

Date: November 18, 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 November 12, 2021

Dear Sir/ Madam,

With reference to our letter dated November 6, 2021 intimating you about the conference call with Analysts/Investors held on November 12, 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

Q2 FY 21-22 Earnings Conference Call



November 12, 2021

BSE LIMITED

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

Moderator

Ladies and Gentlemen, Good Day and Welcome to BSE's Q2FY2022 Earnings Conference Call. My name is Rituja 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 Q2FY22 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.

Please 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 statements, actual results may differ materially from those contemplated by these forward-looking statements. Any forward-looking statements that we make on this call are based on assumption as of today and BSE assumes no obligation to update these statement as a result of new information or future events.

I would 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 meet today with cautious optimism that the coming days are going to see us resume our routine lives back again as COVID-19 threat recedes. I am glad to say that not only BSE has continued to function normally without any interruptions or glitches throughout the last 20 months of this pandemic, it has also been able to improve its performance, create value, and wealth for its stakeholders.

I will start with the broad financial results for the quarter ended September 30, 2021. BSE's operational revenues have grown by 51% over corresponding quarter in the previous year. Further BSE's net profit attributable to shareholders have grown by 39% to Rs. 65.14 crores for the quarter ended September 30, 2021, from Rs. 46.81 for the quarter ended September 30, 2020. The operational performance has continued to grow during September 2021 quarter across business segments resulting in higher operational revenues and profits.

Let me start by covering our primary market segment. Funds raising by India Inc. continues to be buoyant despite COVID-19 pandemic and BSE platforms have remained preferred choice by Indian companies to raise capital. For debt capital, BSE bond platform enabled issuers to raise Rs. 5,14,030 crores through issue of bonds, commercial papers, municipal bonds, InViTs etc., during September 2021 quarter. Further, equity issuance through public offerings, SME issuances, Start Ups, preferential issues, rights, QIP, etc. through BSE platforms was Rs. 60,988 crores during September 2021 quarter. The total number of investors registered with BSE have been consistently growing and currently stand at over 8.58 crores and continue to move up.

I shall update you on BSE's trading segments now.

BSE's average daily turnover in the equity segment increased by 53% to Rs. 5622 crores during September 2021 quarter from Rs. 3685 crores during September 2020 quarter. The same is also reflected in the company's strong operational performance in the current period. BSE's market share in the equity segment increased from 5.9% during the September 2020 quarter to 8% during September 2021 quarter.

BSE's average daily turnover in the equity derivatives segment increased by 227% to Rs. 2,56,214 crores during September 2021 quarter from Rs. 78,442 crores during September 2020 quarter. BSE's market share in the equity derivative segment increased from 3.8% during September 2020 quarter to 4.1% during September 2021 quarter.

BSE is India's second largest commodity derivative exchange and offers a wide gamut of products across agri and non-agri segments. The average daily turnover in our commodity derivatives segment for the quarter ended September 30, 2021, increased by 4.8% to Rs. 3222 crores from Rs. 3074 crores in the quarter ended September 30, 2020. BSE's market share in commodity derivative segment increased to 8.7% for the quarter ended September 30, 2021, from 7.1% for the quarter ended September 30, 2020. BSE is now the largest exchange in India to trade gold mini contracts and enjoys a market share of 77%. Amid the pandemic, BSE has launched many innovative contracts like SUFI steel, cotton J34 etc. BSE has witnessed successful deliveries in gold mini contracts since the period of pandemic including India Good Delivery. SUFI Steel contract has witnessed delivery of 180 metric tons where almonds witnessed a delivery of 228 metric tons.

BSE's average daily turnover in the currency derivatives segment increased by 22% to Rs. 24,378 crores during September 2021 quarter from Rs. 19,976 crores during September 2020 quarter.

BSE's steady resolve to support the SMEs and Startups in India has seen it listing 353 companies in its SME platform and 12 companies in Startup Platform till date. During the September 2021 quarter, BSE listed 8 companies on its SME platform and 1 company on its startup platform. As on September 30, 2021, 348 companies listed on BSE's SME platform have raised funds amounting to Rs. 3703 crores and 11 companies listed on BSE's Startup Platform have raised Rs. 39 crores. The market capitalization of companies listed on BSE's SME platform was Rs. 36,934 crores as on September 30, 2021. BSE's market share in listing of companies in SME segment stood strong at 61% as on September 30, 2021.

BSE StAR MF, India's largest mutual fund distribution platform continues to grow at a scorching pace. The total number of transactions on BSE StAR MF grew by 99% to 4.26 crore transaction during September 2021 quarter from 2.14 crore transactions during September 2020 quarter. BSE StAR MF platform is the platform of choice for investments in mutual funds by investors and mutual fund distributors. 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. 21,524 crores as compared to industry's net equity inflow of Rs. 39,928 crores during the September 2021 quarter. BSE StAR MF platform stands as a single largest mutual fund platform, which has been able to provide net positive equity inflow to the mutual funds even during times when the entire industry was facing net equity outflow. Even during the month of October 2021, Star MF platform outshone the industry net equity inflow by contributing Rs. 7914 crores as compared to industry's total net equity inflow of Rs. 5215 crores. In effect, the StAR MF platform contributed more than the entire industry's net equity inflow suggesting that other platforms and direct connect actually had a outflow.

BSE StAR MF platform continues to scale new peaks of transactions in a single day with ever increasing growth of orders on its platform. BSE StAR MF recorded 26.52 lakh transactions in a single day on November 8, 2021, surpassing the previous best record of 24.08 lakhs on September 13, 2021. The BSE StAR MF app, launched in May 2019 to help mutual fund distributors register clients on real time-basis and execute paperless transactions, has been well received by the investment community and has processed over 38 lakh transactions till date. BSE StAR MF plus a new framework launched for providing end-to-end software to mutual fund distributors is also receiving great response.

BSE promoted international exchange at GIFT City Gandhinagar, India INX has been growing exponentially ever since it commenced operations on January 16, 2017. Average daily trading turnover on India INX during the September 2021 increased by 278% to US \$ 11.67 billion as compared to US \$ 3.09 billion during September 2020 quarter. India INX continues to be the dominant IFSC exchange in GIFT City with its market share of 84% in derivatives trading and 92% in bond listing during the quarter ended September 30, 2021. Owing to investments by certain strategic and financial investors, BSE's stake in India INX has reduced to 77.55% and BSE's stake in India International Clearing Corporation has reduced to 69.28% as of September 30, 2021.

BSE Ebix Insurance Broking Private Limited, a joint venture of BSE and Ebix fincorp, is registered with Insurance Regulatory and Development Authority of India (IRDA) as Direct (Life and General) Insurance Broker. Currently, its electronic insurance broking platform is integrated with 7 General Insurance Companies, 5 Health Insurance Companies and 3 Life Insurance Companies. Further, pending integration, portal of insurance company is being used for certain insurance companies to facilitate intermediation of policies. BSE Ebix has over 4400 active certified points of sales as at September 2021. The gross premium collected during September 2021 quarter rose by 2.11 times to Rs. 5.22 crores as compared to Rs. 2.47 crores during September 2020 quarter. BSE Ebix has intermediated 1740 policies during the quarter ended September 30, 2021, and its operations are stabilizing now.

BSE E-Agricultural markets, a JV between BSE Investments and Frontier Agriculture Platforms Private Limited, operates a nationwide electronic, institutionalized, transparent commodity spot trading platform to facilitate spot agricultural commodities transactions across value chain consisting of producers, intermediaries, ancillaries business, and consumers. It has already enrolled 690 members including 442 farmers, 238 traders, and 10 FPO members. Trades worth Rs. 75.68 crores in 3 agricultural commodities were executed on the platform during the quarter ended September 30, 2021. The company is working closely with Government and Government enterprises to

enhance the efficiency of procurement and sales of the commodities. Considering the market and opportunities, this platform is expected to grow at a faster pace in time to come in both agricultural and non-agricultural segments. The company received regulatory approval for enabling spot trading of non-agriculture commodity as well.

As informed in our earlier call, the power markets regulator, CERC has granted registration on May 12, 2021, to Pranurja Solutions Ltd to establish and operate a power exchange. In order to brand itself as a power exchange, the company is in the process of changing its name to Hindustan Power Exchange Limited. The company proposes to commence live operations in the last quarter of financial year 2021-22. BSE has a stake of 22.61% in the proposed power exchange through its wholly owned subsidiary BSE Investment Limited as of date.

SEBI has granted recognition to BASL as a regulatory body for administration and supervision of investment advisors. BASL has commenced registration of investment advisors. Being allowed to act as a regulator to regulate conduct of a group of intermediaries in the financial market through a subsidiary is a strong reflection of BSE's capabilities and regulator's confidence in the governance at BSE.

Now on a consolidated basis, BSE's operational revenues have grown by 51% to Rs. 188.73 crores for the quarter ended September 30, 2021, from Rs. 125.38 crores. The transactions charges revenue has increased by 123% to Rs. 67.96 crores from Rs. 30.42 crores in the corresponding quarter of previous year. Listing related income increased by 20% to Rs. 56.84 crores from Rs. 47.24 crores in the corresponding quarter of previous year. Book building fees increased by 25% to Rs. 16.62 crores from Rs. 13.29 crores in the corresponding quarter of previous year. The clearing and settlement operational revenue increased by 93% to Rs. 10.15 crores from Rs. 5.26 crores in the corresponding quarter of previous year. Net profit attributable to shareholders of the company increased by 39% to Rs. 65.14 crores from Rs. 46.81 crores in the corresponding quarter of previous year. The operating EBITDA has increased by Rs. 40.01 crores to Rs. 53.16 crores for the quarter ended September 30, 2021, as against operating EBITDA of Rs. 13.15 crores, so it has moved from Rs. 13.15 crore to Rs. 53.16 crores. The operating EBITDA margins stands at 28% from 10% for the corresponding quarter of last year. The net profit margin remains constant at 29% for the quarter ended September 30th vis-à-vis the previous quarter in the previous year.

Before I conclude, I wish you a very Happy and Prosperous Year ahead, take care and stay safe. With these overview, let me Welcome all of you once again and invite you for question and answer session. Thank you.

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 a question. Ladies and Gentlemen we will wait for a moment while the question queue assembles.

The first question is from the line of Shalabh Agarwal from Snowball Capital. Please go ahead.

Shalabh Agarwal

Good Evening Sir, great set of numbers, many congratulations for that. The question is on INX, if we compare the numbers for competing exchange and what we are recording, it seems despite spending a similar amount of money on LES, we have been able to report more than 95% market share on the notional value of traded derivative, this is we are looking at the last year full year numbers, so the question is if we have more than 95% market share then what really is stopping us to start charging because the competing exchange has not been able to draw volumes despite spending similar amount on LES?

Ashishkumar Chauhan

It is a good question, basically this is a very time sensitive market and people compete on fourth decimal for getting value out of it and so any time if you are giving incentive and other party is not, the market actually transfer there. Although we may be able to more efficiently do it vis-à-vis our competition that does not mean that basically we start charging and those people continue to pay, the market will shift to them, that is for sure. Second thing is they already have a Singapore connect, which is also going to come and it remains to be seen how it happens and what happens and then probably after looking at it for the longest period, we will have to take a decision. Currently, you would not want to give up the markets where you have a largest share and sort of handover to somebody for smaller amounts.

Shalabh Agarwal

Related question to that would be, what advantage does INX have compared to a Singapore exchange where NIFTY trades are currently happening?

Ashishkumar Chauhan

Better technology, better services, lower cost or currently zero cost and a product called BSE 50, which is an index which is a pretty interesting index you might like to take a look at it, so there are many things which we are playing for and we hope that our products will continue to overcome all the other things that may be thrown at the members and the investors going forward. We also of course are trying to start a new framework for connecting to other markets through INX's subsidiary, so let us see how far that we go there also.

Shalabh Agarwal

Sir, quickly Singapore I think if I am not wrong, please correct me if I am wrong, they charge around 4 basis point per trade and I think one of your earlier calls you have alluded to around 2 basis points whenever you start charging, so is that a number that we are looking at whenever we start charging on INX, any thoughts on that?

Ashishkumar Chauhan

Basically, you see these are all discussions, when reality strikes whether it is 2 basis points or 0.2 or 0.002 or (-2) remains to be seen, so it would be, for me, very difficult to tell you so certainly about all these things.

Shalabh Agarwal

Sure sure. Thank you sir, I have few more question I'll get back to the queue.

Moderator

Thank you. The next question is from the line of Suraj Nawandhar from Sampada Investments. Please go ahead.

Suraj Nawandhar

Sir, Good Evening, and congratulations on a very good set of numbers, we had a very strong cash flow generation this time, so what is it regarding, if I look at the balance sheet, the other financial liabilities have gone up, so what is it regarding actually?

Ashishkumar Chauhan

What we will do with the cash flow or why did the cash flow improve?

Suraj Nawandhar

Why did the cash flow improve is the first question and the second is what are we trying to do with so much of cash?

Ashishkumar Chauhan

Basically, whenever we get any operating profit, we distribute almost the entire thing to the shareholders because as you rightly pointed out, we do not need the cash, and why the cash flow has improved is because the markets are doing well and because of that people are trading more, people are raising more funds and things like that. Of course we have a consistent cash flow which some of the listed exchanges do not have is the listing fees and so we continue to get substantial amount of listing fees which helps us basically defray our cost or compensate our cost of running the operations, so that is where most analysts are not able to even figure out how listed exchanges need to compare, but effectively we have a large portion of listing fees which is consistent every year, it is annuity business. The second part is the IPO part which have done well, so we have also done well. Then third thing is the transaction charges, which has also done well because of the transactions volumes have improved and our own market share has improved to some extent and that also helps. Then the mutual funds part is also doing well, which was not contributing that much earlier, slowly has become large and so these are four-five things if you look at those numbers, you will come to know and against that, our costs have not increased commensurately that is why our cash flow and our net profits and other things have increased.

Suraj Nawandhar

On the balance sheet if I look at other financial liabilities have gone up from Rs. 1157 crore to Rs. 1918 crores, I was referring to that, what is that change refers to?

Nayan Mehta

It is like this that these liabilities represents the clearing and settlement liability and they represent and they are offset by the cash in books so whatever short-term FDs we put and fixed deposit and cash balances, they are the one's which offset these liabilities and these are very temporary overnight clearing and settlement liabilities which is there pending settlement of a particular settlement.

Suraj Nawandhar

Sir, my next question is about regarding around couple of months back you had put out a circular regarding best price execution mechanism that SEBI have made it mandatory for exchanges to execute the trades at best price, so any update on that?

Ashishkumar Chauhan

Basically, there are two things, one is the best price execution, other is the interoperability. On both these issues, we had decided to charge some penalty because both are SEBI regulations, which people were not observing and nothing much was happening and so to some extent some members have already complied, some members have not complied fully, some members have complied partially but it is a work in progress I would say and as and when it becomes sort of more truly implemented then you will see that BSE also the percentage actually starts going up like what has happened in last quarter.

Suraj Nawandhar

The penalty that you had mentioned in that circular are we still charging those penalties to the broker who are not complying or that circular has withdrawn?

Ashishkumar Chauhan

It is the penalty that is currently in the vogue, it is not withdrawn.

Suraj Nawandhar

Okay, so you are charging through the broker?

Ashishkumar Chauhan

Whatever appropriate penalty that is written in the circular and subsequent updates about those circulars, those will be charged or that is getting charged as of now, and that goes to IPF. BSE does not earn of the penalty. Many times the analyst may write or newspapers may write that because BSE's cash flow has gone up seemingly out of nothing, then it might be due to penalty, it is not, so I just wanted to clarify.

Suraj Nawandhar

Where I was coming from was that if that gets implemented, we have a chance of getting much, much higher volumes of overall trade, I was not much interested with the penalties but if it gets implemented, then we will get very high volumes?

Ashishkumar Chauhan

It has been happening slowly

Suraj Nawandhar

Okay, so the deadline is March 31st if I am not wrong for that circular?

Ashishkumar Chauhan

Penalties will start charging, it is not that it stops anyone from trading.

Suraj Nawandhar

Sir, my next question is on BSE StAR platform, are we planning to monetize it by divesting some stake or listing it separately as it is doing great for us?

Ashishkumar Chauhan

BSE Board had approved, we had taken to the Board, Board had approved that in case somebody is willing to give a good price, why not, but we have not found anyone yet, so as and when somebody comes, we will certainly take a look at it.

Moderator

Thank you. The next question is from the line of Vikas Kasturi from Focus Capital. Please go ahead.

Vikas Kasturi

Good Evening Sir and congratulations on a great quarter and also for tirelessly working for BSE, Sir I had questions regarding StAR MF, the numbers that you have reported and the volume of transactions, is it only for the equity mutual funds or is it for all the mutual funds?

Ashishkumar Chauhan

All put together. The revenue is for all the stuff, but equity is where BSE has some stronghold.

Vikas Kasturi

Sir, if I could ask you this question, what would be our, if I wanted to understand this better of the universe of all mutual fund transactions and of which some of them go via paper form and some of them via digital form, and within digital, we would have certain market share, so would you be able to provide me some numbers like that Sir?

Ashishkumar Chauhan

The mutual fund industry does not disclose that, but if you look at the pure numbers on equities cash flows, open ended funds, then we seem to be doing pretty large portion because the net numbers of BSE in month of November were like pretty much above the net numbers of the entire industry put together by almost 20%-30%, so we like collected Rs. 7000+ crores in the month on net basis and the industry collected only Rs. 5000 crore, so we are like 40% higher than the entire industry, which means that industry had a outflow, which means they had transactions which were outside BSE StAR MF.

Vikas Kasturi

Sir, actually I had a question regarding that also, from your previous commentary on this, when I say previous I mean previous quarters, so Sir how is it that we are bringing in more into the industry whereas in certain quarters, there is a negative outflow from the industry, but we seem to be consistently bringing in more funds into the industry, how is that Sir?

Ashishkumar Chauhan

You can only hypothesize, you cannot be sure about why it is happening, its because BSE has around 75,000 distributors which are connected to BSE directly and there are put together with large distributors and e-commerce platforms and all those e-brokers, we have a very large network across India and we are reaching out to the customers and we are bringing customers to mutual fund industry which were not there before and so naturally the new customers or new investors are bringing in funds. The old channels are probably what I call tired channels, some of them are taking their money back and things like that. They may have other usages for that money, but our channels seem to be bringin in continuously larger and larger amounts because they are reaching out to newer and

newer investors in India and I think this trend will continue for probably next 5-10 years. Despite all this we have probably 6 crores investor accounts or out of say industry as 10 crores folios currently active, 6 crores are with us, that is what I have been told and so we are becoming, in a way, net people who are bringing new investors into the industry.

