

**Date: February 14, 2019**

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

**Symbol: BSE**

**ISIN: INE118H01025**

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

**Sub: Transcript of the Conference Call held on February 1, 2019**

Dear Sir/ Madam,

With reference to our letter dated January 28, 2019, intimating you about the conference call with Analyst/Investor held on February 1, 2019, please find attached the transcript of the aforesaid conference call.

This is for your information and record.

For **BSE Limited**



**Prajakta Powle**  
Company Secretary & Compliance Officer

Encl.: a/a



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BSE LIMITED

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Q3 FY 18 - 19 Earnings Conference Call



*February 1, 2019*

*BSE LIMITED*

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

**Operator**

Ladies and gentlemen, welcome to BSE's Q3 FY2019 Earnings Conference Call. My name is Basu and I will be the moderator for the today's conference. As a reminder, all participants' line will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. [Operator Instructions] Please note that this conference is being recorded.

I now hand over the conference to Mr. Yatin Padia, the Chief Investor Relation Officer, BSE Limited. Thank you and over to you, sir.

**Yatin Padia**

Hello, everyone and welcome to BSE's earnings call to discuss Q3FY19 results. This is Yatin, the Chief Investor Relation Officer. Joining us today on this earning call is BSE's leadership team consisting of Ashishkumar Chauhan, Managing Director and Chief Executive Officer; Mr. Nayan Mehta, Chief Financial Officer; Mr. Neeraj Kulshrestha, Chief of Business Operations. 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.

I would now request Mr. Ashishkumar Chauhan to give a brief overview of company's performance followed by Q&A session. Please note that BSE does not provide any specific revenue or earnings guidance. Anything said on this call, which reflects BSE's outlook for the future or which would constitute of as a forward-looking statement must be reviewed and in conjunction with the risks the company faces.

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

**Ashishkumar Chauhan**

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

We are happy to inform you that BSE has launched "BSE Startups" on 22<sup>nd</sup> December 2018. As part of the launch, the leading bourse has signed MOU with Cornerstone Ventures Investment Advisers and Venture Catalysts Private Limited to promote such companies on BSE. BSE became the first universal exchange in India on October 1, 2018 with successful launch of Commodity Derivatives Segment with the launch of Gold and Silver Futures. BSE has become the first exchange in India for providing platform to trade and invest across all asset categories. Further, BSE also provides platform for aggregation and distribution of financial products making it a one-stop destination for all investment requirements.



I will now update you on the recent business developments in various segments.

BSE has launched BSE Startups, a new platform for entrepreneurs to list their startups, on December 22, 2018. As a part of the launch, BSE signed MOU with Cornerstone Ventures and Venture Catalysts Private Limited. The strategic collaboration with these two firms enable BSE to further incentivise the startup firms in sectors like IT, ITeS, biotech and life sciences, 3D printing, space technology and e-commerce. The platform will also help in listing the firms from hi-tech defence, drones, nano technologies, artificial intelligence, big data, virtual reality, e-gaming, robotics, genetic engineering amongst other sectors.

As mentioned, BSE has successfully launched Commodity Derivatives Segment with the launch of Gold and Silver Futures on October 1, 2018. Thereafter, BSE has launched contracts in Oman Crude Oil Futures on October 26, 2018 and Copper contracts on November 2, 2018.

Over the past one year, BSE has tied up with various associations in the commodities business for growth and development of commodities derivatives business in India. The entities with whom BSE has tied up includes renowned entities including Federation of Indian Export Organization, London Metal Exchange, Bombay Metal Exchange, Cotton Association of India, Federation of Indian Spices Stakeholders, Gems Jewellery Council, Bullion Federation, etc. BSE entered into an agreement with Dubai Mercantile Exchange, a premium energy-focused commodity exchange in the Middle East for the growth and systematic development of commodity derivatives markets in the crude oil complex.

BSE has registered 200 trading members and 27 clearing members in the commodity derivatives as on January 22, 2019. Overall, more than 400 members have shown their willingness for this segment. Many more members are in various stages of admission process to membership.

BSE's announcement to waive transaction charges has attracted a lot of participants, including all types of brokers and traders, who are cost sensitive due to their nature of business.

Commodity Derivatives platform with futures trading in gold and silver contracts hit fresh all-time peak with the traded value logging INR 621 crore on October 25, 2018. Gold contract recorded a trade volume of 1,715 lots with a value of INR 548 crore and the silver contracts clocked a traded volume of 629 lots with a value of INR 73 crore. Of the same, share of Gold derivatives is 89% and Silver derivatives is 11%. Till December 2018, the turnover in this segment has been steadily improving and recorded turnover of INR 18,000-plus crore as on 31 December 2018. BSE's share in this segment vis-à-vis other



domestic exchanges as on December 31 stands at 90%, if you consider the newer entrants.

BSE StAR MF, India's largest Mutual Funds Distributor platform recorded a new high of 6.40 lakh transactions on December 10, 2018. BSE StAR MF surpassed the earlier highest of 5.94 lakh transactions in a single day on September 10, 2018. The BSE StAR MF telegram group user has crossed 6,900 members, as of January 28, 2019. The group has redefined the service standards of Mutual Funds Distributors in India. The robustness and seamlessness of BSE StAR MF, the swiftness of distributors and query resolution through real-time interaction through BSE StAR MF user's telegram group have created an ideal ecosystem for all stakeholders in India's Mutual Funds Industry.

BSE StAR MF has an overall distribution network of over 2,00,000 members in direct and indirect put together in over 3,000 cities and towns in India. BSE has once again exhibited that with scalability, the service standards notch higher. As on date, more than 2.65 crore investors registered on the platform. BSE's market share in this segment for the nine months ended 31 December stands at 79%.

The number of registered mutual fund distributors increased to 20,082 as on January 31, 2019 that means near 2 lakh direct plus indirect. However, 20,000 are our direct members. The total number of SIPs registered under this segment increased by 35% to 3,97,000 for the nine months ended December 31, 2018 from 2,94,000 for the nine months ended December 31, 2017. The total number of XSIPs registered under this segment increased by 112% to 11,86,087 for the nine months ended December 31, 2018 from 5,59,000 for the nine months ended December 31, 2017. The total number of order processed in the Mutual Fund Segment increased by 137% to 253 lakh for the nine months ended December 31, 2018 from 107 lakh for the nine months ended December 31, 2017. The total value of orders processed in the Mutual Fund Segment increased by 44% to INR 1,13,000 crore for the nine months ended December 31, 2018 from INR 78,000 crore for the nine months ended December 31, 2017. Further, the total number of orders received in the month of December 2018 is higher by 108% as compared to the orders received in the month of December 2017.

