

BSE - PUBLIC

August 10, 2022

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 3, 2022

Dear Madam/Sir,

With reference to our letter dated July 29, 2022, intimating you about the conference call with Analysts/Investors held on August 3, 2022, 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

Q1 FY 22-23 Earnings Conference Call



August 3, 2022

BSE LIMITED

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

Moderator:

Ladies and gentlemen, good day and welcome to the BSE Limited Q1 FY 2023 Earnings Conference Call. 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 '*' 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 of Investor Relations, BSE. Thank you and over to you sir.

Anand Sethuraman

Thank you. Good evening, everyone, this is Anand from BSE Investor Relations. Welcome to our Earnings Call to discuss Q1 FY 2023 results. Joining us today on this Earnings Call is 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 Trading Operations and Listing Sales and Mr. Kersi Tavadia – Chief Information Officer. Do note that this conference is being recorded and a transcript of this call will be made available in the BSE 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 that we make today on this call are based on assumptions as of today and BSE assumes no obligation to update the statement as a result of new information of future results.

I now request, Mr. Nayan Mehta, the Chief Financial Officer of BSE to give a brief overview of the Companies Financial and Business performance. Do note that the session will conclude with a Q&A session. Thank you.

Nayan Mehta

Thank you, Anand. Good evening, everyone, and thanks for joining the call today. I hope all of you and your loved ones are safe and keeping well. Before I start with the update, I am glad to say that BSE continued to function normally without any interruptions or glitches and has been able to improve its financial performance.

I am happy to inform you, that despite the down trending market BSE Group delivered a stable financial performance with total revenue of Rs. 198 crores for Q1 FY 2023, a growth of 6.4% as compared to corresponding quarter last year. I will start with the gross financial results for the

quarter ended June 30, 2022. BSE's operational revenues have grown by 19% to Rs. 187 crores from Rs. 157 crores in the corresponding quarter previous year. BSE net profit attributable to shareholders of the company stands at Rs. 44 crores as compared to Rs. 53.4 crores in the corresponding quarter previous year. The decline is as a result of fall in investment income and slowdown in transaction-based income.

I would now share some of key financial number on the consolidated basis for the quarter ended June 30, 2022, as compared to corresponding previous year. The clearance and settlement operational revenues increased by 98% to Rs. 17.1 crores from Rs. 8.63 crores. The treasury income from Clearing and Settlement Funds have increased by 85% to Rs. 18.7 crores from Rs. 10.2 crores. The listing rated income increased by 15% to Rs. 57.7 crores from Rs. 50.1 crores. Book Building Fees increased by 62% to Rs. 13.7 crores from Rs. 8.5 crores. The operating EBITDA has increased to Rs. 49.8 crores from Rs. 41.3 crores with operating EBITDA margin increasing to 27% from 26%. The net profit margin stands at 20% as against 28% earlier.

On the business side, let me start by covering our primary market segment. Funds raised by India Inc continues to be buoyant and BSE platform continue to remain the preferred choice by Indian companies to raise capital. The BSE Bond platform has enabled issuers to raise Rs. 3.1 lakh crores through issue of bonds, commercial papers, Municipal bonds, InVITs etc. You may note that BSE had raised its listing fee w.e.f. April 1st, 2022, which has resulted in slight uptake in the listing related income for the quarter. The total number of investors registered with BSE now stands at over 11 crores.

Let me now update you on BSE SME segment. I am happy to inform you that BSE has completed 10 years of operationalizing India's first SME exchange. BSE endeavours to support the SME and the startups in India and has seen its listing 10 companies on its SME platform during the quarter ending June 30th, 2022, taking the number of companies on SME platform to 377 and 14 odd startup platforms. This 377 SMEs have raised Rs. 4,011 crores and 14 startups raised Rs. 61 crores via BSE platform with a market value of Rs. 47,929 crores and Rs. 588 crores respectively as on June 30th, 2022. BSE market share in SME segment stands at 60%.

FY 2022 was the year in which capital market performed better than most other industries. It is in the context of such adjusted expectations that BSE's first quarter may have seen unspectacular and yet it provided business growth well above the long-term mean. Facing the challenges of the volatile market environment BSE's performance in trading segment were muted but mutual fund and insurance segment demonstrated strong growth.

For the quarter ended June 30, 2022, BSE's average daily turnover in equity segment stands at Rs. 4,057 crores. In the Equity Derivative segment, the average daily turnover stands at Rs. 1.2 lakh crores. In the Currency Derivative segment, the average daily turnover increased by 4% to Rs. 24,567 crores as compared to corresponding quarter last year.

For electronic gold receipts or EGR, BSE continues to engage with its Regulator - SEBI for the final Regulatory Approval as a new segment which enable the trading of spot gold in India. We are confident that we will be able to launch it in this financial year subject to requisite approval. Our business team are reaching out to market participants including banks, vaults, wholesalers, retailers, importers, exporters etc. who would participate in the ecosystem.

I shall now discuss our Mutual Fund Distribution platform. BSE StAR MF India's largest mutual fund distribution platform continues to grow at remarkable pace with the total number transactions growing by 68% to reach 5.9 crore transactions during the quarter from 3.5 crore transactions in the same period last year. BSE StAR MF platform continues to scale new peaks in terms of single day transaction with the platform processing a high of 30.46 lakh transactions on July 11, 2022, outdoing its previous best single day record of 30.11 lakhs transactions.

I shall cover developments at our subsidiary company now. BSE promoted International Exchange at Gift City, Gandhinagar. India INX has been growing exponentially ever since it commenced trading activities on January 16, 2017, with average daily turnover of USD 9.9 billion and a market share of 92.2% for the quarter ended June 30, 2022. India INX has about USD 70 billion medium term note established and about 50 billion of bond listing till date. Owing to investment by certain strategic and financial investors BSE stakes in India INX stands at 61.93% and 59.2% in India International Clearing Corporation as on June 30, 2022.

As mentioned in our previous earnings update India INX and India ICC hold 10% each in India International Bullion Holding IFSCA Limited for setting up and operationalizing the International Bullion Exchange. As you may be aware, the India International Bullion Exchange was launched by Hon'ble Prime Minister Shri Narendra Modi on July 29, 2022. BSE's fully owned subsidiary BSE technology is the technology solution provider for the International Bullion Exchange at Gift City. The same technology shall be used for BSE's Electronic Gold Receipt Trading Segment.

On the Insurance distribution front BSE Ebix Insurance Broking where BSE holds the 40% stake through its subsidiary BSE Investments Limited it has now integrated with 23 insurance companies. The total premium collected is Rs. 8.1 crore for the quarter ended June 2022, a growth 188% from the same period last year.

BSE E-Agricultural Market Limited, a transparent commodity spot trading platform to facilitate spot commodities trading across value chain has enrolled 926 members and executed trades worth Rs. 17 crores in agri and steel segment on the platform during the quarter ended June 30, 2022. The company is working closely with government and government enterprises to announce the efficiency of procurement and sale of commodities.

I am also happy to inform you that Hindustan Power Exchange where BSE has a stake of 22.61%, through its fully owned subsidiary BSE Investments, has commenced operation with contingency market segments Intra-day and Day-ahead Contingency on July 6, 2022. Subsequently, three new segments, Day -Ahead market, Real-Time Market and Green-Day-Ahead Market have been launched. As on August 1, the cumulative trading volume at the exchange stands at about 235 million units since commencement achieving an average market share of over 20% in the contingency market.

As updated in our earlier call SEBI has recorded its in-principle approval to BSE Technology, a fully owned subsidiary of BSE for setting up Know Your Client Registration Agency KYC KRA and Trade Receivable Discounting System, TReDS platform. The final approval is awaited. There is no additional capital infusion required from BSE for these businesses.

With these updates, I now handover the call to Anand.

Anand Sethuraman

With this overview, let me now once again welcome you all invite you all to participate in the Q&A session. Thank you so much. Over to you Aman.

Moderator

Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Santosh Kumar Keshri from Keshri Wealth. Please go ahead, sir.

Santosh Keshri

I have two questions; one is about the increasing other expenses that we have seen from Rs. 40 crores of First quarter 2021-2022 to Rs. 50 crores now and it is a decrease from quarter four of 2022, but year-on-year its increase of almost 25%. So that is my first question, what could be the reason behind it, are you investing in technology and that has been installed or there is something more here.

Nayan Mehta

Yes, the increase which you see in our results that is increased from 40 crores to 50 crores from June 21 quarter to June 22 quarter, one of the main reasons for the increase is, the clearing of expenses, which BSE have to pay to NSE clearing. After interoperability, this clearing house expenses have been applicable to both the exchanges depending on the transactions which are settled at other the Clearing Corporation. So, BSE's Clearing House expenses, beg your pardon, more or less they are same.

Basically, the expenses is contribution to Core SGF, last quarter in June 2021, the contribution to Core SGF was nil and against that we have got 2.26 crores contribution in the current quarter. Last year, because of COVID, we had provided lot of receivables and based on the recovery, we had to reverse those receivables. So, in June 2021 quarter, there was a reversal of the provisions made to the extent of Rs. 4.65 crores and that has got significantly offset in the current quarter. The current quarter our provision is just negative Rs. 1.38 crores because of the reversal of the excess provisions put in early quarter. So, what happens is that our provisions are required to be made on expected credit loss basis which is a standard process based on the number of days delay in receiving our dues and because of COVID in the last two years there was some delay in receiving our dues, but we got back the dues and that is why the provisions which we had made earlier had to be reversed. These are the main two reasons due which our increase has been noticed.

Santosh Keshri

So just one thing here, so the reversal of expenses in quarter one of 2022 should be leading to reduction of the expense rather than increase there, right? Because as you are saying there was a provision made earlier, now that provision is getting reversed.

Nayan Mehta

Yes.

Santosh Keshri

Should not that be a reason for decrease in expense rather than increase.

Nayan Mehta

No, it is like this, last time our reversal was much higher, it was Rs. 4.6 crores, right? So that is why our total expenses were lower to that extent and this time the reversal is lower by 3 crores. So that is the reason this 3 crores increase is coming on account of the provisional factor.

Santosh Keshri

Second question is, regarding the investment income which is now is 6 crores one-and-half compared to June 2022 quarter. So does it mean that there is an MTM. So, if that is so then what is amount of MTM that is recorded in this quarter?

Nayan Mehta

This is obviously MTM and what has happened is that in the earlier year when the yields were actually stagnant and going down and at time obviously because we had got the MTM benefits in our favour and in this current quarter. There was certain two policy announcement followed by another monetary policy. Because of this the entire market was taken by surprise and you would notice that most of the companies who have got big treasuries, have got hurt with this process. So that is why our overall mark to market difference was Rs.17 crores on quarter-on-quarter basis and also on a year-on-year basis and further actual MTM for the quarter was about Rs.8 crores.

Moderator

Thank you. We have the next question from the line Pranav Thakkar as an individual investor. Please go ahead.

Pranav Takkar:

My question is related to StAR MF. The presentation which we have seen in previous financial results. So, request that you try to make it little bit more explanatory in terms where exactly its going and with reference to previous discussions that management is actively looking divestment of some of the stake in StAR MF and also the divestment with reference to the recent news where LIC has shown interest to buy some stake in ICC and also INX. So, if you can share views and what are updates there?

Nayan Mehta

As far as your mutual fund thing goes our presentation is old as the same which we have been giving all throughout. We will have to, just let us know what your expectation is, which is different from what we have been providing till date. As far as the LIC investment in India ICC, INX goes, so obviously that is subject to approval from Regulatory Authority and once that approval comes through obviously appropriate action will be taken. The other question was regarding Strategic Investors for StAR MF. This obviously, if there is any strategic interest which is conveyed to us obviously, we are open to examining various options and possibilities but obviously that will depend on various factors. So let see when it comes, we will see.

Pranav Takkar

The follow up on this INX is that recently there was some announcement or a news that there could be one exchange at IFSC and there cannot be two exchanges so that it helps India to compete it with foreign exchanges in a better way. So, in that case also this LIC process will go on or it will be put on hold or how exactly it works because I think both of the things might be on the table right now.

Nayan Mehta

As of now, we are also aware of that news item but as far as we concerned it is total speculative as on date and we are not aware of any formal proposal or any proposal anywhere.

Pranav Takkar

Because in that case if that happens there could be all to together a different holding. So, I was just wondering how it works in favour of BSE.

Nayan Mehta

It is anybody's guess we cannot comment on that.

Moderator

Thank you. We have the next question from Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain

Yes, sorry I joined in a bit late but if you comment on you have launched electricity at the Power Exchange. So how do you see the things ramping up there. That would be my first question and secondly on the Gold EGR on the status when do you see the launch of that product happening.

Nayan Mehta

In my speech, I had already informed that the power exchange has been launched on July 6th 2022 and we have started with the contingency market segments HRD contingency and obviously we have been very happy with how we have been able to get the market share. We have got about 20% market share in that contingency market with a total trading of about 235 million units in the last one month. So now even in the last week of July, we also launched, Day-Ahead Market segment, Real-Time-Market segment and Green-Day-Ahead Market. So that is also launched. So now we are in good step there and we will wait and see how this business unfolds for us. And I will request Mr. Sameer Patil to comment on the EGR point when they will be launched and about it.

Sameer Patil

Hello this is Sameer Patil here. We had applied to SEBI, we got the in-principle approvals. We have already got a technology up and running for it and we await final approval from SEBI to launch the EGR at the segment.

Prayesh Jain

Just on the electricity futures question again, when we did some 400 million plus units last month what was the revenue you would have earned?

Nayan Mehta: Obviously, it is too early. Right now, whatever is being charged is being given as discount currently as a promotional discount. So, we will see what business we can start and when they can start charging.

Prayesh Jain

And actually, I think you have addressed in the opening remarks but what is the timeline for the new CEO?

Neeraj Kulshrestha

I am the Regulatory Officer; we cannot really comment on that. This is essentially these decisions are, there is a process which goes on as far as all this is concerned. So as when the announcement is there, I am sure it will be very widely reported.

Moderator

Thank you. Our next question is from the line of Devesh Agarwal from IIFL Securities. Please go ahead.

Devesh Agarwal

Good everyone and thank you for the opportunity. So, continuing with what Prayesh was asking where exactly are we in the process of appointing the new CEO and MD?

Nayan Mehta

Devesh, that is what our CRO just informed that it is in the process and obviously we would not be aware.

Neeraj Kulshrestha

And in this process as you must be already aware there is detail media announcement etc. which are done. So, everything as per requirements of SEBI will take place, and as when it is announced

it will be very widely reported. You must also understand that as in exchange, we function very stably, and which is what will be reflected in general. So, these things will happen and let us not be worried about this.

Devesh Agarwal

Sir talking about the realizations, I see that in the non-exclusive equity segment there has been some decline in the realization, why is that so?

Nayan Mehta

You are talking about equity segment, Devesh?

Devesh Agarwal

Equity non-exclusive.

Nayan Mehta

That is one more thing we are calculating this. We are calculating the direct charges based on the non-exclusive segment. But in the last quarter, there was some money which had come to us under the trading income towards offer to buy. That was more Rs.1 crores which is not required in the current quarter.

Devesh Agarwal

Sorry sir what was this Rs.1crore?

Nayan Mehta

There is an offer to buy segment which we have, offer to buy, and in this offer to buy segment what happens is that we do get transaction charges for the amount transactions which are happening. So, that has got decreased in the current quarter and it generally erratic. It is not regular.

Devesh Agarwal

Okay, so this Rs.1 crore we had received in Q4 FY 2022.

Nayan Mehta

Yes.

Devesh Agarwal

Even on the mutual fund side if you see despite having higher volumes our revenues are flat on quarter-on-quarter basis again implying that there is decline in realization. Is there any change in the agreements with AMCs?

Nayan Mehta

No there is no change in agreements with AMCs. There has been a decline in realization because as we are aware, we have spoken in earlier discussions also that we have a credit structure. As we had been speaking in earlier calls also, that as our volumes increase the realization would marginally go down and that is what has happened in the current quarter also. So that is the part of the process. So, I admit that is something which has happened in this quarter also.

Devesh Agarwal

Okay realizations are expected to further decline with the increase in the volumes.

Nayan Mehta

They will go up to a particular, they will tend to go a particular level when we achieve a baseline type of final effect. We would probably tend towards Rs. 3. Right now, we are at 3.05 for this quarter.

Devesh Agarwal

Okay, any numbers that you can share on the, what could be the floor?

Nayan Mehta

As I told you, that our revenues derivation is Rs. 3.05 paisa for this quarter.

Devesh Mehta

And sir on the cost again we see there is a sharp increase on the computer technology cost. So is there any one-offs or this would be the new run rate that we should assume.

Nayan Mehta

In technology costs, what you have seen has increased would more or less be the same. If our CIO is there, would you like to comment on this? Okay anyway. So, it is like this that the cost is expected to the same because the AMC cost have increased, we have set up a new lease lines for the members. So, obviously some capital expenditure is also happening, which is resulting in corresponding operational expenses.

Devesh Mehta

Sir, if you see the minority shareholders' interest, we see that the losses have been kind of continuously increasing from Rs. 1.5 crores to Rs. 4 crores. So are this pertaining to Gift City operations, or these are something else.

Nayan Mehta

This is do with other beneficial market, then BASL, BSE Administration, then BSE Ebix all these spaces, we are actually now increasing our operations across board in all these companies. So, we have recruited a CEO in BSE Ebix also. In BSE agriculture markets also, the operations are being totally now moving at a fast pace. So that is the reason why seeing this type of incremental minority in expenses increased.

Devesh Mehta

Okay, so last one in security services, we see these other securities revenues have increases by almost 60% to Rs. 25 crores. Again it is a very strong growth that we are seeing, so what has been driving this and is it sustainable.

Nayan Mehta

Just come again Devesh, where are we in this one?

Devesh Mehta

Within security services, you have a break-up where you give revenues for other securities revenue that has gone up by 60% to Rs. 25 crores.

Nayan Mehta

Yes, here what happens is a part of the technical costs, our technology cost, is towards the infrastructure which we provide toward to our trading members, leased line and all those things, as well as certain equipment sometimes. This cost are recovered as Other Operational Recovery and they are accounted in the Other Security Services because they are a part of our core business income. So that is one of the main reasons why our income has actually increased. So, there will be corresponding increase in our technology cost also.

Devesh Mehta

Okay and these are sir, one time or this will be?

Nayan Mehta

So, both will continue parallelly. The technology cost also will stay at little elevated level and the security service income will also remain at an elevated level.

Moderator

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

Amit Chandra

My simple question is that now we have a lot of initiatives which are at initial phase and in terms of the expenses that will incur at combo level which is around Rs. 137 crores. If you can provide some sense out of that how much would be pertaining to newer initiatives versus the old traditional business, that is one and also in terms of our newer initiatives which once now you see to generate like revenue in the next one year?

Nayan Mehta

As far as, the way we work is mostly that unless we have got some new companies which are separately setting up their balance sheets and P&L. All other initiatives which BSE works on that gets absorbed in the normal costs. So generally, what happens is that whenever we are doing newer initiatives, our existing team only is simply working on those new projects. As such we do not have any break-up of those type of costs. So, they generally get absorbed in our total costing and rest all is reflected in the minority interest. So that gives a pretty good idea on the position of losses which we are incurring.

Amit Chandra

Ok I was referring to more towards the initiatives which are now like 2-3 years old specially on the commodity side. So, we have started but are not able to gain any significant share especially now the share has declined to a very small number and also in terms of the market share in derivatives, initially we gained some traction there but again despite spending on LES and other initiatives. Now that the market share has again come down. So, in terms of the accountability of those spends whether they are generating revenue or not how you are judging internally to initiate spends on these new arrivals. So, what is the interim mechanism for this, I wanted to understand that.

Sameer Patil

So as far as the spend is concern, they are not significant spends and looking at two segments, the equity derivatives, and the commodities. Commodities just launched three years back and see the idea is to keep on launching new products as you never know what could be successful and what would be the flagship contract for the exchange but newer initiatives in your contract and the idea is to get the right kind of market participants, stakeholders to come on the exchange platform and to create some serious amount of liquidity. Eventually revenues will be charged as when

there will be serious amount of liquidity, but just to remind you, we started three years and 2.5 years was during the COVID period. There was restricted movement of not only the team but also the participants across the nation. So that also has to be counted. Second as far as derivatives are concerned, yes, we had some market share but as you know this is also catch-up game, the market also has to support a bit. We have seen the last quarter how the market can perform. So, but nevertheless this quarter onwards we see some growth there as well.

Amit Chandra

And also, the transaction charges last year it was mostly supported by the special rate and there was huge growth in that which is now like coming on so how do we see that, and I know that is not in your control but that is a significant risk to the transaction charges because in a market which is not doing well there is risk of this going off. So how do you account for that and also in terms of the BSE StAR MF as you said the realization will actually fall off now that they increase in volumes. So, what kind of arrangement we have with the mutual funds. And in terms of the slabs, if you could give some more colour on how the slabs function?