Vikas Kasturi

Sir, one last question, it is on the Ebix insurance distribution business, Sir could you just help me understand what is it that, could you please help me understand that business model and what is it that we bring to the table and what is it that Ebix brings to the table Sir?

Ashishkumar Chauhan

Ebix is basically, in US, it is a software company and also a market operator for insurance, they provide software to insurance companies for selling their insurance for settlements and all those of things, so in India we have this joint venture to distribute insurance products on retail basis using the physical plus digital framework that is we have connectivity to several life, general, health, all sort of companies and customer or rather intermediary, which is called POS as per the license, point of sale person, is able to see all the, he can punch in or she can punch in the data of the potential customer or for example, a car, you want to have a insurance for that car, your insurance agent who is called POS punches in data of your car, all the details of that car comes and then based on the car's conditions with available public data, we send it to 5-10 companies which do this car insurance and get you all those quotes of those 5-10 companies with all their conditionalities and then your agent is supposed to show you that and then as and when he or she places order with your credit card or bank payment, it happens in real time and so you get your insurance within few seconds after analyzing the advisor that is the point of sale person, advising you also on what is good.

Although something may be cheaper, it may not be correct for your condition. And so you are able to buy life insurance, health insurance, general insurance, all such of insurance on that on real time with your insurance policy also coming to you at that moment only, you do not have to wait. You do not have to go to other website of an insurance company to actually do it which is what many of this portal seem to be doing, but we have a completely integrated platform and we also provide our point of sale agents ability to help you in claim processing because it is easy to buy insurance, but try doing claim processing as a normal sort of a person, it becomes very difficult unless you have some handholding and so we provide this end-to-end framework without burning money that is the framework of splurging money which we do not believe in although many of the market participants, even the investor, seem to believe in those. We think money should

not be splurged and so we try to keep our cost controlled, we try to give the best facilities, which are end-to-end and that is where the BSE comes with its conservative framework and Ebix basically comes with its own software which we use along with some of the BSE software to provide these services.

Vikas Kasturi

Thank you sir, for the detailed commentary. I'll come back to the queue.

Moderator

Thank you. The next question is from the line of Manish Parek, an Individual Investor. Please go ahead.

Manish Parek

Good Evening and congratulations for a great set of numbers, my question was pertaining to StAR MF, as you said that we are looking for a stake sale, no party has arrived with a reasonable valuation, Sir are we looking for raising value in terms of IPO?

Ashishkumar Chauhan

It is a good idea, currently no.

Manish Parek

Thank you sir, that's it from my side.

Moderator

Thank you. The next question is from the line of Shalabh Agarwal from Snowball Capital. Please go ahead.

Shalabh Agarwal

Thank you for giving me this opportunity again Sir, just circling back to my earlier question, as you said this the trades on INX are very sensitive to the fourth decimal place, and therefore, even having more than 95% share, it is tough to really charge till our competitor starts charging, so the question is if the competitor has only low single digit market share then what is the incentive for the competitor to charge and if they do not charge, then how do we really monetize all that we have invested so far in INX?

Ashishkumar Chauhan

Basically, we have started charging for the bond listing and we have listed \$ 54 billion of bonds in INX over last one-and-a-half to two years since we started listing, so we will charge at appropriate times for example in StAR MF, we started around 2009 end and we started charging around 2017-18 and there was tremendous fight till last year. In fact during COVID only, we finally agreed with AMFI at a very low cost to provide that services to everyone and after that disputes got over, so this is a industry which is very price competitive, price sensitive, and when you get a chance, you start doing it, but you end up investing over a longer period because you do not invest in plants and machinery, but you basically invest in creating markets. And as and when you think you have a good market power, you start charging what is reasonable. If you become unreasonable, many times people run away, sometimes they do not run away, so sometimes it may give you a wrong impression, as normal observer, that people once they have market monopolies, they can charge infinitely, my understanding is that modern world does not allow that luxury to anyone and so whatever we do has to be basically what we call market clearing price as and when people start charging, as of now, it is zero or negative and that is how we need to continue to provide our services at that price.

Shalabh Agarwal

Will it be correct to say that charging in INX on the transaction is still some years away, couple of years away?

Ashishkumar Chauhan

Correct, but in the meantime because of those transactions, the listings are coming and possibility is that equity listing may start happening and so there again people will start coming, so you make money, like as I told you even in BSE's case, a very large chunk of our revenues are related to listings and that helps us defray our cost to a large extent and that helps us have a very consistent profitability, which is not true with other situations, which are in listed space in Indian markets right, so you need to keep this all in mind.

Shalabh Agarwal

Sir, just from the annual fee as you are highlighting, we also noticed that last year there was a decrease from Rs. 157 crores to Rs. 145 crores, and even in this half year it has been very flattish, which has not been the case earlier years when we look at '18-'19, there was 15%-16% kind of a growth, so last one-and-a-half years things have been very flattish or down, any reason?

