

February 10, 2023

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

Symbol: BSE

ISIN: INE118H01025

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

Sub: Transcript of the Conference Call held on February 7, 2023

Dear Madam/Sir,

With reference to our letter dated February 1, 2023, intimating you about the conference call with Analysts/Investors held on February 7, 2023, please find attached the transcript of the aforesaid conference call.

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

This is for your information & record.

For BSE Limited

Vishal Bhat
Company Secretary and Compliance Officer

Encl.: a/a



BSE LIMITED
Q3 FY 22-23 Earnings Conference Call



February 7, 2023
BSE LIMITED
25th Floor, P.J. Tower, Dalal Street, Fort, Mumbai 400 001

Moderator:

Ladies and gentlemen, good day and welcome to BSE Limited Q3 FY23 Investor Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anand Sethuraman – Head, Investor Relations, BSE Limited. Thank you and over to you, sir.

Anand Sethuraman:

Thank you so much. Good evening, everyone. This is Anand from Investor Relations at BSE and welcome to BSE’s Earnings Call to discuss Q3 FY23 Results.

Before I begin, it gives me great pleasure to welcome Mr. Sundararaman Ramamurthy for his first earnings call with BSE after he took charge as MD and CEO on 4th Jan 2023. He is a highly motivated leader and a consistent performer with a successful track record of 38 years. Prior to joining BSE, he was the MD and Chief Operating Officer in the Indian arm of Bank of America where his responsibilities included global governance and control of the banking entity in India and the securities segment. He has also worked with the National Stock Exchange of India for over 20 years as a senior member since his inception where he was responsible for its significant transformation. Joining him today are the other members of BSE’s leadership team consisting of Mr. Nayan Mehta – Chief Financial Officer, Mr. Neeraj Kulshrestha – Chief Regulatory Officer, Mr. Sameer Patil – Chief Business Officer, Mr. Girish Joshi – Chief of Trading Operations and Listing Sales, Mr. Kersi Tavadia – Chief Information Officer and Mrs. Kamala K – Chief Risk Officer.

Do note that this conference is being recorded and the transcript of this call will be made available on the BSE website. Before we get started, I would like to once again take this opportunity to remind you that our remarks today will include forward-looking statements. Actual results may differ materially from those contemplated by this overlooking statement and any forward-looking statements that we make on this call today are based on assumptions and BSE assumes no obligation to upgrade these statements as a result of new information or future events.

I would now request Shri Sundararaman Ramamurthy – MD and CEO to give a brief overview of the company’s financial and business performance.

This session will conclude with the Q&A session. Thank you, sir.

Sundararaman Ramamurthy:

Thank you, Anand. Good evening, everyone, and thanks for joining the call today. Indeed, I am honoured and excited to be here as the new MD and CEO of BSE. I am very well aware of the challenges that lie ahead, but I can assure you that all of us at BSE are working very hard to drive the success of this organization.

Let me first start with the financial updates.

I am happy to inform you that despite the volatile market conditions, BSE Group delivered a growth of 12% with total revenues of Rs. 245 crores for Q3 FY2023 as compared to Rs. 218.6 crores in the corresponding quarter of last year. Similarly, BSE's operational revenues have grown by 6% to Rs. 204 crores from Rs. 193 crores, the net profit attributable to shareholders of the company standing at Rs. 52 crores as compared to Rs. 61 crores. This decline is because of the added contribution to the core settlement guarantee fund, we call it as core SGF, to the tune of Rs. 16 crores at a consolidated level which is an increase of 83% year-on-year. This is on account of an increase or rather added contribution to the EGR and Currency Derivatives segment.

I will now share some of the key financial numbers on a consolidated basis for the quarter ended December 31st, 2022, as compared to the corresponding quarter of previous year.

The clearing and settlement operational revenues increased by 57% to Rs. 18 crores from Rs. 11.6 crores. Treasury incomes from clearing and settlement funds has increased by 53% to Rs. 22 crores from Rs. 14 crores. Other operating revenue which includes data dissemination fees, training income, software income has increased by 21% to Rs. 18 crores from Rs. 15 crores. Investment income increased by 70%, Rs. 35 crores from Rs. 20 crores. The operating EBITDA has reduced to Rs. 39 crores from Rs. 57.7 crores with operating EBITDA margin reducing to 19% from 30% earlier. The net profit margin stands at 19% as against 27% earlier due to the increase in computer technology related expenses and increase in core SGF as stated earlier.