Nayan Mehta

So, your first question on revenue getting affected by decrease in turnover in the exclusive segment. Yes, it is a fact this is our business. So, in this business the characteristic of this business is that because we charge significantly higher transaction charges in the exclusive segment. So, if there is a decrease in turnover in that segment and which has decreased because when the markets are doing good the volume increases in this segment more than proportionately and when the markets are not doing so good. They also tend to decrease, this is a volatile segment for us and to that extent, we are susceptible to volatility in our transaction charges income. The second point which you were saying, see as we increase our total transaction charges what happens is that that the total amount which we recover from the AMC they are subject to reduction on a graded basis. So that is why as our transactions go up the average realization tend to fall. So last quarter it was 3.17 and this time it was 3.05. The thing is that it cannot go on for ever at some point in time it will tend to plateau down and that would probably be somewhere less than 3 definitely but it will not go down like this for ever. The way we see it is like this that we have to continue to grow the transaction in mutual fund segment and that is what is going to deliver the expectations of our stakeholders.

Amit Chandra

So, what I was referring to is that StAR MF we started with Rs. 7 realization and when down to Rs. 3 and every time there is an increase in volume, we see a drop in realization. So, what I mean

is that whether the contract with the mutual funds is on a yearly basis or every quarter, like you sit and negotiate on the rates.

Nayan Mehta

No there is no negotiation on rate. The rates have not changed after negotiation with them and comparing the current rates with Rs.7 is not actually correct because the rates which were set earlier were prior to negotiation and those were the basis for which the negotiation started. So, when we sit on negotiation table, we cannot start with a low figure. So had to start charging them something which is beyond what they are willing to pay and then only we arrive at a figure which the other party is willing to pay and which we are willing to accept. So, I think it is unfair to compare Rs. 7 what is better rate is around Rs. 3.25 and which has been consistent, since the negotiation ended two years back, we have been having it as the same rate.

Moderator

Thank you. Our next question is from the line of Soham Jhaveri as an individual investor. Please go ahead.

Soham Jhaveri

I had a couple of questions. The first one is that over the past couple of years, we noticed the decline in the market share and the currency derivative segment and before interoperability got implemented, BSE had a significant market share of almost 40%-50%. So, we ideally thought that the market would have actually gone up post the implementation, but we have actually seen a decline ever since it has been implemented. So, what could be the reason for this.

Sameer Patil

So, whenever there is new addition or deletion of regulations in the system, you see the effect on the system. But if you look at the actual numbers, our average daily turnover has increased on the currency derivatives. We have seen, as far as interoperability is concerned, you are right that it would have helped, but nevertheless the system, the third-party vendors take some time to adjust and go live. So, there was some issues initially, and over a period of time it has been resolved and we now hope for the best.

Soham Jhaveri

And my second question is it is actually regarding the CEO and MD, that is there some sort of non-compete or a cool off period in the agreement in the employment agreement between the Exchange and the new CEO, there is no such thing in the agreement?

Nayan Mehta

Your question is not relevant now.

Neeraj Kulshrestha

The fact is that we follow Securities Contracts regulations to the tee, and this is everything what has happen is that which has happened in accordance with those regulations.

Moderator

Thank you. We just have one question that has come up it is from the line of Pankaj Rawal from Ace Lansdowne Investments. Please go ahead.

Pankaj Rawal

Sir my question is what will be EBITDA or PAT margin you must be making of StAR MF strategy?

Nayan Mehta

See StAR MF, we have told in earlier occasion also that in the StAR MF about one-third of the total revenue is the net profit at our end. And that is only an estimate because the operations are very intermingled, and we do not have separate balance sheet for the same.

Moderator

Thank you. Ladies and gentlemen that would be our last question for today. I now hand the conference over to Mr. Anand Sethuraman for closing comments. Thank you and over to you.

Anand Sethuraman

Thank you, Aman. Thank you so much everyone for joining us. If you have any further questions, you can please email us, and then we will be happy to engage with you. Thank you so much.

Moderator

Thank you. Ladies and gentlemen on behalf of BSE Limited. That concludes this conference. Thank you all for joining us and you may now disconnect your lines.