar Chauhan**

Yes, it did. And surprisingly, today, we had four trades in equity derivatives after very long time. So again, little bit of open interest also. I can see that and almost close to 50 lakh orders there too. So there is some what I call green suits. We need to work hard to ensure that we are able to kind of get more people, start their algorithms and then the other people will come.

**Jayesh Gandhi**

That's all from my side, sir. Best of luck for future.

**Ashishkumar Chauhan**

Thank you.

**Operator**

Thank you. Next question comes from Mr. Ashish Chopra from Motilal Oswal Securities. Your line has been unmuted.

**Ashish Chopra**

Yes, hi sir thanks for the opportunity. So just a couple of questions. So you mentioned that the annual expenditure currently on the INX is close to Rs. 32 crores. That would be after including the liquidity enhancement?

**Ashishkumar Chauhan**

Yes. Everything put together.

**Ashish Chopra**

Okay. And similarly, since we are not yet charging on the commodity derivatives front, so what could be the operational costs of that platform as of now or the losses attributed to that segment?

**Ashishkumar Chauhan**

See, basically what happens is, our cost is fixed you know, there is no specific costs there, in a way, because machines are same. People who come and start in the morning, afternoon, evening, surveillance; we have added few people everywhere to ensure that the market runs longer hours because of commodities. But otherwise there is no special attributable cost. Overall cost has increased a little bit because of all this, but the revenues as when they come that will basically gives us up side, as I told you, our's is a largely a fixed cost business, right.

**Ashish Chopra**

Right. Got it, sir. That's it from my side. Thanks and all the best.

**Ashishkumar Chauhan**

So for example, if RBI allows evening trading in currencies, currently we close currencies at 5 pm, but if it allowed, that is the talk there is, right. So if it allows we don't have the spend extra now. But the revenue might become extra, right.

**Ashish Chopra**

Fair enough, sir. Understood. Thank you so much.

**Ashishkumar Chauhan**

Thank you.

**Operator**

As there are no further questions from the participants, now I would like to hand floor back to Mr. Yogesh Joshi. Thank you and over to you sir.

**Yogesh Joshi**

Thank you, sir, thank you for joining today's calls.

**Ashishkumar Chauhan**

Have a nice morning, afternoon, evening and a great weekend. Thank you for joining and my apologies for that drop of the line in between. Thank you.

**Nayan Mehta**

Thank you.

**Neeraj Kulshrestha**

Thank you.

**Operator**

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

## **Disclaimer**

This discussion may contain certain words or phrases that are forward - looking statements, which are tentative, based on current expectations of the management of BSE Limited or any of its subsidiaries and associate companies ("BSE"). Actual results may vary significantly from the forward-looking statements contained in this speech / presentations due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the businesses of BSE as well as the ability to implement its strategy.

The information contained herein is as of the date referenced and BSE does not undertake any obligation to update these statements. BSE has obtained all market data and other information from sources believed to be reliable or are its internal estimates, although its accuracy or completeness cannot be guaranteed. The presentation relating to financial performance herein is reclassified/regrouped based on Management estimates and may not directly correspond to published data. The numbers have also been rounded off in the interest of easier understanding. All information in this speech / presentation has been prepared solely by the company and has not been independently verified by anyone else.

This document is for information purposes only and does not constitute an offer or recommendation to buy or sell any securities of BSE. Any action taken by you on the basis of the information contained herein is your responsibility alone and BSE or its directors or employees will not be liable in any manner for the consequences of such action taken by you. The distribution of this document in certain jurisdictions may be restricted by law and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions.