

Date: August 10, 2021

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

Symbol: BSE

ISIN: INE118H01025

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

Sub: Transcript of the Conference Call held on August 6, 2021

Dear Sir/ Madam,

With reference to our letter dated August 3, 2021 intimating you about the conference call with Analysts/Investors held on August 6, 2021, please find attached the transcript of the aforesaid conference call.

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

This is for your information & record.

For BSE Limited



Prajakta Powle
Company Secretary and Compliance Officer

Encl.: a/a



BSE LIMITED

Q1 FY 21-22 Earnings Conference Call



August 6, 2021

BSE LIMITED

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

Moderator

Ladies and Gentlemen, Good Day and Welcome to the BSE Q1FY2022 Earnings Conference Call. My name is Faizan and I will be the moderator for today's conference. As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Yogesh Joshi – Head, Investor Relations, BSE Limited. Thank you and over to you, Sir.

Yogesh Joshi

Hello everyone and welcome to BSE's earnings call to discuss Q1FY22 Results. This is Yogesh from Investor Relations. Joining us today on this earnings call is BSE's leadership team consisting of -

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

Do note that the conference is being recorded and transcript of the same will be available on our website. The financial results and investor presentation are also available on our website.

Before we get started, I would like to take this opportunity to remind you that our remarks today will include forward-looking statement, actual results may differ materially from those contemplated by these forward-looking statements. Any forward-looking statements that you make on this call are based on assumption as of today and BSE assumes no obligation to update the statement as a result of new information of future events. I will now request Mr. Ashishkumar Chauhan to give a brief overview of the company's performance followed by a Q&A session.

Ashishkumar Chauhan

Thank you Yogesh. Good Evening everyone and thanks for joining the call today. We are almost one-and-a-half years since the onset of COVID-19 pandemic. I believe many of us have taken the required doses of COVID vaccine and look forward to resume our daily schedules similar to one before COVID-19 in spite of the apprehensions of third wave of the pandemic in near future. BSE too as a socially responsible corporate has supported various entities under COVID relief efforts. As expected from BSE, has continued to operate without any interruptions and glitches during this period.

I will start with the broad financial results. This quarter ending June 30, 2021, BSE's operational revenues have grown by 52% as compared to corresponding quarter in the previous year. Further BSE net profit grew by 61% for the quarter ended June 30, 2021, to Rs. 53.42 crores as compared to Rs. 33.15 crores in the corresponding quarter of the previous year. The growth in revenue and profits is mainly due to growth in operational revenues across business segments.

Let me start by covering our Primary Market segment. During the quarter ended June 30, 2021, in spite of the lockdowns due to emergence of second wave of pandemic, Various issues raised over Rs. 45,242 crores through 76 issues on BSE bond platform. BSE bond platform continues to be the preferred choice by Indian corporates to raise debt capital through private placement, structure instruments, public issues, and also municipal corporation bonds for issuing municipal bonds. Various issuers also raised more than Rs. 1,657 crores through IPOs, preferential and rights issues during the first quarter of the financial year 2021-22. The above is an addition to over Rs. 3,04,157 crore of privately placed debt and commercial papers listed on BSE during the same period. The total number of investors registered with BSE have been consistently growing and currently they stand over 7.6 crores as of date.

I will now update on you the Trading Platforms at BSE starting with Equity Cash segment.

BSE's daily turnover in the equity segment increased by 52% from Rs. 3,724 crores in first quarter of financial year 2020-21 to Rs. 5,661 crore in the first quarter of financial year 2021-22. The same is also reflected in the company's strong operational performance in the current period. BSE's market share equity segment increased from 6.3% in the quarter ended June 30, 2020, to 7.2% for the quarter ended June 30, 2021. As mentioned in our earlier earnings call, BSE has seen increasing participation from high frequency traders, further enablement of base price execution by certain large broking houses has also resulted in the increased turnover in our equity segment, however, BSE is yet to realize the full potential and benefit of interoperability across clearing corporation. It has been observed that many trading members are not yet providing the

facility of interoperability across clearing corporations to their clients. This has resulted in the benefits of interoperability as envisaged by SEBI like netting off trade across exchanges, lower margins etcetera not being offered to investors. Further interoperability also facilitates best price execution of trades across exchanges. Delays in implementation of interoperability leads to delay in best price execution thereby depriving the investor of execution on their orders at best possible rates. In interest of investors, penalty has been imposed on trading members for not extending best price execution facility to all clients with effects from July 1, 2021. It may be noted that BSE has increased its transaction charges in the equity segment effective March 1, 2021, to bring it in line with the competing exchange.

BSE's equity derivative segment average daily turnover increased by 80 times from Rs. 3,848 crores in the first quarter of financial year 2020-21 to Rs. 3.15 lakh crore in the first quarter of financial year 2021-22. BSE's market share in the equity derivative segment increased from 0.3% for the quarter ended June 30, 2020, to 6.5% for the quarter ended June 30, 2021. The launch of sensex 50 contracts differentiated expiry date from June 29, 2020, attracted a lot of attention and interest from the market participants. It is expected that growth in BSE index derivatives would set grounds for growth in stock derivatives and BSE's equity segments too over time.

BSE is India's second largest commodity derivative exchange in India and offers a wide gamut of products across agri and non-agri segments. The average daily turnover in our commodity derivative segment for the quarter ended June 30, 2021, increased to Rs. 3,267 crores as compared to Rs. 3,156 crores for the same period in the previous financial year. BSE's market share in commodity derivative segment increased from 2% for the quarter ended June 30, 2020, to 9.1% for the quarter ended June 30, 2021.

Currency derivative segment continues to provide a very liquid platform for trading in currencies. The average daily turnover in our currency derivative segment for the quarter ended on June 30, 2021, increased by 29% to Rs. 23,618 crore as compared to Rs. 18,325 crores for the same period in previous financial year.

With increasing focus on Make in India products and Atma Nirbhar Bharat, small and medium enterprises need to be provided with capital to enable their growth. BSE has been encouraging and growth with governance of SMEs in India through listing on its BSE SME platform. As on June 30, 2021, 340 companies were listed on BSE SME's segment. The said companies have raised funds amounting to Rs. 3,515.93 crores. The market capitalization of these companies is listed on BSE SME segment as on Rs. 29,020 crores. BSE's market share in listing of comprising SME segment stood strong at 61% as of June 30, 2021.

BSE is the first exchange in India to launch startup platform in December 2018 for promoting listing of startup IT, ITES, biotech, and many other hi-tech industries. 10 startups have already raised Rs. 34.62 crores on this platform and are listed on this platform as on June 30, 2021.

I shall now discuss our Mutual Fund distribution platform.

BSE StAR MF is India's largest mutual fund distribution platform set new records in the current financial year. The total number of transactions on BSE StAR MF during the quarter ended June 30, 2021, grew by 90% to 3.54 crores transactions as compared to 1.86 crore transactions during the quarter ended June 30, 2020. Thus the average daily number of transactions on BSE StAR MF during the quarter ended June 30, 2021, was 5.8 lakhs as compared to 3.15 lakhs for the quarter ended June 30, 2020. The platform recorded highest number of transactions in a single day of 19.51 lakh transactions on July 12, 2021, surpassing the previous base record of 17.84 lakh on April 12, 2021. BSE StAR MF platform is a platform of choice for investment in mutual funds by investors. It continues to witness consistent net equity inflow over the industry's net equity inflow. BSE StAR MF platform recorded a net equity inflow of Rs. 6,072 crore as compared to industry's net equity of inflow Rs. 5,988 crores for the quarter ended June 30, 2021. BSE StAR MF app launched in May 2019 to help Mutual Fund Distributor register clients on real time basis and execute paperless transaction has been well received by the investment community and has processed over 26 lakh transactions till date.

I shall cover developments at our subsidiary companies now –

BSE promoted international exchange in Gift City in Gandhinagar. India Inx has been growing exponentially ever since it commenced trading activities in January 16, 2017. Average daily trading turnover on India Inx during the quarter ended June 30, 2021, increased by 522% to USD 11.97 billion as compared to USD 1.92 billion during the previous quarter ended June 30, 2020. It has witnessed an all-time high turnover of over USD 30.30 billion on March 10, 2021. Previous all time high turnover was USD 28.24 billion on March 4, 2021. This increased trading activity validates the new products and initiatives taken by India Inx and reflect growing interest in IFSC among the broking fraternity. Even during the COVID-19 pandemic and lockdown, India Inx was operational for 22 hours non-stop and has maintained its leadership as the number one exchange in IFSC. India Inx dominate IFSC in Gift City with the market share of 87% in derivatives trading and 100% in bond listing for the quarter ended June 30, 2021.

Owing to investments by certain strategic and financial investors, BSE's stake in India INX has come down to 79.78% and BSE stake in India International clearing corporation has been brought down to 72.10% as of June 30, 2021.

BSE Ebix Insurance Broking Private Limited, a joint venture of BSE and Ebix Fincorp Exchange Private Limited is registered with Insurance Regulatory and Development Authority of India as direct life and general insurance broker. Currently, its electronic insurance broking platform is integrated with seven general insurance, five health insurance companies, and three life insurance companies. Further, pending integration, portal of insurance companies will be used for certain insurance companies to facilitate intermediation of policies. BSE Ebix has over 4,400 active certified Point of Sales, the number of policies intermediated by BSE Ebix increased by 9% to 1,517 during the quarter ended June 30, 2021, as compared to 1,388 during the quarter ended June 30, 2020. The gross premium collected during the quarter ended June 30, 2021, rose by 4.5 times to Rs. 2.83 crores as compared to Rs. 52 lakhs during the quarter ended June 30, 2020. BSE holds equity stake of 40% through its subsidiary, BSE Investment Limited.

BSE E-agriculture market is a JV between BSE Investment and Frontier Agricultural Platforms Private Limited, operates nationwide, electronic, institutionalized, transparent commodity spot trading platform to facilitate spot agricultural commodity transactions across value chain consisting of producers, intermediaries, ancillary services, and consumers. It has already enrolled 518 members including 441 farmers and 10 FPO members, 199 trades worth Rs. 139 lakhs in six agriculture commodities were executed on the platform during the quarter ended June 30, 2021. Considering the market and opportunities, this platform is expected to grow at a faster pace in time to come. Regulatory approval has been sought for enabling spot trading of non-agricultural commodities on this platform.

As informed in our earlier calls, the power market regulator, Central Electricity Regulatory Commission granted registration on May 12, 2021, to Pranurja Solutions Limited to establish and operate the Power exchange. The company proposes to commence live operation sometime during the current Financial Year 2021-22, BSE has a stake of 22.61% in the proposed power exchange through its wholly-owned subsidiary, BSE Investment Limited.

On a consolidated basis, BSE's operational revenues grew by 52% to Rs. 103.22 crore for the quarter ending June 30, 2020, to Rs. 156.95 crore for the quarter ended June 30, 2021. The transaction charges revenue has increased by 93% from Rs. 30.25 crore for the quarter of ending June 30, 2020, to Rs. 58.43 crore for the quarter ended June 30, 2021. Listing related fees increased by 25% from Rs. 39.08 crore for the quarter ending June 30, 2020, to Rs. 49.07 crore for the quarter ended June 30, 2021. Book building fees also supported growth in operational revenues. Book building fees increased by 30.7 times from Rs. 1.82 crore for the quarter ending June 30, 2020, to Rs. 8.48 crore for the quarter ended June 30, 2021. The Clearing & settlement operational revenue has also increased

by 88% from Rs. 9.99 crore for the quarter ending June 30, 2020, to Rs. 18.78 crore for the quarter ended June 30, 2021.

Net profit attributable to shareholders of the company increased by 61% from Rs. 33.15 crore to the quarter ended June 30, 2020, to Rs. 53.42 crore for the quarter ended June 30, 2021. The operating EBITDA has increased by Rs. 55.08 crore to Rs. 41.31 crore for the quarter ended June 30, 2021, as against operating loss of ₹ 13.77 crore for the quarter ended June 30, 2020. Operating EBITDA margins stands at 26% for the quarter ended June 30, 2021, as against negative 13% for the quarter ended June 30, 2020.

The net profit margin has increased from 20% to the quarter ended June 30, 2020, to 28% for the quarter ended June 30, 2021.

Before I conclude, I wish to say that India seems to be entering a third wave of pandemic and I wish everyone in this call to stay safe and healthy with their near and dear ones and follow all the COVID protocols that Government has prescribed. With this overview, let me Welcome you once again and invite all of you for question and answer session.

Moderator

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press * and one in their touch phone. If you wish to remove yourself from the question queue, you may press * and two. Participants are requested to use handsets while asking questions. Ladies and Gentlemen we will wait for a moment while the question queue assembles. Reminder to the participants please limit your questions to two per participant. Should you have any fall out we may request you to rejoin the queue please. The first question is from the line of Devesh Agarwal from IIFL Capital. Please go ahead.