Ashishkumar Chauhan

It is basically due to the way we have started accounting for things and we have also started delisting lot of companies, you might have observed many companies have been delisted, so naturally what used to happen earlier is that we used to charge, pay GST, and then provide for it later on, but then you will not get the GST back, so we have started basically not charging after a point in time and instead basically as and when the company wants to become de-suspended, that time we will charge. Because the service is not provided during that period and if the company gets delisted then we will not get anyways, so that is how, we have done some changes in our structure based on the auditors sort of comments on not to charge, pay taxes, and then provide for only the revenues which were not taxed right, so that is where I think there has been a difference.

Shalabh Agarwal

But there has been no incentives or any increased incentives of companies getting listed on the competing exchange, securities getting listed there but not here?

Ashishkumar Chauhan

Even if they list on both exchange, it is fine because they end up paying to both.

Shalabh Agarwal

No, I am saying listing there but not here?

Ashishkumar Chauhan

I have not seen any such company yet, I mean they might be in SME because today also we get the lion's chunk of the IPOs, IPO money comes from BSE and the listing fees as a percentage of company's total revenue is like 10 raised to minus 5 or something for most companies, so insignificant that it does not matter to them.

Shalabh Agarwal

Sir, a question on StAR platform, for AMCs, it is an additional cost? Because AMC is paying certain fees to us on a per transaction basis, but they are also continuing to pay the distributors who were anyway getting the money earlier, so is it like additional charge or is it like AMCs are taking some money from the distributor pool and passing it to the platform?

Ashishkumar Chauhan

You are in a, what I call, conceptual world where you think the manual processes which the AMCs were doing with their distributors was coming at zero cost. My estimate is each application physical, the AMCs are paying and were paying more than Rs. 300 per transaction.

Shalabh Agarwal

Okay, which they are kind of saving by going through the platform?

Ashishkumar Chauhan

Correct.

Shalabh Agarwal

Then Sir our charges are much lower, if that is the number that is getting substituted or getting paid then what is the reason that on a per transaction basis, why we are pricing it so low or the industry, if there are competing platform?

Ashishkumar Chauhan

It is very similar to a rich woman paying large sums for the designer clothes, but still haggling for the vegetable vendor.

Shalabh Agarwal

Thank you sir, all the very best.

Moderator

Thank you. The next question is from the line of Suraj Nawandhar from Sampada Investments. Please go ahead.

Suraj Nawandhar

Thank you for the follow up, Sir you said that your energy exchange will start from the Q4 of this year, so any gross calculation that we have done that how much percentage of market share you are targeting because currently IEX dominates that market?

Ashishkumar Chauhan

For me the projections are usually away from reality right. I have also told you our investment philosophy earlier on several occasions, which is basically, we try to invest very little and we try to buy optionalities. It is like paying premium for a large outcome, so we do not try to work on this sort of models and it does not work in markets where things can change really scale up. If you are successful then no amount of projections, which is linear, will help, it is non-linearity that comes in and so those kind of projections for me are good for traditional manufacturing type of companies, so if this is successful it would be immensely successful. If it is not, then our money invested is very little, that is how we do these activities either it is in GIFT City or it is in INX or it is in agricultural markets anywhere because we own our technology.

For most people, the cost of technology is humongous, you might like to check out finally if and when the new technology is implemented in a competing listed exchange. Our total cost was I think probably Rs. 3-4 crore of implementation and the entire software came to us in probably Rs. 12-13 crores if I recall correctly few years back, same software, it is not even different software. You will see like 10X, 20X, 100X kind of numbers and so we own our technology. We changed it ourselves and so we are trying to go into newer markets using most of our technology, of course where required we also buy software from other some components or entire thing.

In fact, recently we gave our software to start a new exchange in Mauritius which is a pan-African exchange called AFRINEX. In fact, it was inaugurated two weeks back by their Prime Minister and so we do own our technology, and we think we are able to provide at least 10X kind of numbers, competitive advantage, to the new entity which we set up in any market and even in operations, we are like very, very smart as a team and that is where I think some of this business if they grow up like what happened to StAR MF then we are able to operate at a cutthroat, very low cost number, so that even if we get a very low revenue we are still profitable in those business lines and then when you survive profitably for long, you are able to reap rewards in the long run so those are the philosophy within which all these new investments happen, including the power exchange you asked for.

Suraj Nawandhar

Sir, coming back to the question of best price execution mechanism, was NSE also charging to the broker?

Ashishkumar Chauhan

No, NSE is not charging.

Suraj Nawandhar

To the brokers to change to that mechanism and NSE is not?

Ashishkumar Chauhan

No, they are not charging.

Suraj Nawandhar

Thank you sir.