We successfully created a digital democracy that is redefining the mutual fund distribution in India. BSE StAR MF is the most neutral infrastructure for all stakeholders in the Indian mutual fund distribution system, be it investors, distributors, AMCs, RTAs, et cetera, without any conflict of interest.

BSE launched platform for Electronic Book Mechanism "BSE BOND" for issuance of debt securities on private placement basis above INR 500 crore on July 1, 2016. SEBI revised the threshold limit downward to debt issuance above INR 200 crore with effect from April



1, 2018. Issuers in this segment include renowned corporates from public as well as private sector in India. During the nine months ended December 31, 2018, amount raised on the BSE BOND platform grew by 58% to INR 215,000 crore as compared to INR 135,000 crore for the corresponding period in the previous year. The BSE BOND platform has enabled issuance of debt securities of more than INR 639,000 crore since July 1, 2016 when it was launched. BSE BOND platform is a market-leading platform compared to other exchanges in India.

BSE SME platform has 282 companies listed on its platform as on date as compared to 280 companies listed on December 31, 2018, and 216 companies listed on December 31, 2017. Of the total number of companies listed on BSE SME platform, 57 companies have migrated to the BSE Main Board as on December 31, 2018. 45 companies were listed on this platform during the nine months ended 31st December 2018. BSE's market share in listing of companies is close to 60% as on December 31, 2018.

BSE's average daily turnover in Currency Derivative Segment has increased by 82% to INR 31,384 crore for the nine months ended 31st December 2018 from INR 17,270 crore. The total contracts too has grown by 67% to 80.06 crore contracts as on December 31, 2018 from 49.00 crore on December 31, 2017. The growth has been aided by increase in turnover in both currency futures as well as currency options contracts. The average daily turnover in Currency Futures segment has increased by 89% to INR 13,820 crore. The average daily turnover in Currency Options segment increased by 76% to INR 17,564 crore as on 31 December 2018. The BSE's market share in this segment stands at 47%.

India International Exchange ("India INX"), a wholly-owned subsidiary of BSE, continues to expand its footprint through various listings, product offerings and growth of turnover. Average daily turnover in India INX, BSE's wholly-owned subsidiary at GIFT City witnessed a phenomenal growth of close to 1,000%, US\$ 694 million for the nine-month ended 31 December 2018 from US\$ 63 million for the nine months ended 31 December 2017. The turnover comprises of significant contribution by Equity Derivative Segment, as well as Commodity Derivatives Segment. The Equity Derivative Segment contributed 67% of average daily turnover. BSE's market share in this exchange in GIFT City compared to other exchanges in GIFT City is around 70%. RECL listed its first global notes of US\$ 700 million with India International Exchange and REC Limited listed its first global notes comprising of both Reg-S and 144A tranche on India INX's Global Securities Market. As on January 19, 2019, State Bank of India also listed US\$ 1.25 billion worth bonds on India INX's Global Securities Markets. The total value of the bonds and notes listed on this exchange has exceeded \$40 billion, out of which smaller amount actually have been issued, but the listing is larger because they keep on issuing later on.



India International Clearing Corporation (“India ICC”) is 100% subsidiary of BSE, which supports the India International Exchange in clearing and settlement and it has announced acceptance of AAA rated international sovereign securities as collateral from its clearing members and custodians. India ICC is the first and only Clearing Corporation in GIFT City to offer this.

India INX has launched India INX Global Access, a single centralized platform through which hedgers, traders and investors can access International Exchanges from GIFT IFSC. Global Access, a wholly-owned subsidiary of India INX, is a first of its kind platform from India and IFSC at GIFT City, which will offer access to derivative and investment products traded on international exchanges. India INX Global Access has already established necessary connectivity and trading links with CME Group of Exchanges namely CME, CBOT, COMEX, NYMEX through its global Future Commission Merchant and CME clearing member. India INX Global Access aims to become the leading financial services provider in INXC GIFT City in the years ahead.

BSE along with PTC and ICICI Bank have filed a petition with power market regulator CERC on September 7, 2018 for grant of license for setting up of new power exchange. The same has been admitted by Central Electricity Regulatory Commission. This proposed institutional exchange, subject to necessary regulatory approvals, would leverage on the experience and expertise of its stakeholders in their fields. BSE will be having a minority stake in this exchange.

BSE has set up a joint venture with EBIX, named BSE EBIX Insurance Broking Private Limited, where BSE holds equity stake of 40% through its subsidiary, BSE Investments Ltd. The regulatory approval from Insurance Regulatory and Development Authority for the same is awaited.

With respect to listing of securities, the number of companies listed with their equity capital on BSE, which are available for trade, are 4,067 as on January 24, 2019. BSE has the highest number of companies listed on any exchange around the globe. Market capitalization of companies listed on BSE is INR 14,200,000 crore. The total number of investors registered on BSE exceeds 4.13 crore, which is much higher than any other exchange in India.

Interoperability among Clearing Corporations necessitates linking of multiple clearing corporations. It allows market participants to consolidate their clearing and settlement functions at a single CCP, irrespective of the stock exchanges on which the trade is executed. It is expected that the interoperability amongst CCPs would lead to efficient allocation of capital for the market participants.

SEBI Board vide circular dated 27 November 2018 approved suitable amendments to the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations ("SCRA") to, inter alia, enable interoperability among Clearing Corporations and issued guidelines to take all necessary steps to operationalise interoperability as the earliest, but not later than June 1, 2019.

The interoperability framework shall be applicable to all the recognised clearing corporations, excluding those operating in the IFSC. All the products available for trading on the stock exchanges except commodities shall be made available under the interoperability framework in the first phase.

On a consolidated basis, the total revenue for BSE for Q3FY19 is higher by 8% to INR 177 crore as compared to Q2FY19. The profit for Q3FY19 from continuing operation is higher by 23% to INR 50 crore as compared to INR 41 crore in Q2FY19. The profit for Q3FY19 from total operations is higher by 9% to INR 50 crores as compared to INR 46 crore in Q2FY19. This is in spite of the fact that during the current quarter, an amount of INR 12 crore has been incurred towards two items of extra-ordinary nature, namely impairment provision for investment in IL&FS secured non-convertible debentures to the extent of INR 7 crore and contribution to Core Settlement Guarantee Fund of INR 5 crore. Had the same not been provided, the profit for the Q3FY19 from continuing operation would have been higher by INR 11 crore to about 49% increase to INR 61 crore as compared to INR 41 crore in Q2FY19.

During the quarter ended 31 December 2018, the investment income has increased by INR 26 crore, income from operation has decreased by INR 10 crore and other income has decreased by INR 3 crore as compared to previous quarter. Further, the quarter ended the quarter ended 31 December 2018, total expenses increased by INR 4 crore over previous quarter mainly due to increase in professional fees by INR 2 crore and increase in depreciation by INR 1 crore.

The standalone total revenue for Q3FY19 is higher by 2% to INR 156 crore as compared to INR 152 crore in Q2FY19. The profit for Q3FY19 is lower by 1% to INR 52 crore as compared to INR 53 crore in Q2FY19. As mentioned earlier, this is in spite of the fact that during the current quarter, amount of INR 7 crore has been incurred towards impairment provision for investment in IL&FS secured non-convertible debentures. Had the same not been provided, the profit would have been higher by INR 6 crore to about 9% to INR 58 crore as compared to INR 53 crore in Q2FY19.

During the quarter ended 31 December 2018, the investment income has increased by INR 16 crore, income in operation has decreased by INR 9 crore and other income has decreased by INR 3 crore. Further, during the quarter ended 31 December 2018, total





expenses increased by INR 5 crore over previous quarter mainly due to provision for diminution in value of investments made in IL&FS group secured non-convertible debentures to the extent of INR 7 crore, increase in depreciation and amortization expense by INR 1 crore and professional fee by INR 1 crore.

You may also be aware that BSE paid an interim dividend of INR 5 per equity share to all the equity shareholders who hold equity shares of BSE as on record date of 12 December 2018.

As on December 31, 2018, total balance lying in Settlement Guarantee Fund maintained by our clearing corporation is INR 382 crore.

With this overview, let me welcome you once again and invite all of you for the Question-and-Answer.

Thank you.

## **Question-and-Answers**

### **Operator**

Thank you, sir. [Operator Instructions] First question comes from Mr. Kapoor from Kapoor Company.

### **Kapoor**

Thank you, Mr. Chauhan and good evening to the team. Sir, firstly, if we dwell on the numbers, our – we are not able to generate profit from our revenue. It is only the support from our investment income that is contributing to the PBT and the PAT. So how would you like to explain this?

### **Nayan Mehta**

Yes, so the first thing which we need to note is that the entire business structure of any stock exchanges based on the income which we received from transaction charges from the various segments including the equity, derivatives, mutual funds. Then the second thing is on listing income and the third thing is on whatever money exchange has, how are we deploying the money for better use. Now if suppose you exclude the investment income from operations part, then what happens is that, that we cannot subsidize to the extent, we subsidize in terms of transaction charges. So, when you talk in terms of exchanges, you will see all exchanges in India, they have a model where they consider investment income to be more or less part of their operation income, because it subsidizes the other cost.

**Kapoor**

Sir, could you give the breakup of your listing fees that we receive? If you could give me the annual figures? And how are they renewed? We get it quarterly or an annual basis, lump-sum basis? How is it accounted for?

**Nayan Mehta**

So, what happens that in listing fees, around 60% to 70% of the total listing fees is annual listing fee and the amount which we have earned in listing fee during the nine months ended December is INR 144 crore, out of the INR 160 crore, which we consider as services to corporate and this is a recurring fee. There is the additional fee which we earn towards book building and other processing that is dependent on economic factors, such as how many companies get listed. So, this answers your question.

**Kapoor**

No. Sir – firstly, sir, may I know that who is answering right now, sir?

**Nayan Mehta**

Yes. I am Nayan Mehta. I am the Chief Financial Officer.

**Kapoor**

Okay, sir. Thank you, sir. Thank you, Mr. Nayan. Sir firstly, sir – hello?

**Nayan Mehta**

Yeah, tell me.

**Kapoor**

Yeah, sir. I was just trying to get the sense of what is our – as per the listing agreement with the various listed company, what is the total income that is going to be accrued every year?

**Nayan Mehta**

So, if you see our past listing income in the last few years, we have find that the total annual listing fee which we have received is around INR 130 crores last year. Then we have got various other processing fees, which is up to INR 50 crores last year. And then again, book building fees, which was around INR 33 crores last year. This year, the number of issues are less than the last year. So obviously, overall, there will be a big dip.

Yeah. And obviously, it means the other thing is that actually if you see our, we would like to tell you that because we are expanding on operations into fintech areas, our mutual fund income has actually significantly grown over last one year. And in the current year, we have earned more than INR 21 crores in the first nine months as transaction income.

**Kapoor**

For this quarter, how much is the mutual fund income, sir?

**Nayan Mehta**

For this quarter, it will be around INR 7 crores.

**Kapoor**

INR 7 crore. And for the last quarter, how much it was, sir, for September 2018?

**Nayan Mehta**

It was around INR 6 crore to INR 7 crore.

**Kapoor**

INR 27 crore?

**Nayan Mehta**

No, no, between INR 6 crores and INR 7 crores.

**Kapoor**

INR 6 crore and INR 7 crore. Sir, now if I come to your expenses part, sir, we see there is a sharp increase in the administration and other expenses and even the employee benefit expenses have gone up. So how will you explain this, sir? Because our revenues are going down and on the other hand, we are expending more expenses. So how will you explain this rationale, sir?

**Nayan Mehta**

Yeah, so it's like this that BSE as a business model has decided that it needs to really diversify into related activities such as e-commerce activities, various other ventures which our MD just spoke about such as insurance broking and then power exchange and commodities, international exchanges. See, these are things which we are building up today.

Now we need sufficient, talented manpower for this purpose and obviously we have to figure – we have to recruit some guys who you think, the public might think that this has drag our performance. But these are the people who are going to deliver performance over a period of time. This is an investment for us and second thing is this that if you leave that thing aside, we find that the general increment would be much more in the line of industry standard. So, there's nothing much special about the cost which is getting increased which is attributable more to the investment we are making in the project.

**Kapoor**

Sir, for just knowledge purpose, are these expenses allowed under the income tax act? Because I don't think from the income which you are receiving from the investment income, you will be able to deduct expenses to the tune – I think you get my point? Are these expenses admissible or disallowed?

**Nayan Mehta**

No, everything will be allowed. The thing is that disallowance comes under Section 14A, where we have got a tax-free income. The expenses which we incur to earn tax-free income, a part of it is disallowed to the extent of which is attributable to earning that income. So, this is business expense for us, and everything is allowed.

**Kapoor**

So, sir, for the nine months, what is our tax-free income?

**Nayan Mehta**

So, the tax-free income will be pretty less right now. I'll just – we'll have to give you this thing offline. Right now, I don't have figures with me.

**Kapoor**

No, I will get back. And, sir, we are one of the largest shareholder in the Calcutta Stock Exchange also. So, what is the future of – what are we doing to safeguard our investment there, things that topsy out there? This question is to Mr. Chauhan.

**Ashishkumar Chauhan**

Basically, SEBI has cancelled their license. So, the only thing remaining is some sort of land and all. Discussions are on our person is representing in the Board. But there are too many participants, and we don't have too much of say in the matter. So, we continue to watch as interested party on how the turns of event takes place.

**Kapoor**

But, sir, we have many 5% shareholders there. We can form a forum and get hold of the situation. Sir, it's a big – it's a good amount invested there.

**Ashishkumar Chauhan**

We have fully provided for the investment and as far as BSE is concerned. But idea is to spend more time and efforts on things where we are winning, like mutual funds. Today, just – since you are not asked, but I'm telling you, that if, mutual fund was a separate business, and coming out of Bangalore, many of you would have given it few billion dollars of valuation. It is – because it is in BSE. Today, BSE's market capitalization is lower than value of the assets in hand, right? So that is how this things work. But for me, Calcutta

is clearly not in the priority for BSE, instead we would rather spend our bandwidth on where we are winning and there are productive activities.

**Kapoor**

Sir, two more questions. What is the cash in our book, sir, right as now? How much cash are we holding, Mr. Nayan?

**Nayan Mehta**

So, see, it's like this that the cash in the book which you see in our balance sheet, in our half yearly balance sheet or whatever, they actually are very misrepresentative, because it includes the money which we have received towards defaulters and earmarked amounts. So, the cash in our books – and again, that is not a right criteria to see how much cash in book because a lot of it is earn mark from different purposes. If you have to really just see the amount of money which we are having as a corporation, then you have to just figure out the net worth from our balance sheet, that's it. And it will be around INR 2,500 crores. But then it obviously – that's the money which is for business purpose.

**Kapoor**

Sir, so INR 2,500 crore cash which we are having, we are accruing all the benefits? Or we have to share the same with the people whose margin money and all are there with us?

**Nayan Mehta**

So, what happens that in BSE, whatever cash is in the books, it is BSE's net worth. The margin money which is there, it is in our clearing corporation. So that cannot be considered as the cash of the company.

**Kapoor**

So, INR 2,500 crore cash benefit is directly accrued to BSE Limited?

**Nayan Mehta**

Yes, obviously, it is utilized for various projects, which we're in from time to time. So that's not the full money which is available for any utilization as such.

**Kapoor**

Sir, my last question. One more to Mr. Chauhan. Sir, there has been a great thirst for retail investor to participate in the bond market, directly in the G-SEC market, sir, but to the surprise of the investor, we do not get a bid and quote by – there in the G-SEC market, what steps are you taking? Or in what consultation stage are you with the government in developing that bond market where retail people can put their money in the G-SEC directly?

**Ashishkumar Chauhan**

Basically, we have taken with RBI, with SEBI and others to allow for small lot market making in G-SEC-related activities. It has not yet started. But at some stage, the entire process of subscription, transfer and other things get cleaned up. And that basically, would be able to resolve these issues. Yesterday, we also started the BSE Direct, which is allowing people to directly participate in the government bond auctions instead of going through the brokers, because SEBI kind of told us. We have just started as a first exchange.

And then also, it tells you about our technological superiority, our ability to stitch up newer products faster compared to other exchanges. And that's how I would take it. The bonds don't trade much as you know across the world. But still the investors require some specially smaller investors require some liquidity. We are well aware. We have taken up with the regulators, and hopefully, they will allow market making through some other people in this market.

**Kapoor**

Sir, the market which you are speaking, what is a lot size? What is the minimum amount to be invested, the one where we can directly participate?

**Ashishkumar Chauhan**

Basically, it could be INR 1 lakh or something. But we also sell SGB, sovereign gold bond, right? So that is also government bond only, where you are able to directly subscribe and so on and so forth. But it's not – we are not talking about like crores of rupees per lot size. We are talking about very small lot size.

**Kapoor**

Sir, one more point. We find that, sir, now the corporate governance in the mid-cap, the micro caps, all – there is a raise of bar there. We can very easily understand the efforts being put by SEBI through the stock exchanges module. Where the small caps, mid-caps, all are trying to be more compliant, otherwise they are losing their listing power also. Sir, we find that for the benefit of the investor and as a duty of the exchange, my recommendation is – my suggestion is, sir, that press release and investor conference call should be made mandatory after a threshold level.

If a company starts reporting turnover or a profit of, say, such – of one amount, then press release and conference call should be made mandatory, so that investors can get a better idea of how the future unfolds. Today, it is – today, it is not voluntary for the small and mid-cap companies to host or address investors. And it is – the platform is only one AGM, where investors can raise their queries. So, I think you, in consultation with SEBI, should come up and frame the ideas, so that it could be a streamlined process where investors can participate, sir.



**Ashishkumar Chauhan**

It's a good idea. We'll take up with SEBI. I think you should also write officially to SEBI and us. We will take up with SEBI.

**Kapoor**

Sir, it's very difficult to, sir, get this – only this forum. Sir, I had the liberty to speak to you. I have already met you one time in person also in Kolkata. At that time, you were not the MD. Anyway, this is not the forum to discuss that. Best of luck, sir. Other than that, sir, I am worried about our investment in Calcutta Stock Exchange. I think you should collaborate with other investors, who are holding 5% equity, and form a forum to get hold of the situation there. Sir, it is not a small amount that we have invested.

**Ashishkumar Chauhan**

If you want to take leadership, we'll be collaborating with you. Let me know like separately.

**Kapoor**

Okay, sir. Then where is the forum? To whom should I come and touch with you, sir?

**Ashishkumar Chauhan**

Nayan Mehta.

**Nayan Mehta**

Yes, you can contact me. Nayan Mehta here.

**Kapoor**

Nayan Mehta.

**Nayan Mehta**

Yes, and my number and all my coordinates are there on the website. So, you can always reach me.

**Kapoor**

Okay. Then I'll speak to Yatin-ji and then get the updates from you.

**Nayan Mehta**

No, issue.

**Kapoor**

Okay, sir. I'm coming in the queue, sir. Thank you, sir.

**Operator**

Thank you, Mr. Kapoor. The next question comes from Mr. Amit Chandra from HDFC Securities. Your line is unmuted.

**Amit Chandra**

Hello. Sir, thanks for the opportunity. Sir, my question is regarding the market share in the various segments. So, we have been constantly losing market share in the cash segment. So, it's now around 8.4%, right? And there has been a drop in the market share in the currency segment also, so which is now 44%. So how do we see it? Like now, the fall in the market share has been since last five, six quarters. So like, do we see it stabilize at some point of time?

**Ashishkumar Chauhan**

Currently – basically, we think every time NSE gets a new algorithm, we have a lower market share doesn't mean we have a lower absolute trading volume.

**Amit Chandra**

Okay.

**Ashishkumar Chauhan**

So basically, what you are focusing is on the market share, but our absolute volumes don't seem to go down as much as the market share is. We have not been able to crack the Equity Derivatives, that's why we are not able to crack the equities. As and when it happens, probably we will be able to do something on the market share of the equities side.

In terms of the currency side, sometimes they are up, sometimes we are up. But currently, we're holding on to our reasonably large market share. And if you see NSE does more options where the underline is very little trading, we do more on futures. And in the near months, which is the actual market, we are larger than NSE. You might be – I don't know whether you are tracking that because I read your report also just now. And you seem to be only doing the number which are lower, not the higher ones, which is also interesting.

And so effectively, for me, as I told earlier also, again I am reiterating, the StAR MF, if we were a Bangalore company, separated from BSE, it would be worth few billion dollars, if not few tens of million dollars. In BSE, it is actually reviewed negatively but is also interestingly and your report also seems to suggest that we are going to lose it completely, which is also interesting. But we seem to be getting more and more number of investors, more and more number of transactions and that seems to be our current, what I'll call, revenue winner that we are basically able to charge. And also numbers are increasing. So

overall, we are much more hopeful on getting revenues out of that business compared to any other business.

**Amit Chandra**

Yes sir. I totally agree that the StAR MF performance has been really amazing in the last year.

**Ashishkumar Chauhan**

But this is getting recorded, Amit?

**Amit Chandra**

Yes, sir.

**Ashishkumar Chauhan**

So why does your - your actual writing is very different.

**Amit Chandra**

No, no, sir. The StAR MF...

**Ashishkumar Chauhan**

So this should be published, I think I'm telling Yatin.

**Amit Chandra**

No, no. The StAR MF, I have – so the segments which are performing, I have obviously written positively about that. But sir, the only worry that I have is that in a scenario where our market share or our absolute revenues are also declining, so we're not able to keep the costs under control. So if you just adjust the other income and the INR 10 crore of exceptional items – the ILFS that we had. So excluding that also, the EBITDA comes to negative.

So the total cost and the total revenue is like more or less around the same. So from here, like we have a model where it's like your operating leverage and operating deleverage also plays in the same direction. So in that controlling the cost in a scenario, where we're not able to generate revenue. So that is the only concern that I had. And also, sir, if you can provide us the investments that we're doing in the new initiatives, so the cost that you report. How much of the cost is towards the new initiatives, like the INX and other platforms you are developing?

**Ashishkumar Chauhan**

See, INX here is separate cost anyway. But like StAR MF and all, it will continue to be reported as one – similarly bonds and all. So for us, currently, we are in the investment

phase. You are counting what we have not been successful about, i.e. equity, equity derivatives. You are not counting where we are successful about, that is the bonds, listings. This year listings having less otherwise also, but last year, we had very good sort of revenues from that.

And so similarly, the listings, we have reasonably large. That's the consistent revenues. On the trading side itself, we have two parts: one is the exclusive stocks, the other is common stocks. Common stocks, we are generating almost similar revenues pretty much last year. But the exclusive stocks have gone down in value by 50% over last one year. And that's where our revenues from them also have gone down substantially. So as and when they come up, you will start seeing larger revenues from there.

And so we basically tend to focus on cost controls but also investing money for newer business. We also invested money, including additional, what I call, continued operational cost of running market longer hours to twelve in the night and so on and so forth. So those are the costs which you don't get to see. But ultimately, they cost some amount. And if these grow up going forward, then who knows? The outcome could be very large, like what mutual fund did.

The last five, six years we have been investing in mutual funds. Now we have started realizing the fruit of that. And so if you have patience, yes, but otherwise. Currently, the way we look at it, we are in the investment phase. And some green suits of sort of new revenue streams have started coming up. And in future we might have more.

#### **Amit Chandra**

All right. Sir, in terms of the INX investments, so, what was the INX investment as of now for the full year? And from when we should start charging in the INX so that it can boost some of the revenues?

#### **Ashishkumar Chauhan**

Currently, we don't have a plan to start charging in INX because you might have heard of MCX-SX versus NSE case, where MCX-SX won in Competition Commission. NSE has a tendency to cross subsidise other new businesses and not charge there. Similarly, in the GIFT City, also they are not charging. Not only that they are not charging, they are paying for the order flow for which they've got the approval. And so, we have no choice but to continue to pay for the order flow instead of actually charging. And that's where currently we are stuck, whether NSE is listed and they have to worry about cross subsidisation or not allowing it. That is the time they will stop. Otherwise, we'll have to continue to fight those battles in our Indian businesses as well as IFSC businesses.

**Amit Chandra**

Okay, sir. And sir, in terms of the StAR MF volume, so we have seen like pretty good size in the StAR MF volume, so from here, like what are the expectations so in terms of the rise in volumes from here? And is there any chances of increasing the pricing there?

**Ashishkumar Chauhan**

So, we are currently in the process of working out with some of the mutual fund, the large ones. And over the next few years, we'll be able to continue to increase our charges as well as market share going forward.

**Amit Chandra**

Okay, sir. And sir, like the – we have seen sharp rise in the other income also. So, it has up from INR 45 crores to INR 69 crores. So, what is the reason?

**Nayan Mehta**

So Amit, the reason in other income increase is basically that we got some income tax refund, which is a type of onetime income. So that's the reason.

**Amit Chandra**

Okay. So how much is that, sir?

**Nayan Mehta**

That is around INR 6 crores.

**Amit Chandra**

Okay. INR 6 crores of income tax refund?

**Nayan Mehta**

Yes. Okay, sir. Thanks. I will be in the queue.

**Operator**

Thank you, Amit. Next question comes from Mr. Nimit Shah from ICICI Securities. Your line is unmuted.

**Nimit Shah**

Good evening, sir, could you run us through like the StAR MF platform, which has been seeing an exponential growth? In terms of operating leverage and in terms of profitability, how does that contribute? So currently on an annual basis, the run rate is around INR 30 crores. So, in terms of the EBITDA as well as the profitability, how do you see over the next two, three years?