On the business side, let me start by covering our primary market segment.

Fund raising by India Inc is well off last year pace as geopolitical uncertainty along with other macro factors affected the IPO sentiment. Notwithstanding the revision in annual listing fees with effect from April 1, 2022, a slight uptick in annual listing related income is seen. Overall, BSE continues to be the market leader for fund raising by India Inc with the share of 60% for equity public issues, 84% for debt public issues having enabled issuers to raise Rs. 3.9 lakh crores overall.

The IPO momentum of 2021 has not carried over to 2022 so far which has resulted in lower book-building income for the quarter. India's equity market faced various headwinds after record breaking turnover levels in 2022.

Facing the challenges of the current market environment, BSE's performance in Trading Segments were muted, but the Mutual Fund segment continued to demonstrate strong growth. For the quarter ended December 31st, 2022,

The average daily turnover in Equity Cash segment stands at Rs. 4,234 crores, which is down 11% as compared to the previous quarter. The average daily turnover in the Equity Derivative segment stands at Rs. 1.97 lakh crores down 13% as compared to the previous quarter. The average daily turnover in the Currency Derivative segment stands at Rs. 26,246 crores down 18% as compared to the previous quarter.

BSE StAR MF, India's largest mutual fund distribution platform continues to grow at a remarkable pace. Its total number of transactions growing by 37% to reach Rs. 6.9 crores transactions during the quarter from Rs. 5 crores in the same period last year. The platform continues to scale new peaks in terms of transactions with platforms processing a new high of 37.75 lakh transactions in a single day and a new monthly high of 2.4 crores transaction in December 22 and then once again with 2.5 crores transaction in Jan 2023. Overall, the platform achieved 101% of the transactions processed within 9 months, 18.7 crores so far in FY2023 as compared to 18.5 crores transactions during FY21-22.

Now, I shall cover developments with our subsidiary companies.

India International Exchange IFSC, the average daily trading turnover in India INX, the BSE promoted International Exchange at GIFT City, Gandhinagar stands at USD 18 billion with the market share of 95% for the quarter ended December 31st, 2022. India INX has about USD 70 billion medium-term notes established and about USD 50 billion of bond listings till date.

India INX's Global Access platform for investors wanting to invest in global securities has grown to reach a trading turnover of US \$7,369 million that is 7.4 billion for the quarter ended December 2022.

On the insurance distribution front, BSE EBIX Insurance Broking where BSE holds 40% stake through its subsidiary, BSE Investments Limited is now integrated with 26 insurance companies. The total premium collected is Rs. 17.1 crore for the 9-month ended December 31st, 2022, a growth of 84% for the same period last year.

BSE E-Agricultural Markets, we call it as BEAM, a transparent commodity spot trading platform to facilitate spot commodities transactions across the value chain has now enrolled 1220 members and executed trades worth Rs. 43.7 crores in Agri and Steel segments on the platform during the quarter ended December 31st, 2022. The company is working closely with several state governments and their agencies for direct procurement and disposal of commodities.

Power Exchange, the trading at Hindustan Power Exchange where BSE has a stake of 22.61% through its wholly owned subsidiary BSE Investments has been relatively modest and the exchange is continually onboarding new members and exploring new products to be launched which can result in higher volumes going forward.

Before I conclude, I can confirm that the Board of the BSE, the meeting held today has approved the divestment of 2.5% of BSE's stake in Central Depository Services Limited, CDSL towards meeting regulatory norms.

In closing, overall, I believe we reported sustained third quarter results amidst a difficult market environment. 2022 was a period of transition for the BSE and as we embark on a new journey in the new financial year, I believe that a balanced business model will enable us to grow much higher. We are confident of rising to the current challenges and take BSE to newer heights. With these updates, I now hand over the call back to Anand.

Anand Sethuraman:

Thank you, sir for the updates. With these overviews, let me now welcome you all once again for the Q&A session. Handing over the call to Yashashri.

Moderator:

Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain

First of all, welcome Mr. Ramamurthy to this esteemed organization. First question to you is, what are the initial focus areas for you to take BSE to new heights? What would be the key focus areas for you saying top 3 or 4 things that you would be focusing on that would be my first question?