Moderator

Thank you. The next question is from the line of Shrivallabh Kulkarni, an Individual Investor. Please go ahead.

Shrivallabh Kulkarni

Good Evening, this is excellent number, congratulation to you all. I have two questions, I would like to know where are we with the gold exchange in domestic level as well as India international bullion exchange level? I heard some news that India INX holds some of the share stake into that, but I do not know exactly how is the company formed with that particular holding company? Second question is related to StAR MF, I hear that we are not increasing the prices or charges for order execution, but we can charge differently with the listing fee of the AMC, we can charge like we can say like Rs. 25 lakh or some kind of amount for each and every AMC to list their mutual fund and we can say for first 10,000 record, 10,000 order we can charge Rs. 3.5, if next order this will be the charge, so in a way we can increase the listing fee on that platform as well as order, so I am just trying to pour new things so that we will get more revenue out of StAR MF so it will be best for AMC as well as for BSE in order to generate more revenue, so these are the two questions hope that might be helpful for BSE from StAR MF but for gold exchange I am more of interested of what is going on that side also?

Ashishkumar Chauhan

I think StAR MF you have some innovative ideas, we take note of that, I do not know how far we can charge such things, but these are interesting ideas, we will take note of that. And Gold exchange at Gandhinagar, new joint venture between India International

Exchange, India International Clearing Corporation which are two of the BSE's subsidiaries along with NSE, MCX, CDSL and NSDL have set up a new gold bullion spot exchange and the technology of that exchange is also even operations are going to be provided by BSE Technologies, but it is a joint venture and it is currently doing mock testing and as and when it is inaugurated, it will start trading, pretty much all the technical features are in place and mock trading is going on for more than three-four weeks now and as and when it is inaugurated based on the convenience of everyone that is the time it will be doing.

The spot exchange in domestic area, the current SEBI regulation, which were announced recently seemed to suggest that the exchanges may be able to do it within their existing exchanges itself. And as I told you in the GIFT City also we are providing the technology, so we are pretty much ready with the technology, so as and when the actual detailed approvals and regulations are in place, once we get approval, we can start. So I do not know the timeframe for that but whatever the time, we should be amongst the first few exchanges to launch this market as we are totally ready for those kind of and you might recall six-seven years back, we were the first to move this idea of spot gold exchange in India and so we have been working since then for that.

Moderator

Thank you. The next question is from the line of Chetan Shah from Abakkus Asset Management Co. Please go ahead.

Chetan Shah

Sir, just one quick question, in our expenses breakup this time, the other admin expenses and other expenses have kind of gone up dramatically almost 50% on a quarter-on-quarter basis, is there any one-time thing or anything which was a bit of an abnormal if you can share please?

Nayan Mehta

With respect to two items which are carrying on this increase, one is with respect to increase in certain provisions for under the expected credit loss mechanism as required under the accounting standards, what had happened is that in the last year, due to COVID there was a lag in recovery and because of the lag in recoveries, we had certain heavy provisions which we had to make for the year ended March 31, 2021. Then what happened is that in the first quarter, June, we started receiving the money and lot of recoveries are made and that resulted in reversal of the earlier provisions. Now, what has happened is that now the standard provision's effect has come in to play and that is why

there is a difference of around Rs. 10 crores between negative and positive, which is creating a big difference here which you are seeing here.

Chetan Shah

Basically, out of Rs. 60 crores, Rs. 10 crores is more like a provision expenses, otherwise the normal expense is around Rs. 50 crores, is that a right reading Sir?

Nayan Mehta

I will say that a part of this will continue, I mean the provisions obviously, since this you have to make on the basis of the expected credit loss and though we make our best efforts to recover the money from listed companies, it is more from listed companies, but there will always be some lag with respect to certain accounts, so while obviously we will try our level best to decrease the provisions over a period of time by consistent follow up, but there was one-off decrease in the last quarter which resulted into this type of anomaly which you are seeing here. And second thing which is important is that as our businesses increase, the clearing and settlement charges which we have to pay, as BSE. to NSE clearing and other clearing corporations because our members may have clearing account with NSE Clearing Corporation, so for all those transactions, we have to pay clearing charges to NSE Clearing Corporation, so there is a significant increase in that also and these are the two main reasons. Again, since our volume of activities have started working and we have started working from office, so there will be a standard increases in our day-to-day expenses, so these are the two main reasons.

Chetan Shah

Sir, one last question on the technology side, we have a consistent about Rs. 100 odd crore of technology spending on an annual basis, but now the way we are expanding our other businesses which is outside of a normal BSE business, do we see any major re-hauling or any major expenses on the technology side because lot of things are getting changed in terms of global technology platform plus we are going to enter into T+1 from February onwards in terms of the settlement cycle, do we need to spend any extra money for that? or this is going to be like a normalized way at least for next couple of years?