### **Ashishkumar Chauhan**

So, I'll give you the base math for your modelling. It may not remain the same, but you should keep this in mind that currently for this year, we might do 30 lakhs average. And that makes it INR 3.6 crore transactions in a year, and probably, as you rightly said, INR 30 crores of revenue, which is giving us around INR 9 per transaction. We are saving close to INR 400 or INR 300 per transaction to the mutual funds. Of course, mutual funds are not able to probably take out those savings on their registrar. Who are kind of bundling them, giving them the cost. And so that's the fight between the funds and the distribution platform like ours that we want to increase because we are saving and we are also giving them the new sales. In fact, if you recall, I think, in the month of December 2018, other than the CPSE ETF, the mutual fund industry got around INR 6,100 crores in the equities, out of which INR 2,100 crores came from BSE.

So that is the kind of heft BSE has developed. But I've been told by some of the mutual fund industry veterans that currently, they get around INR 3-crore transactions in a month, out of which 35 lakhs come from us, so we are still only 10%, 12% of their total number of transactions. And if the industry grows by 100% in the next five years, which is looking reasonable, then they might have INR 6-crore transactions. And if we go from 10%, 12% to, say, 50%, then we may basically go to INR 3-crore transactions a month from 35 lakhs. And from INR 9, INR 10, if you're able to go to INR 35, INR 40 average, you can figure out your modelling. And that's how I see it that if you are able to see that kind of numbers even you can discount it, you can reduce whatever the sort of change, and you'll still see that this is going to be a good business for BSE to be going forward. And that's basically the modelling part of it. Otherwise, the reality is this, that currently we are doing around 35 lakhs as of last month. But average would be like 30 lakhs a month for this year as a whole.

### **Nimit Shah**

Sir, I was asking from the costing side, like what are the major costs which we incur? Even at, say, INR 30 crores of full year revenue, how the EBITDA and profitability would be for the segment?

### **Ashishkumar Chauhan**

Marginal costing is not very high because it's part of the same trading, clearing, settlements. Same teams work on the half – I mean, a different portion of their time is spent on some mutual funds stuff, but some equity stuff, some commodity stuff which is not earning, bonds which is not earning much right. So at the same time, you still need to have all of them run irrespective of whether you're earning revenue or not, right?

### **Nimit Shah**

Correct, correct. And sir, after StAR, within the new initiatives, which segment do you feel can have a significant contribution in the next three to five years?



**Ashishkumar Chauhan**

If you see insurance, if you take policy bazaar, they have probably return INR 3,500 crores, not even return, they just referred INR 3,500 crore of policies in the last probably one year or so, that's what I've been told. And they are showing revenue of INR 377 crores, okay? Whether it is true or not true, at least I've been shown those numbers. You guys might have better numbers. And so it's showing even for referral, people are paying at 8%-9%, 10%. In last year alone, BSE did 1.8 lakh crore rupees, not INR 3,500 crore. It is like 50 times more in mutual funds, right. And nobody cares about our revenues. And so once you figure out that in insurance, the policy bazaar does so much, we will at least do so much, right? And given our track record in mutual funds, insurance looks to me an interesting aspect of it where we are going to have 40% in that.

Similarly, power trading, you know IEX how it does. And we are with PTC and ICICI, so that's a formidable combination, right? And so that's how we see it that we are – basically, even in commodities in many days, we are like 20%, 25% of the gold business in India now, right? Of course, gold business has come down. But on many days, we are now to scoring very large numbers in percentage terms. And so we are, kind of, scoring reasonably well in many of these new areas. And who knows, somewhere down the line, if we're able to get better revenues, all that will reflect in our P&L.

**Nimit Shah**

Sir, on the StAR MF side, apart from NSE, is there any other competition on the online side?

**Ashishkumar Chauhan**

Yes, MF Utilities is there, which is promoted by AMFI. There are many other guys who are now pretty much on us.

**Nimit Shah**

Correct. So our market share remains, let's say, 70% on the online side?

**Ashishkumar Chauhan**

Last – full year if you take, we are 79%, which is – basically, 70% and 79% have some difference although both are 70%.

**Nimit Shah**

Correct, correct, sure. And any chances of we increasing the rates on that side, StAR MF side?

**Ashishkumar Chauhan**

There is a hope. Let's see how far we are able to go. Last year, we were not even sure whether we will be able charge and people will pay or not. They have started paying, albeit small amounts. But the principle has been established, right, which was what our this year's objective was, which broadly we have succeeded – I won't say, we have 100% success. But they are pretty much satisfied with what we have achieved in this year. And it is not an easy task, right? Being an exchange, which everyone has written off. Nobody wants to even to pay, despite all the great service we do. And so to make people pay is a big task. We have achieved this. And that means that we are actually providing service, right? Otherwise, people would have told us to go back home and do nothing, right? They would have just stopped us from doing it. And so that is us. But I don't want to increase your hopes. It's better to be sort of being not counted as a Superman and rather continue to work hard.

**Nimit Shah**

Correct. Okay, sir. That's it from my side. Thanks a lot.

**Operator**

Thank you, Mr. Nimit. Next question comes from Shivam Gupta, CWC Advisors. Your line is unmuted.

**Shivam Gupta**

Yeah. Hi, thanks for the opportunity. So, I have a couple of clarifications I need, and then just one question. So Nayan, when you were explaining about the employee cost being at an elevated level, so if I strip out whatever VRS we ran, so for the next few years, the run rate would remain what it was for these nine months is that interpretation correct?

**Nayan Mehta**

In this case, more or less, the incremental rate may need not be this much because, the point is that when we scale up our business operations, we may have to just intact a few guys, but then they stay with us and then they are able to take bigger notes at some point of time till we reach the next level. But then, one thing is that considering inflation and other things, 8% to 10% is something which is very reasonable because we're in a very talent industry. We don't get talent we are required in our industry so easy in this market.

**Shivam Gupta**

Got it. So, 8% to 10% inflation on ex-VRS amount of these nine months, right?

**Nayan Mehta**

Yes, yes. So that's the basic funda, which I think we cannot avoid.

**Shivam Gupta**

And the other thing is that all of this 170 million of ILFS, you were now provided around 100 million – around 100, right? And the outlook for the next 70 is like it may also be getting provided in the next few quarters?

**Nayan Mehta**

Yes, I'll tell you. So, the total exposure we have at BSE along with our provident fund trust is INR 19.8 crores, of which we have provided INR 10 crores. And the next time, going forward the situation we cannot now predict. So, we will have to see whether we need to make any further provision in the next quarter or what.