Sundararaman Ramamurthy

Thanks for your good message and question. The initial focus areas, what I find is BSE today has its presence held in equities and currency. To start with, therefore, my focus area will be to ensure that we are able to concentrate on equity and grow our market share there. The second area will

certainly be currency where we have some presence which we can build upon. That is a short answer, if there are further questions, I can elaborate on them.

Prayesh Jain

One of the key drivers for the business for the exchanges has obviously been the Equity Derivative segment where the actual growth has been coming, now the margin norms have really hit hard the cash segment and the growth has kind of moved from cash to derivatives, so how would you think that BSE can at least garner some market share on the Derivative side?

Sundararaman Ramamurthy

Yes, that is a very fair question, so since you asked for initial focus area, I think mentioned equity and currency and of course actually I should have mentioned one more segment there, which is Mutual Fund. That is the initial focus area because we have some foothold there, so to develop something where we have a foothold becomes easier, and in Equity Derivatives at this point of time I find BSE is not having much of a foothold, we need to develop it. While that will certainly be a focus area, first we will have to strengthen our foothold in equity segment, Currency Derivatives and Mutual Fund, where we have a good market share and as a follow on and as a process along with equity since they are related the Equity Derivatives will be built over a period of time, first concentrating on Sensex, as Sensex is a brand which is known to the entire world and has its merits and value and lot of recall. So, that will be the next focus area.

Prayesh Jain

The second question is more on the financial, the settlement guarantee fund, the increase, the contribution that has been coming through previous quarter as well and in this quarter as well, now how do you see this going ahead, how should we kind of read into this and should we kind of model for this, does this become an element which we are not able to kind of figure it out?

Nayan Mehta

Prayesh, this settlement guarantee fund as we had spoken in earlier meetings also, this fund constitution and increment contribution is dependent on many factors which include volatility in markets, business volume increase, concentration of positions and many other things and it is determined by an algo on a monthly basis. So, to that extent, you would recall even our earlier we had said that when we make additional contribution to SGF, that is the sign of progress as far as business is concerned. So, while it might look like a hit on your P&L for the company, but it is a one-time hit, whenever it comes and it comes on increments means when we move onto the next slab of business, obviously there will be some incremental SGF which would come. As of sitting

today, it is very difficult for anybody means an analyst or the management itself to determine as to how much movement or incremental contribution will be there in SGF from year to year.

Prayesh Jain

Sir, just extending that point, sir, if you look at the cash volumes that are down for you, derivatives we don't have too much of volumes, so what actually grow this incremental settlement guarantee fund if October and November were very weak months and even December was a very weak month for cash volumes, so just try and explain me as to what really cause this SGF contribution?

Nayan Mehta

Prayesh, in this year, obviously we also contributed some SGF amount towards electronic gold receipts which was the minimum base contribution required by SEBI. At the same time, Currency Derivatives volume increased during this year, so obviously those volumes necessitated that we do some contribution towards the same and again as the number of people, number of members increase in our clearing corporation, obviously that is also a big reason why that position let to incremental SGF contribution.

Prayesh Jain

And my last question will be on CDSL, so we have to reduce it to 15%, right?

Sundaraman Ramamurthy

Yes, it is a correct question, we have to reduce it to 15%, so we will be getting towards that. There is a regulatory time limit available, so we will offload in tranches to ensure it is a smooth transition.

Prayesh Jain

What is the time limit for that?

Nayan Mehta

We have to do it by 2nd October this year, 2023.

Prayesh Jain

2nd October this year total 5% stake, of which 2.5% you will be doing now?

Nayan Mehta

That is what has been approved by the Board today.

Moderator

Thank you. The next question is from the line of Vikram Kotak from Ace Lansdowne Investment. Please go ahead.

Vikram Kotak

Congratulation Mr. Ramamurthy for the appointment and my one question has been answered by you in earlier question, the other question which I have for Nayan or you that how do we set off this guarantee fund contribution which we are doing by way of increased charges, these numbers are looking like a very big number compared to our revenue, so what are our mechanism to kind of set off this, do we increase charges or any other way to do it?