Devesh Agarwal

Good Evening Sir and many congratulations on good set of numbers and performance, so firstly I wanted to understand the increase in turnover although you touched up on that higher contributions from agro traders and some of the large brokers have been one of the reason, if you can throw some more light in terms of what has been the real drivers just for us to understand the sustainability of this increase in the volumes? Secondly, you mentioned some of the brokers have not yet implemented interoperability, somjust wanted to understand if this was to happen, what could be the increase in the volumes?

Ashishkumar Chauhan

Basically, in terms of sustainability what happens is whenever markets go up usually volumes go up which you have seen even in other exchange over last few months and so BSE is also beneficiary of that to some extent. The interoperability is another large driver for us because many brokers who were not even offering BSE-related services have started offering, so that is a healthy sign, it is early days, but hopefully this will pick up and many people will be able to also understand that if you buy any share on BSE, you get the same dividend if you were to buy the same share on any other exchange, so it is not that you get dividend less or more on any exchange, but sometimes it has been projected that way. Number of trades has increased on a peak basis around 18 lakhs to close to 50 lakhs and average we are going above almost 30-32 lakhs, so that will also tells you that number of trades have increased although the value per trade has come down because lot of people are doing algorithm trading and that probably is the number you might like to watch that currently if you take away the blocks, average value per transaction has now come down to Rs. 15,000 per transaction on equity market. These are some of the pointers you might like to keep in mind, otherwise, basically this interoperability in some ways has brought in a new set of investors who had never been allowed to trade on BSE because of their brokers not wanting to connect all they were members on both sides and only for exclusive stocks of BSE, at least some of them were allowing those orders to pass on to BSE, but now I think all of them are opening up due to this new regulations. Of course one more thing helped is that in February 24, 2021, the competing exchange closed down for four hours and that also gave them realization many of them that depending on only party to run your life is a dangerous activity and I think that has also helped people come to the interoperability in some ways.

Devesh Agarwal

If you can Sir share the name of some brokers who have kind of implemented this interoperability which has led to higher volume for us and also if you have done any exercise wherein if you assume that all the large brokers if they move into interoperability, would our market share increase to say 12%-15%, have you done any such exercise?

Ashishkumar Chauhan

You can always do such exercises, the proof of pudding is in the eating and you have seen the market share increase, which was going down for long period. We won't be able to give any name of the brokers due to reasons of confidentiality.

Devesh Agarwal

Sir, have you taken any increase in the tariff for the exclusive segment also in this quarter?

Ashishkumar Chauhan

Exclusive segments, there is no interoperability because of the fact that they are exclusive stocks, once they get listed on other exchange then they start coming into interoperability.

Devesh Agarwal

No Sir I was asking for the tariff?

Ashishkumar Chauhan

Tariff on exclusive stocks remains the same as earlier.

Devesh Agarwal

Because the number looks to be slightly higher based on the volume that we report, so on per lakh turnover, the number looks to be higher on the tariff, so is there any one-off income in the exclusive segment?

Ashishkumar Chauhan

No, what happens is today if you see the smaller stocks, they have gone up also in value which was not the case earlier and so their number of transactions, their value of transactions have also increased slightly and that is why you see that because we do not give the details of exclusive version or non-exclusive on the transaction charges, that is where basically you get a little here and there, but it is not that large.

Devesh Agarwal

Final two questions Sir, you mentioned that power exchange is likely to start this year, so any timelines as to when you are targeting to start that and what would be the free cash on the books at the consol level?

Ashishkumar Chauhan

It is basically in a way we own currently around 22% plus on that exchange and our cash on book as of now I will tell our CFO to give you as of now.

Nayan Mehta

It is around 1,360 crores.

Ashishkumar Chauhan

It is around Rs. 1,360 crores is the current free cash right now, but if you take in subsidiaries and net-worth, approx. Rs. 2,200 crores with subsidiaries put together.

Devesh Agarwal

For power exchange Sir I was asking when are you likely to start the operations?

Ashishkumar Chauhan

Power exchange should happen, they have already appointed a person to run it who has an experience in that business and now he is taking the charge. Broadly speaking, the technology first portion is ready the pre-beta testing with some of the members have started and so it is early days, but who knows because there are still steps to going live including the final approvals and all, so I will not be able to have a guess on when the final approvals come and whatever the extra changes in technology that is required, but broadly speaking they seem to have gone ahead with the pre-beta testing already.

Devesh Agarwal

Thank you so much sir, and all the very best.

Moderator

Thank you. The next question is from the line of Santhosh Kesari from Kesari and Company. Please go ahead.

Santhosh Kesari

Congratulations for such a fantastic performance, it is heartening to see that BSE is doing so well and we have been waiting for this for a long time, so my question is about income from investments and deposits in the Quarter-1 of 2020, we had Rs. 47.00 crore odd income and in this quarter we have just Rs. 17.00 crores, so any reason that this has come down drastically almost like 66% by two-thirds in this quarter?

Nayan Mehta

Santhosh it is like this that in first quarter of 2020, after the COVID had started so in the month of March, March '20 there was a big drop in the values of all investments because everybody feared that there will be default after COVID started and this whole thing rebounds by the end of June, so what happened is that the values of all our investments which are basically into mutual funds, those NAVs went up drastically and because of that there was a lot of mark-to-market which we had to book as a part of the accounting standard guidelines that resulted in majorly booking above Rs. 47.00 crores in that particular quarter. If you come back to this current quarter in June 2021, the yields have actually risen in this quarter resulting in NAVs going down and because the NAVs are going down or maybe remaining stable, there have been certain reductions also which were scheduled, so you see that those since we have a normal scenario where the mark-to-market is minimal, you find that our investment income has come to down 17 crores for this quarter and this is based on the existing investment yield scenario currently in line with the same.

Santhosh Kesari

So, in that case what could be the baseline that we can consider if we keep aside the MTM number that BSE can expect to earn from its fund?

Nayan Mehta

You can take it like this that there is nothing majorly exceptional in the current quarter and probably that way you can estimate. Obviously, there will be some dividend income, it will come from our associates and subsidiaries, so that would be another thing otherwise.

Ashishkumar Chauhan

But basically if you look at the Indian accounting standards, the companies with lot of money at hand or cash or hand or bank balances at hand will see a lot of volatility going forward also in their other income.

Santhosh Kesari

Definitely Mr. Chauhan, so what I understand is that Rs. 17.00 crore is the amount or something like Rs. 20.00 crore is the amount that we can expect to go on quarter-on-quarter, normally as our realized gains from investments?

Nayan Mehta

We had some dividend, which we get from strategic investments whatever we get.

Moderator

Thank you. The next question is from the line of Jagadeesh Raijala, individual investor. Please go ahead.

Jagadeesh Raijala

Congratulations on a great quarter, my question is on the competition side like on the largest exchange the volumes are pretty high compared to our company, so how do you plan to tackle this to increase the volumes going forward?

Ashishkumar Chauhan

It is a perennial question and we continue to work hard to provide better services, better technology, and hope that people come to BSE to trade, of course the interoperability and best price execution things do help, but it is a way of innovations, creating newer products, newer instruments whatever is allowed to us in the highly regulated environment and hope that using newer products like IPOs or bonds or commercial papers, people see our services and they come and trade more including interoperability and of course some people also get to know that it is important to have some order flow going to more than one exchange because of the risk that they carry by going through only one exchange and so on and so forth, so there are many ways we are trying to bring it and it will continue.

Moderator

Thank you. The next question is from the line of Pratik Kothari from Civica India. Please go ahead.

Pratik Kothari

Firstly many congrats to Ashish Sir and the entire BSE team for putting up an exceptional show in this quarter, I just want to understand that going through that investor presentation in that in the market share of, equity derivatives and equity cash is around 7 odd percent, so just want to understand that do you think that this will go in upward in

coming future and what the company think that how new strategy will be applied to increase this market share specifically with equity derivatives and equity cash segment?

Ashishkumar Chauhan

Basically, the market share increased many fold especially in derivatives. Equities also I mentioned to you about interoperability and the best price execution, better technology, better services, lower costs, lower cost of connecting to us, more efficiency and so on and so forth, so that will continue to be a strategy for the equity derivatives, currency derivatives, interest rate derivatives, commodity derivatives, and in fact commodity derivatives also even though you didn't asked, we are almost touching 10% market share and we have become second largest commodities exchange in India and in options where you know in equity derivatives options are ruling the roost right and commodities also given the CTT that is applicable on future with options. We think market is going to develop more towards options and we are becoming 70% of that market, options on goods and so there are things we are doing. There are things which are helping us due to our technological superiority that hopefully will bring the new investors, new traders, old investors and everyone else. On quarter-on-quarter also if you see, our equities market volume growth on a higher sort of volumes is now 8% plus while as earlier immediate previous quarter, it was close to 5% and so that is where basically. You can see there is a movement how fast, how far all those things still remain matter of conjecture and only time will tell, but our work will continue.