**Shivam Gupta**

Okay, got it. And the last question that I had was around the fact that post the interoperability issue which got cleared, so any initiatives you are doing to evangelize the smart order routing among the buy side from the exchanges perspective?

**Ashishkumar Chauhan**

So we are conducting seminars across the various cities to make brokers aware of the benefits of that. And there is a clearly a counter sort of campaign by the competition to not allow interoperability to be successful because there is a perception that BSE may be able to get some benefits out of this in derivatives and all. And so this will continue. And it's the ICCL, which is 100% subsidiary of BSE, provides better services and all. It may be able to get some business from competing clearing operations, and it may or it may not affect BSE's ability to do business. But if it allows overall you to buy in one place and sell in another place without paying margins as of net position being zero, then it's greatly going to improve BSE's position in equity and equity derivatives market along with currencies and all. And so that's how we see it. It remains to be seen when it will be implemented on June 1.

We are working hard on the technology side, on everything else. And so hopefully, of course evangelizing with the foreign brokers on ASIFMA, which is basically the foreign institutional investors organization which are industry, and all those guys, we continue do seminars with them. Hopefully, everyone knows about it because, in other countries, it's actually implemented already.

**Shivam Gupta**

Thank you. Thanks for your time gentlemen.

**Operator**

Thank you Mr. Shivam. Next question comes from Mr. Jayesh Gandhi from Harshad Gandhi Securities, your line is unmuted.

**Jayesh Gandhi**

Sir, my question was also on the interoperability among clearing corporations. You just said that you are making people aware of the benefits of this – I mean post-interoperability. Can you just give us some few benefits which we can enjoy subsequent to this being operational?

**Ashishkumar Chauhan**

So if you buy, say 1,000 shares of Reliance in NSE and sell 999 shares of Reliance in BSE, and if you have decided a single clearing corporation, whether NSCCL or ICCL then you will end up basically settling only for one share, not 1,000 on one side and 999 on the other side, right? So, your money requirement is little comes down by pretty much 99.9%. Your margin requirement comes down by 99.9% so on and so forth.

So similarly, if you buy in BSE in Reliance and sell in NSE, even derivatives, the same stock, again, your margin requirement will be pretty much a fraction of what you would pay otherwise. So effectively systemic risk comes down but your total requirement for funds and other things comes down and so the arbitrage becomes more easy. And somebody has asked about the smart order routing, it becomes much easier for brokers who are able to play on both exchanges.

Today, If an FII gives you an order as a broker and you passes on the two exchanges, first, you have to check out whether you have the margins on both exchanges or not. Secondly, you have to create two contract notes, which means the final customer has to pay twice and they don't want to pay so they prefer one exchange. Margins are not there because you want to keep the margin with one exchange only. All these things get eliminated instantaneously and that gives more choices to brokers to go. And of course, today because you are trading with an exchange, you're also locked in with that exchange's clearinghouse.

So today, for example, NSCCL does not give you interest on the margin money you keep them in cash. Whereas the BSE's ICCL gives you interest on the margin money you keep in cash. So what happens is suddenly, your cash which is going as margin is a dead asset for you at NSE. Now even if you trade on NSE, and you clear through ICCL, you'll start realizing some money. And that is the kind of competition. Basically, it will benefit the investors for sure in addition to benefiting BSE probably.

**Jayesh Gandhi**

Okay. Sir, can we assume that if this can uplift our market share in the future if at all?

**Ashishkumar Chauhan**

I mean, that is the hope, and hope it becomes reality.

**Jayesh Gandhi**

Okay, that's all from my side sir. Best of luck for future. Thank you.

**Operator**

Thank you Mr. Jayesh. Next question comes from Mr. Rahil Jasani from ICICI Securities. Your line is unmuted.

**Rahil Jasani**

Hi sir, just a clarification, the income tax refund is accounted in the investment and deposit income? Or it can be other income line item?

**Nayan Mehta**

No, the other income is basically the interest on the refund. So whatever interest we receive, that is other income only for us. The actual refund is basically, it's in the tax item.

**Rahil Jasani**

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

**Operator**

Thank you, Mr. Rahil. Next question comes from Mr. Nitin Agarwala from J M Financial. Your line is unmuted.

**Nitin Agarwala**

Thank you for giving opportunity. Sir, just a clarification on this investment income, you said that INR 6 crore is there in the investment income of INR 68.5 crore. Is that a right understanding?

**Nayan Mehta**

Just come again, Nitin, which INR 6 crores are you referring to?

**Nitin Agarwala**

The INR 6 crore of income tax refund which you mentioned, you said...

**Nayan Mehta**

It's in the other income. It's in other income, whatever interest we've received on income tax is included in the other income.

**Nitin Agarwala**

So what has led to the growth – such a high growth in investment income on deposits of INR 68.5 crores in this consolidated quarter? It's almost double if you compare YoY?

**Nayan Mehta**

Yes, so this time there were some sales of tax-free bonds, which we had done as part of our tax planning measure. And the second thing is that, that there was some M2M also, mark-to-market on our investments in the mutual funds FMPs. These are the two main reasons.

**Nitin Agarwala**

Okay. And secondly sir, just a clarification again. So for employee expenses, you said that due to building business, the expenses have grown so much and what about admin and other expenses? Is that also because of the new businesses?

**Nayan Mehta**

See in admin and other expenses it's consolidation of all our group businesses. But then basically in admin, there is one big charge other than our IL&FS diminution and that is with the respect to the amount we have contributed to core settlement guarantee fund, which is a part of our regulatory type of expense. So that is the main reason why you see this increase there.

**Nitin Agarwala**

No, so in this quarter have you contributed towards the core settlement guarantee fund?

**Nayan Mehta**

Yes. Yes, that has been contributed by our clearing corporation, ICCL.

**Nitin Agarwala**

Yes, yes. So how much is that amount? Can you...

**Nayan Mehta**

INR 5 crores.

**Nitin Agarwala**

INR 5 crores?

**Nayan Mehta**

Yes.

**Nitin Agarwala**

Okay. And sir, what is the status on the footnote which you have mentioned, where SEBI has asked you to contribute towards the Investor Service Fund of INR 17 crores and INR 18 crores? So I guess, you have applied to SEBI. I'm referring to Note number 10.



**Nayan Mehta**

So that is SEBI observation on which SEBI issued a notice to us. And we have taken legal opinion and we have represented to the SEBI that, that may not be the right stand which they have taken. So, this matter is under consideration with SEBI and we are representing it.

**Nitin Agarwala**

Okay, so it is still pending.

**Nayan Mehta**

Yes.

**Nitin Agarwala**

Okay. And sir, my last question, where is the mutual fund income recorded in the revenue items? So, is it under securities services or...?