Nayan Mehta

I will tell you in one particular way is that just that you have mentioned when you look at contribution to SGF, you are looking at the expense side, but in the consolidated, obviously it doesn't come evident in the face of the results is that our income from clearing corporation has increased quite significantly over the last 1 year and that is on terms of margin and deposits which we have got and also in terms of the transaction charges which our clearing corporation has collected. So, it is not that, it is a one-way expense. There is a corresponding benefit which is coming to BSE which is getting accounted in our financials.

Vikram Kotak

So, you mean Nayan by that it is higher than the contribution which we are doing according to you net-net?

Nayan Mehta

In some quarter that will be high, some quarter there will be much significantly higher contribution, but overall, each SGF contribution increment over a period of time leads to an incremental revenue flow for us.

Moderator

Thank you. We have our next question from the line of Santhosh Kumar Keshri from Keshri Wealth. Please go ahead.

Santosh Kumar Keshri

Sir, I have two questions, one question is about CDSL divestment that we are doing now, so I wonder that isn't the timeline could have been better because now the market conditions are not good and CDSL is also at almost 52 week low, so the realization that BSE is going to get against

this investment would be much lesser than what it would have had been selling a year or so back, that is one. Even last time, when BSE divested 2.5% from 22 to 20%, they sold that Rs. 220 a share. After that the prices zoomed up to something like Rs. 1,500-Rs. 1,700 level, so it is a little difficult to realize that as a shareholder we are not earning as much from the divestment as the market participants were buying from the offloading of shares by BSE and getting to make lot better profit?

Sundararaman Ramamurthy

So, let me give one reply, I don't know how much that will satisfy you. If it doesn't, I will ask Nayan to add. As exchange when we want to offload, we have to look at it from multiple perspective, of course the return maximization is always there in everybody's mind who has invested into any stock, but as an exchange when we do it, it is also the question of we have to realize we will not be able to time the market. That is difficult for anybody for that matter, if exchange it is much more difficult because we need to follow multiple internal and external process of taking approvals before we go to the market. So, we will not be able to time the market. In hindsight, it may sometimes come across as a very good move or probably a move where we should have waited, it can come across. So, that will be the sum and substance of it, so that is why always things are done in tranches over a period of time to ensure that we are taking care as much as we can in respect of return maximization without having the capability to timing the market. Nayan, you want to add something.

Nayan Mehta

No, I perfectly agree with you. There is no way anybody can actually time, not about that.

Sundararaman Ramamurthy

That difficulty is there, but your point is valid, always one should expect to maximize returns, sometimes it doesn't work for us because we are not able to do that in terms of managing the time.

Santosh Kumar Keshri

I know that, but the point is that this is the second time on the trot that BSE is not able to realize, but anyway I take that point, now my second question is about SGF, so though many participants raised a question, I just had one limited point and that will be that the interest that we earn out of SGF, does that accrue to the BSE P&L or it is earmarked to the fund and it will get credited there, how does it happen?

Nayan Mehta

So, the interest which is earned in the settlement guarantee fund remains in that fund and it is not considered as income in standalone or consolidated accounts.

Santosh Kumar Keshri

So, we can take that as cost of doing business, right, the contribution to SGF?

Nayan Mehta

Yes, and this is obviously according to the current SEBI regulations which we have to follow.

Sundararaman Ramamurthy

Just to add to what Nayan is saying, the contributions to SGF, the competition are all regulatorily defined, and it goes according to that. Therefore, when BSE contributes the money to SGF which is held by ICCL any amount of interest earned from the fund has to be retained in that fund as a regulatory requirement.

Moderator

Thank you. We have our next question from the line of Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra

Sir, my first question is on the area of investments that we have been doing into the new areas of growth, so we have been investing into the INX, like into commodities and also into various new products which are in trial phase or inception phase or initial phases, but not generating any returns since like many years, so what is our strategy there in terms of monetizing these areas where there is scope to generate like revenues maybe in the next 1 year, so which areas you think is promising and now you should start monetizing?