Pratik Kothari

Thank you so much sir, and all the best for future.

Moderator

Thank you. The next question is from the line of Pritesh Chedda from Lucky Investments. Please go ahead.

Pritesh Chedda

Two questions, one we had taken the transaction charge increase on the BSE stock exchange, so when was it taken and how much of it has flowed in Quarter-1 or how much is likely to flow in incremental quarters?

Ashishkumar Chauhan

Transaction charges were as I said in my speech, it was in March 1, 2021, and it was around 10% increase, so that is what you can count on if the volumes remain the same.

Pritesh Chedda

But when I look at the QOQ revenue, it is the same, so it seems that 10% transaction charges not flow through the revenue or I am interpreting it differently?

Ashishkumar Chauhan

I think you are interpreting differently because there is a clear increase in revenue due to the transaction charges on equities.

Pritesh Chedda

So on a QOQ basis considering that the BSE volumes were largely flat, which of the piece of our business as the overall revenue has come down to offset that 9%-10% increase in the transaction charge?

Nayan Mehta

No, I will tell you it is like this that our we had increased the charges from March 1st and so obviously we had one month increase already factored in the previous quarter and in the current quarter, there has been type of more activity in the mid-cap side of the market which has resulted in if you have gone through our presentation you will find that our exclusive income has grown up significantly in the current quarter and that is the one of the big reasons where while the broader market was more of same as compared to previous quarter, we got much higher revenue in the current quarter, we got higher revenue from the exclusive segment where we did not increase any charges.

Ashishkumar Chauhan

Our revenue from operations has gone up from Rs. 103 crores to Rs. 156.95 crores, so in a way it is almost.

Pritesh Chedda

Sir, I am analyzing QOQ?

Nayan Mehta

If you do QOQ also our equity income in previous quarter was Rs. 36 crores which has become Rs. 47 crores.

Pritesh Chedda

So then there has to be some other income which has to come down for the revenue to be flat QOQ?

Ashishkumar Chauhan

But 36 to 47 cannot be considered flat.

Nayan Mehta

What you are seeing is total, so if you see total transaction charges you are seeing...

Pritesh Chedda

I will again reiterate my question, if you see your total revenue, revenue from operations is Rs. 157 crores versus Rs. 152, so there is a 3% increase but the transaction charge is about 10% increase, so there has to be some portion of the business where there is either some softness or there is some other interpretation is what I wanted?

Nayan Mehta

I got your point, there is a decrease in the revenue from listing and book building services as compared to previous quarter. In the previous quarter, our services to corporate was Rs. 66 crores, it has become Rs. 58.5 crores, so that is what explains what you are seeing the flattish in our revenue from operations. The securities side, on the trading side, it increased from Rs. 71 crores to Rs. 84 crores.

Ashishkumar Chauhan

Listing has two accepts to it, one is what I call the renewal revenue which is basically the annual listing fees which is the large portion and then there is an additional portion of the IPOs and bond distribution and all for software related stuff and buybacks and all, so that is where there is a volatility usually.

Pritesh Chedda

My second question is on the BSE MF platform where we are doing about 10 crore quarterly revenue, is it operationally profitable or at what scale should it be a substantial operating profit generator?

Ashishkumar Chauhan

It is operating profit.

Pritesh Chedda

Can you quantify how much operationally profitable it is?

Nayan Mehta

If you take a round up basis type our profit before tax would be around 35%, so on this business. It can vary from time to time depending on the number of transactions, but they are generally increasing, so obviously we have got good margins there.

Pritesh Chedda

It is 35% on the revenue of the BSE MF platform?

Nayan Mehta

Yes.

Pritesh Chedda

Sir, just a associated question, what would be your market share then in the total transactions of MF, so online, offline, whatever modes, you have given a market share on the inflow side, but on the total transaction side?