Ashishkumar Chauhan

It will be normal only. As I told you, we own our technology and we kind of modify it ourselves, so broadly speaking we will see not any bump up on the technology expenses as of now, I do not envisage anything.

Moderator

Thank you. The next question is from the line of Pratik, an Individual Investor. Please go ahead.

Pratik

Firstly, I would congratulate Ashish Sir and entire BSE team for putting up a good show and margin as well, I have one question Sir, as we have seen lot of IPOs in the last quarter as well as in the current quarter and in the upcoming quarter, just want to understand how BSE will get the revenues from this IPO listing?

Ashishkumar Chauhan

We charge basically them software usage fees, so that basically gives both NSE, BSE both some money.

Pratik

Is there any number you can share in this quarter from this revenue, how much revenue you have got from this IPO listing?

Nayan Mehta

You are talking about the book building fees, Pratik?

Pratik

Yes, from our revenue how much we have got from this IPO listing, as we have seen some of 18 to 19 companies have been listed in this quarter, so is there any breakup you can share?

Nayan Mehta

For the current quarter obviously, we will not have the total figures for the listed company in this quarter we can probably provide you, but otherwise if you want the total fees which we were earning in the quarter and in the last few years that was available in our presentation.

Moderator

Thank you. The next question is from the line of Shalabh Agarwal from Snowball Capital. Please go ahead.

Shalabh Agarwal

Thank you for giving this opportunity again, on the StAR platform you had indicated earlier that we are also providing some value added services to the distributors, any color on how that has picked up, any qualitative or quantitative things that you can share?

Ashishkumar Chauhan

Out of 75,000 around 1000 plus have started using it and so it is early days of adoption, but it is basically saving them lot of hassles and cost on software and getting data because we populate the data of data vendor by ourselves by paying money to them and also give them all the software features which they have in commercially available software, so many of them are slowly adopting, transferring all their portfolios on to our platform and it is a software-as-a-service, although we are not currently charging, but it is basically once the adoption happens, we will see what to do.

Shalabh Agarwal

Sir, just quickly two bookkeeping questions, one is if you can just quickly provide the LES breakup, I think it has not been there in the notes for this quarter and last quarter? Secondly in this full year numbers in consolidated cash flows, there was a line item which contribution from the clearing corporation that was around Rs. 56 crores last year which was not there in FY '20, so what is the nature of that number?

Nayan Mehta

Salabh, Can you come back with the -- which figures are you referring to in the cash flow?

Shalabh Agarwal

It is contribution from clearing corporation, this is in consolidated cash flow statement around Rs. 56 crores in FY '21, which was not there in FY '20?

Nayan Mehta

Contribution received from other clearing corporation Rs. 3.36 crores in consol statement, right?

Shalabh Agarwal

This is for half year, it is there in the current cash flow statement also, but it was around Rs. 56.3 crores for the full year, last year compared to 0 in FY '20.

Nayan Mehta

If you can refer to which figures in the current disclosure, I can help you out with that?

Shalabh Agarwal

This is currently from Rs. 3.3 crores if I am reading it correctly, Rs. 3.36 crores contribution received from other clearing corporation in the consolidated cash flow statement.

Nayan Mehta

What happens in this case Shalabh, is like this that, in case there is a settlement, which is happening at both clearing corporations, which is Indian clearing corporation as well as NSE Clearing Corporation, from time to time, members money there can be a case where some money, additional deposits and margins have to be placed by an exchange to the another clearing corporation, so suppose BSE members are trading, are doing more clearing and doing more trading on BSE and their clearing is happening in NSE clearing then probably their margins and deposits and those things will have to increase and that will require BSE to contribute to core settlement guarantee fund of the other clearing corporation so if BSE already has excess money in its current clearing corporation, Indian Clearing Corporation, then it can ask Indian Clearing Corporation to transfer some funds to NSE Clearing Corporation, so this is an inter clearing corporation transfers, which happens in the nature of core settlement guarantee fund. It does not have a revenue implications as such.

Shalabh Agarwal

Sir, quickly if you can provide the LES breakup for this quarter?

Nayan Mehta

It is already there, if you see the REG 33 statements which we have provided, it is separately mentioned under 5(f) for both standalone as well as consolidated.

Shalabh Agarwal

No Sir, I want how it is broken between INX and BSE derivatives, which used to provided till last year?

Nayan Mehta

If you see the consolidated figure, the consolidated figure is Rs. 7.86 crores, this includes INX figure and BSE figure, and the BSE standalone is Rs. 4.46 so the difference of Rs. 3.4 crores is INX.

Moderator

Thank you. Ladies and Gentlemen, this was the last question for today. I would now like to hand the conference over to the Management for closing comments.

Yogesh Joshi

Thank you all the participants for joining today's earnings conference call. Take care, be safe and Wish you a Happy New Year ahead.

Moderator

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

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