Sundararaman Ramamurthy

This is a very good question. Some of the investments that we make will be oriented towards national development and overall economic development in mind which will be the driving force. As a responsible MII we will be doing some of them like that, to just give the example of GIFT City. When we look at GIFT City, we are trying to promote an exchange which will be the face of India for all the foreigners to help them participate in this country's market and not allowing the Indian markets to be exported outside India. That is the idea behind that and that is the reason why it is at a very senior level everywhere, thought about us a very good requirement for the country as well for development and that is the reason why BSE has been the first exchange to get that set

up its own exchange and clearing corporation there and it is growing in terms of its size and all. Does it give back money to us in return at this point of time, these ventures many at times as you will appreciate have slightly long-term gestation period. Some of the things like our Mutual Fund platform if you look at it, with minimum investment it is giving maximum revenue in a short term. Some of these investments like GIFT city and all where it is a new proof of concept which we need to provide in the market takes time. That is the reason why MIIs have to get into it because it cannot be taken totally as a commercial venture alone, it will give commercial results, but it is a question of time where after the gestation period only, you will be able to reap the benefit. The same thing will be applicable to power exchange or Agri markets. You know Agri markets require lot of development, how much it can help in nation's economic development by helping the farmers, we all know that, but it takes time to bring in people, changing behaviour, making them understand. So, if you ask me that within one year you will be divesting something and making money, it may not wise to do that in one year to divest some of the investments. Some of them will be making good sense, like for example, take the case of CDSL which we invested quite some time before, today it is yielding lot of results. It is a question of we waiting, permitting it to grow, supporting it to grow and then reap the benefit. The same thing will happen with every one of these investments because they are well thought out investments, just not only as a commercial venture, but also as a contribution to the society. That is the way I look at it.

Amit Chandra

And also sir, you mentioned about focusing on the cash and the currency side and also on the derivative side, but this strategy has been there for the last many years and we have been trying to gain market share in cash, we tried in derivatives, we attained some success there, but again we are back to around 1% market share, so what has to be done like differently there to gain market share or I think it is an area where it is very difficult to get some market share from NSE because it is going, it is actually getting bigger and stronger, so what is the views there?

Sundaraman Ramamurthy

It is a fair question, but I am sure you will appreciate it is just one month for me now in the exchange notwithstanding that I will try and reply to you. Well, it is true that there has been lot of efforts put on by the market under regulator to ensure there are two exchanges at least in India. I am not looking at it to put it differently, I am not just looking it as growing BSE's market share. You look at it from a slightly macro perspective. Do you require only one exchange in India, or do you require to have two exchanges in India, one need not be 50-50% is not what probably we look at it while other exchange should be vibrant to take care of many of the needs whenever any

circumstance warranted, but I am sure principally everybody agrees now. Principally, people all see having a single exchange is not a good idea, if we start talking in terms of, in many countries it is only a single exchange, single airline, why in India there should be more than one exchange, that question no longer remains a question. I think the answer is clear in many people's mind as to why you require more than one exchange which has to be vibrant and in existence. So, when principally everybody is in agreement, what is the effort going on into ensure the vibrancy of the second exchange, why is this falling short, what can we do to attack it, to help it, to grow is the question there. That becomes the strategy. What I find is while intraday interoperability is required for MIIs, it is not totally implemented by all members for the clients. I think that is a very important requirement. So, this is one idea I am talking about. Soon, we will be reviewing all the areas and we will be coming out with some product differentiation, in the coming days you will get to see. As I told you it is just one month and two days in terms of number of days and their number of days in office is just 20 days. You will see certainly some product differentiation happening in cash market and in currency, everywhere you will see and you will find some new products being talked about and you will also see that we going and advocating to the system developer, to the brokers and to the clients how if there were to be two vibrant exchanges it will be on a day to day basis helpful for them, for example if somebody as a client finds a better price in BSE to buy and after sometime he finds a better price well in NSE, if the brokers do not enable intraday interoperability at the front-end for client, they are not going to know it. If they are not going to do it, it is not BSE losing volumes, it is actually the client not making money and the broker not making money, we will own the money. If the market is on turmoil, if there is this type of an arbitrage facilitated, don't you think the price decline will be arrested because there is clearly a price finding very imminently happening and very fast happening. If it does not happen, you will find the stock declining in a very faster pace to touch the bottom and then climbing that slowly back in one exchange. How to understand what I mean, so to cut a long story short, give me some time, I am reviewing things, certainly you will find new product differentiations, product approvals coming in place and we talking to brokers to strengthen the entire vibrancy of second exchange if I would not call it as making BSE's market share more, providing a vibrant exchange to the economy is today our prime motive.

Amit Chandra

And sir, my last question would be on what are we planning with the cash that we get from CDSL, so will it be used for investments, or will it be used for higher share and the shareholder Payout?