Ashishkumar Chauhan

We are not aware of the total number of transactions but we are doing around 1.3 crore transactions a month. If you know the rest of the industry put together then you will be able to figure out what is happening and we are growing at 90% year-on-year and so you can see till now that does not mean we may grow at that level for next 100 years, but broadly you can see where I am going.

Moderator

Thank you. The next question is from the line of Anuj Kumar from B&K Securities. Please go ahead.

Anuj Kumar

Good Evening Sir, congratulations on an excellent set of numbers and very happy to see the oldest exchange performing in a good manner, my question is on the transaction charges on StAR Mutual Fund, if you could tell me what is the current blended realization Sir?

Nayan Mehta

The blended realization currently is around ₹ 3.4 per transaction.

Anuj Kumar

So has it fallen from the last quarter if I am not wrong it was 3.6?

Nayan Mehta

Yes by a few BPS it has fallen because the number of transactions have increased drastically and what happens is that when as the transaction number increased obviously because of the cost structure and revenue structure.

Ashishkumar Chauhan

As people go into higher slab we charge lower per transaction.

Anuj Kumar

Next question is on the value unlocking; do you see this as next CDSL on seeing extraordinary potential?

Ashishkumar Chauhan

It is a good question, when CDSL was with BSE nobody saw it as a potential, so that is true people go in search of monopolies and monopolies for 10 years can give you bad results compared to not so monopoly and this you can see even in this quarter, one of our peer for 10 years in the monopoly but always gives lower profit than us and still they have

asked double-triple our value, so that is one which is basically when people search for monopoly, this is what happens.

Anuj Kumar

Sir, where are we heading towards the currency derivative, it looks like we are loosing market share in the last two years from 45 odd percent in FY '19 to 25%, it is a down due to the third party trading software operability issue alone or is there anything because the competitor volume has started gaining compared to us, so where are we heading in currency derivative segment?

Sameer Patil

Basically, we have seen a decline in the trend since the COVID started and what happened is majority of our participants are the nationalized banks who participate on a majorly basis on our exchange and due to this COVID situation there was a restriction for them, some had to work from home, some were not there in the office. There was major trading disabilities for those banks and that is the reason we saw some slump in the volume but nevertheless we are on track now and we look forward for their increased participation.

Anuj Kumar

Sir, in one of your earlier con calls, you made a statement like if equity derivative comes then equity cash market segment will automatically improves. With the growth in equity derivative in the last quarter or probably in the last nine months, has it been able to translate it to the cash market segment?

Ashishkumar Chauhan

I would say it's still early days.

Anuj Kumar

So where do we head Sir maybe any growth number which you can give for the year?

Ashishkumar Chauhan

Basically, we hope that at some stage this will be a kind of a virtual cycle between the two.

Moderator

Thank you. The next question is from the line of Pawan Nahar, individual investor. Please go ahead.

Pawan Nahar

Thank you, Sir just wanted to ask you after interoperability, is best execution is something that you see will be implemented by most brokers?

Ashishkumar Chauhan

Actually, interoperability was announced three years back and it was a hope and belief that everyone had implemented. Only on February 24, 2021, when one of the exchange closed down, people realized that it was a fake belief, actually interoperability was there only on paper not really implemented at various levels and so that is where basically BSE also came to know and issued a circular saying you need to implement and so on and so forth and that is where now slowly the movement has started because people had not bothered to make the software, implement them, and so on and so forth, so slowly the movement has started.

Pawan Nahar

My question is interoperability the way I understand it right best execution, best execution the way I am looking at it is just a button which just gets me the best volume price combination from either exchange by placing only one button?

Ashishkumar Chauhan

Interoperability is different from best execution, but what you are saying is correct, both are different but it is doable. You can do in best execution without interoperability and you can do interoperability without best execution and till now both were not there, now both will be there.

Pawan Nahar

What is the update on implementation of best execution, for example, Zerodha which is the biggest broker has not done it yet?

Ashishkumar Chauhan

I would not comment on a particular broker, but I think broadly most brokers are trying to implement it as of now.

Pawan Nahar

On the last call or a call before that you mentioned one broker which has done it which was BNP or Geojit, I do not remember, but how many brokers have done it and what is the like I am sure you would like to push for it and what is preventing it from happening?

Ashishkumar Chauhan

I have not mentioned in this part, but I had I think put it on some twitter or something few months back when one broker had shown it on, I have got some video capture of that and so it is basically telling other brokers that you can also do it, somebody has done it and so on and so forth, somewhere down the line what stop people is because it was not compulsory and life goes on, there everyone has to have many, many other priorities, so this had to become a priority after the February 24 whatever happened.