**Nayan Mehta**

It is under the securities services.

**Nitin Agarwala**

Okay. And under security services, like where – is there any line term, so is it other income or transaction charges?

**Nayan Mehta**

Transaction charges, transaction charges, Nitin.

**Nitin Agarwala**

Okay. Thank you. That answers all my questions.

**Nayan Mehta**

Thank you.

**Operator**

Thank you, Mr. Nitin. Next question comes from Mr. Ashish Chopra from Motilal Oswal. Your line is unmuted.

**Ashish Chopra**

Yeah, hi. Thanks for the opportunity. Sir, I just wanted to understand a couple of things. One is that whenever this interoperability becomes effective, would it be fair to assume that clearing and the trading will be completely disjointed businesses with separate P&Ls and perhaps even separate teams, chasing the members?

**Ashishkumar Chauhan**

It's true, yes. In fact, currently, also last couple of years, we have been seeing this scenario coming because the first committee on interoperability, which was called KV Kamath Committee, was setup almost six years or five years back, okay. And since then we have been pushing for it. Industry doesn't want to do it for whatever reasons they have, but we have been doing it quite extensively. We have prepared ourselves and that's hopefully ICCL will be able to run itself as a separate business with separate everything.

**Ashish Chopra**

Fair enough. So in that context, if you could just break out, since today that charges for transaction are bundled for both the clearing services as well as the trading service. If I want to just break it up into trading and clearing, would the proportion be roughly comparable? Or would be skewed towards one of the two segments?

**Ashishkumar Chauhan**

Basically, clearing now charges separately. BSE doesn't pay them.

**Ashish Chopra**

Okay.

**Ashishkumar Chauhan**

So, basically, these are all – what I call perceptions because NSE does it, they have, I think, 80:20 rule or something like that. BSE does not pay anything to ICCL, okay?

**Ashish Chopra**

Right. Understood, understood. Okay. And I'm sorry, if I missed it in the earlier part of the call, but what would be the unencumbered cash on the books as on date?

**Nayan Mehta**

So – the cash which you are seeing in the book as a net-worth is basically a lot of it is earmarked for the operational reasons, a lot of it is invested. So when we did our buyback last time, it was around INR 1500 crores. And that is also subject to our utilization of the same for various business requirements such as clearing corporation and other things.

**Ashishkumar Chauhan**

The total amount of cash in balance sheets of all group companies put together minus debt is in excess of...

**Nayan Mehta**

INR 2,800 crores.

**Ashishkumar Chauhan**

INR 2,800 crores. If you are asking, to use that money is different from actually having the cash, which is unencumbered. Unencumbered cash in BSE group companies is put together INR 2,800 crores, in that range, okay?

**Ashish Chopra**

Okay, okay. And so, just to pick your thoughts on the capital allocation as well, so you've done one round of buyback and you've maintained the dividend ratio for almost full extent of profits, so should we assume even the buyback to be a periodic instance, considering that a lot of this cash is pretty much distributable as and when the regulatory norms allow you to conduct the new buyback?

**Ashishkumar Chauhan**

So we will take it to the board. We will take it to the board.

**Ashish Chopra**

Okay. Thanks for answering my questions. That's it for myself.

**Ashishkumar Chauhan**

Thank you.

**Operator**

Thank you, Mr. Ashish. [Operator Instructions] Next question comes from Mr. Nitin Agarwala from JM Financial. Your line is unmuted.

**Nitin Agarwala**

So in other expenses, there is a line of Core SGF of INR 5 crores. So like – as far as I know in the last few quarters, we have not been making any provision as the amount of Core SGF was sufficient, but then this quarter we have done so. Going forward also, do you expect more provisions to come for Core SGF?

**Nayan Mehta**

Nitin, the provision which we've made this time for Core SGF is towards launching of the commodity segment, which is a statutory requirement.

**Nitin Agarwala**

Okay.

**Nayan Mehta**

And a lot of our future requirements will depend on how – our business activities.

**Nitin Agarwala**

Okay, thank you, sir.

**Operator**

Thank you, Mr. Nitin. This will be the last question for this call. The last question comes from Mr. Ajay Bodke from Prabhudas Lilladher. Your line is unmuted.

**Ajay Bodke**

Yeah, hello, sir. This is regarding the insurance broking and the power exchange business. Hello?

**Ashishkumar Chauhan**

Yes, please.

**Ajay Bodke**

Yes. Sir, you have applied to the regulators for approval. If you could just give us a perspective about the kind of opportunity size that you expect over the medium term for both these lines of business, sir.

**Ashishkumar Chauhan**

One is – you should look at the listed company called Indian Energy Exchange (IEX) that will give you an idea about the power business and the exchange part of it. Of course, when a newcomer comes, they have to spend money, take market share. There will be some sort of give-and-take and stuff like that. But if you look at the Indian Energy Exchange, then you might figure out how it works. Interestingly, if you look at the IEX profits for last year, even this year, their market cap is higher than BSE, their profits are much lower than BSE.

If you take MCX, also their profit – even last quarter are much lower than BSE's quarter result. Today, we have suggested – I mean, we have basically announced. And still, BSE's market cap is lower than that. So that is something in the situation which nobody seems to understand. But having said that, if you just look at the IEX, it will give you the power part, and we will have only 25% in that business. So it have to approve basically apportion that's part of it. And we will also, of course, have very little investment either, similarly in insurance we will have 40%. Look at the news related to company called PolicyBazaar.com, and you will get an idea of how to value all these companies. Of course, nobody values BSE or anything coming out of BSE that way. But in case, you want to do it on a comparable basis, that is a way to do it.

**Ajay Bodke**

Thank you, sir. Sir, and I think as a previous participant mentioned, I think, it would be a submission for the management to consider sort of whenever allowed to do a buyback, sir. So the stock, as you've been mentioning, is grossly undervalued. And I think from the shareholder perspective, it is a submission that you should consider taking this proposal to board.

**Ashishkumar Chauhan**

Your suggestion has been noted. Thank you.

**Ajay Bodke**

Thank you, sir. Thank you very much.

**Ashishkumar Chauhan**

Thank you, guys. Have a great evening and a great weekend.

**Nayan Mehta**

Thank you.

**Neeraj Kulshrestha**

Thank you.

**Operator**

Thank you, sir. Shall we conclude this call?

**Ashishkumar Chauhan**

Yes.

**Operator**

Thank you. That does conclude the conference for today. Thank you for participating on Reliance Conference Bridge. You may all disconnect now. Thank you all.

{End of Transcript}

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