Sundararaman Ramamurthy

It is a very important question that you are asking. The question of utilizing the proceeds towards further building, capability to deliver to the shareholders or to make payments will also be governed by regulatory restrictions as to how much we can do. Clearly, the intention will be to put the money to use for the shareholder's benefit. That would be the driving force because it is the shareholder's money which has gone in as an investment. That is what is coming back. The effort will be within the four walls of regulation, whatever permitted will be to maximize or optimize shareholder's wealth. That would be the goal with which we will be working.

Moderator

Thank you. We have our next question from the line of Prayesh Jain from Motilal Oswal Financial Services. Please go ahead.

Prayesh Jain

Sir, just a couple of questions on financials, if I look at depreciation it is at Rs. 17 crores versus much lower run rate in the previous quarter, so what is the reason for the same?

Nayan Mehta

Prayesh, in the current year there has been lot of investments in IT, hardware and software, so that has resulted in higher depreciation, so that is one of the major reasons for increasing depreciation.

Prayesh Jain

Secondly, on the tax rate, it has been much higher at in the previous quarter 42% and this quarter 33%, how should we think about this tax rate and going ahead, how should we look at it?

Sundararaman Ramamurthy

Going forward Prayesh, you can consider 33% to 35% as the normal rate for us, the reason being that we are currently offsetting our MAT credit, which is available with us and for that reason, all our focus is towards earning taxable income which attracts the maximum tax rate to utilize the MAT credit.

Prayesh Jain

And just one last follow up question on the previous one was StAR MF, we have earlier kind of telling that completely, any incremental thoughts out there under the new CEO?

Sundararaman Ramamurthy

This is a good question, but look at it this way, the entire retail is a big way is looking towards mutual fund in these ways. If you look at it when FIIs or FPIs, some part of last calendar year they were exiting India for whatever volatile reasons. You find that suddenly the Mutual Fund contribution is increasing, so there is a good amount of penetration that is happening towards mutual funds because of the clear attraction. If as an individual I want to have a balanced portfolio, to buy 20 shares and 30 shares and create a portfolio, manage it, monitor it, it is not going to be easy for me. When a small investor and more and more the financial conscience and the financial literacy increase, I feel that mutual fund transactions are going to go up. If that is the case, is it right time to think about digesting and coming out of it or is it that we should grow it more organically because these are all linked, right, so the mutual fund transaction we did link with multiple things. So, should we look at and explore all those areas, what will be on the interest of shareholders and what will create value for the shareholders is one question which repeatedly comes to my mind, while I may not have clear answer, but at this point of time, my inner feeling is that we should do more to develop even bigger platform. The amount, you saw lot of new highs we are touching on a daily basis. If this is what it is clearly the market is loving this product and clearly the market feels that we are serving them, that is why they are coming to us. So, if that is the phase that the community is reporting on you, is it that you should grow on the same or you should encash it is one question which comes to me repeatedly. I feel at this point of time, the indication is more towards, at least putting in some efforts to see how we grow it. Well, this is today's view. As sometime before, Anand said tomorrow's factors may be different and your views may differ, but at this point of time, this is very encouraging area that the faith, love, and affection shown by the market platform is very high, I am sure you agree with me.

Prayesh Jain

Yes, absolutely and mutual fund investing is something, which the entire industry is looking forward to, but the challenge is the regulator seems to be kind of in a mood to even hit the commissions and distribution expenses out there, so do you see any challenge on your expenses or on your charges that you to levy today, do you see any challenges to sustain those levels or do you think that that should be coming down?

Sundararaman Ramamurthy

See, that could be speculative for me to say. I wouldn't know and whatever, see, we are working under a regulated atmosphere. Within the regulated atmosphere, we need to deliver value to the

investors of ours and to the investors in the market. We will strive hard there, and we will ensure that we will do things which will benefit everybody, the market, us, and the shareholders.

Moderator

Thank you. We have our next question from the line of Vikas Kasturi from Focus Capital. Please go ahead.

Vikas Kasturi

So, welcome, Ramamurthy sir. Sir, I had a few questions regarding StAR MF. So, if you could just help me understand a few nuances of this business, so for example, I believe one clear tailwind for this business is that there is a shift from paper-based application or paper-based transaction to a more digital kind of a transaction and I have been totally surprised because every quarter I see the StAR MF hitting a new high, so I am just wondering, sir, out of the total universe of all mutual fund transactions, approximately what percentage would go through StAR MF?