Pawan Nahar

I am not looking at interoperability that is separate thing, I am only looking at best execution and is it like compulsory SEBI mandate that it has to be done, if yes any or why it is not happening?

Ashishkumar Chauhan

Interestingly SEBI mandate is there from the day SEBI was actually given the power from 1994, there are many regulations in India which are not implemented, they are there on paper right, so this was one of that and now it is getting implemented.

Pawan Nahar

Sorry Sir I am harping on this, but again like you have been very vocal about interoperability right, would you be as vocal about best execution because to my understanding it is very good for the investor who is buying or selling?

Ashishkumar Chauhan

We are hugely vocal, you may not have heard our noise sometimes people heard selectively, but we are hugely vocal and we have also issued a circular to common members who do not implement best price execution will also get penalized.

Moderator

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

Amit Chandra

Thanks for the opportunity, my first question is on the equity derivative market share, so we have seen the earlier success where we have scaled the market share to around 6% to 7%, but if I see the market share has been constant over the last three quarters and it is hovering in the range of 6% to 7%, so what are we doing there to increase it further like if you can elaborate in terms of any new products on the pipeline or any new offerings that we have there, so that we can scale that up? Second question is on the Inx, so on the Inx we have seen that exchange doing really well, so any view when we will start charging on Inx because earlier we had set a benchmark that if we do like one lakh trades per day then maybe we can start thinking of charging, but now we are here like above that in terms of the number of trades that we are doing on Inx everyday, so any color on that will be helpful Sir?

Ashishkumar Chauhan

Yes Inx there is no currently any visibility because the competition also does not charge there and so we can't charge there yet, but let us see how far we go. Bond listings and all we have started charging, you know that, we have 100% market share close to \$ 50 million of bonds have been listed now and there is a potential of even now listing stocks and other things after deposits start there, so it is going to be interesting play there. In terms of the local domestic market in BSE alone, we will continue to push for new products, current products with better technology, better service, and hopefully, we will be able to get market share which is better like what we are getting in commodities currently. Commodities options on goods has actually helped us establish that business and we recently started the SUFI steel billet contracts and so you see some innovations are already happening. We have demand from few other associations to start. Today also I think turmeric announcement was made, so you will see some interesting actions on some of this. At the same time, any instrument that is allowed in India has to go through the same process of consultative and other things and all. Of course new interesting thing like T+1 is coming, so whatever is allowed we will be pretty much the thought leaders and implementation leaders going forward. At the same time, volumes are in hands of many factors and so we keep our fingers crossed.

Amit Chandra

Sir, on the pricing aspects similarly on the commodity part as you mentioned, so the competition has also announced that they are going to start charging for the options like commodity options there, so are we also planning on similar lines or we are still going to offer it for free?

Ashishkumar Chauhan

Currently we do not plan to charge, we want to basically figure out in many more products because the competition which you mentioned is focused only on two commodities. We are focused on expanding the numbers and creating a real India based market and where the delivery happens, so it is a bit of a different philosophy with different strategy, but currently we do not have the plans to start charging in options market for goods.

Amit Chandra

Because the exchange charges anyways is not a very significant part of the total trading cost right, so why we are planning to because not charging for the transaction does not help us to boost our volumes significantly, so why we are sacrificing on that if you can get that?

Ashishkumar Chauhan

You yourself contradicting yourself, you are saying that it is so insignificant it does not matter, so why bother.

Amit Chandra

No Sir anyways we are loosing on revenues, so we can get the revenue?

Ashishkumar Chauhan

If they were having that revenue why is that the revenue is probably 50%-60% lower than our on total right, so if it is insignificant what it is less than that for us right and if that attracts more people to come on us why not.

Amit Chandra

Sir on the stake sale that was part of regulatory exercise wherein we had to bring our stake down to 15%, so is there any timeline to that or we still have?

Ashishkumar Chauhan

October 23 is the last day.

Amit Chandra

By October 23, we have to bring it down to 15%?

Ashishkumar Chauhan

As of now that is the regulation, of course you have seen also as much newspaper as I have seen about some change in thinking process and all, so let us see.

Moderator

Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Yogesh Joshi for closing comments.

Yogesh Joshi

Thank you all for attending BSE's investor call. Take care.

Moderator

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