Sundararaman Ramamurthy

About 50%. That is what is my rough estimate.

Sameer Patil

So, entire universe about 50% of the transaction goes today through the StAR MF platform. More than 50%.

Vivek Kasturi

And the other question is, sir, what is stopping the other 50% as in have we not reached those towns or what is stopping the other 50%, sir?

Sundararaman Ramamurthy

No, not necessarily stopping. It is like this, today, you just go back to the era where you did not have StAR MF right, so some people still prefer to invest only directly, right. So, they may go to individual mutual fund websites, register themselves, maintain a user ID, password, very stringently and regularly every second month change it. They like to do that. Some type of people are used to doing it for ages and they do not want, they feel that if they directly invest, the return for them is some few basis points more. That is one class of investors and they will continue to be that way and there are some people who want to go to a single bank and open a bank account and the Demat account and the trading account under their trading securities and also a mutual fund in the same bank account, and they have a Relationship Manager attached to them and the Relationship Manager comes and tells, you change this portfolio, you do this, you do that, and he

gives an advice and they tell yes to him and he goes and does it in the same platform. So, that is another type of investor. So, these are all standard set of people who have been in existence for quite some time. Now, you are having a new paradigm. You are bringing in an exchange platform where you are using the distributor and trading members who are used to these types of platforms to make more and more people understand this and accept this. So, these are all the new set of people in my opinion who are coming in. That is why you will always, in my opinion, have all types of people. Like for example, there are some people who will go to Kirana stores, some people who will go to a mall, some people will do online order entry for getting even their groceries. So, I think this multiplicity of the market is what is making it vibrant and interesting, and I think that will continue. I think we will not be able to say that at some point of time 100% of the volume of all mutual fund transactions will come only through StAR MF because people with different requirements and different preferences will continue to exist. That is actually what in my opinion helps in innovation. That is what I feel in this. I am not sure how much you agree with me.

Vivek Kasturi

Sure. I will take your view, sir. Sir, a related question on StAR MF, so does this bring in some sort of stickiness for the mutual fund distributors, suppose he has 10 clients, and he uses StAR MF for this transaction, so is he kind of getting locked into the StAR MF in any way, sir?

Sundararaman Ramamurthy

I feel so because what happens is see, today everything is technology. So, if somebody is bringing their clients into it, they need to also develop something from their front end. Every technology is an investment, so there is a cost associated with it. So, people would like to maximize the benefit arising out of it. So, also, some of the activities which they need to do, they are able to depend on the exchange platform to get that done for them, right. So, clearly, there is a benefit for the investor because it is one-stop shop-all and for the distributor, it becomes helpful because part of his work is being taken care of by the MII, which is operating it and for MII is beneficial because it is bringing in more clients to it. Slowly and steadily, they will also start looking at BSE equities. So, there is a synergy capability available here. It is a big set of clientele whom you are serving. At some point of time, this may spill over to other segments as well. It is a question of time, and it is a question of how we put it across. So, to answer to your question shortly, I feel there is stickiness and that is why people are building on it and that is why it is growing.

Vivek Kasturi

And one last comment from my side. Not a question, but more like a comment. Sir, I have been a shareholder of BSE for over 4 years now and my request to you is that please do invest in newer products because these tend to give us the exponential growth like StAR MF and CDSL has shown us, so that is just my humble request to you, sir. Thank you very much.

Sundararaman Ramamurthy

No, our humble pranams to you for continuing to be our shareholders. We really appreciate the faith that you are reposing in us, and it is our promise that we will do whatever we can in our powers to ensure that your interests are taken care of, and we will certainly always be looking for newer products through which we can serve the market and serve our investors.

Moderator

Thank you. I will now like to hand the conference over to Mr. Anand Sethuraman for closing comments. Over to you, sir.

Anand Sethuraman

Thank you, everyone for all your questions. Should you have any further questions or requests for any particular data as such, please write to us at bse.ir@bseindia.com. With this, we would like to conclude this call. Thank you.

Sundararaman Ramamurthy

Thanks to everybody for your interest in us. Thank you so much.

Moderator

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