

Date: August 21, 2018

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

Scrip Code: BSE

ISIN: INE118H01025

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

Sub: Transcript of the Conference Call held on August 3, 2018

Dear Sir/ Madam,

With reference to our letter dated August 1, 2018, intimating you about the conference call with Analyst/Investor held on August 3, 2018, please find attached the transcript of the aforesaid conference call.

This is for your information & record.

For **BSE Limited**



Prajakta Powle
Company Secretary & Compliance Officer

Encl: a/a

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BSE LIMITED

Q1 FY 18 - 19 Earnings Conference Call



August 3, 2018

BSE LIMITED

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

Operator

Ladies and gentlemen, welcome to the BSE's Q1 FY2019 Earnings Conference Call. My name is Leslie, I will be the moderator for today's conference. As a reminder, all participants' lines will be on 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 would now hand the conference over to Mr. Yatin Padia, the Chief Investor Relation Officer, BSE Limited. Thank you. Over to you, sir.

Yatin Padia

Hello, everyone, and welcome to BSE's earnings call to discuss the Q1 FY2019 results. This is Yatin, the Chief Investor Relation Officer. Joining us today on this earning call is BSE's leadership team consisting of Mr. 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 the Company's performance followed by Q&A session. BSE does not provide specific revenue of earnings or earning guidance. Anything said on this call will be – will reflect BSE's outlook for the future and would be construed as a forward-looking statement, must be reviewed in conjunction with the risk the company faces.

With that, I would like to turn the call 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 that BSE successfully completed its buyback program. The buyback program, commenced on February 1, 2018, and completed on July 9, 2018. BSE got back 20.19 lakh equity shares on the average price of INR 822.12 per share, amounting to INR 166 crores. BSE's issued capital stands reduced by 3.7% after the buyback to INR 10.51 crore.

The BSE StAR MF, India's largest mutual fund distribution system, continues to grow at a brisk pace. We are delighted to inform that the BSE StAR MF distribution reach and network has grown over 10,500 registered distributors and over 200,000 considering the employees and business associate of registered distributors and brokers on the network, spread over 3,000 towns across India. BSE's StAR MF has experienced a growth of over

540% in last 2 years, processing over 25 lakh transactions per month, equivalent to 78% of the annual transactions of financial year 2015-16.

On June 11, 2018, BSE processed over 4.72 lakh transactions on a single day, a record high. Again, on 7th June, 2018, and 16th July, 2018, couple of our mutual fund distributors, Funds Mitra, Providential Advisory, etc, registered at 651 and 1,118 SIPs, respectively, individually, on BSE StAR MF platform on a single day. More than 99% of transactions in BSE StAR MF are retail categories. StAR MF now contributes, as estimated, almost 50% of net new inflows in equity schemes under retail category for new customers. And BSE has successfully created a digital democracy that is redefining the mutual fund distribution in India. StAR MF is the most neutral infrastructure for all stakeholders in Indian mutual funds distribution ecosystem, be it investors, distributors, AMCs, RTAs, et cetera, without any conflict of interest.

As of the business update, the segment has seen a phenomenal growth of 152% during the quarter ended June 30, 2018, on a year-on-year basis. The average monthly number of orders processed during the quarter ending June 30, 2018, were 23 lakhs, as compared to 9 lakhs during the quarter ending June 30, 2017. The total investment transactions made through StAR MF for the quarter ending June 30, 2018, were INR 39,125 crore.

BSE continues to be market leader in this segment and the market share for the quarter ending June 30, 2018 stood at 82% in that single segment. BSE started receiving fees from all the mutual funds for its services in StAR MF platform. You know it's a token amount for the time being, but nevertheless, it's an important milestone.

The success of this platform has set the base for BSE to focus on more FINTECH activities, which are in nature of distribution platform. As informed, in our in the earlier call, BSE and NASDAQ listed Ebix has signed a memorandum of understanding to set up a joint venture, BSE-Ebix Insurance Broking Private Limited, to develop an insurance distribution network in India. Company has applied to register with IRDA, that's the regulator for insurance distributors, and will commence business operations after getting necessary approvals.

BSE launched platform for electronic book mechanism, BSE-Bond, for issuance of debt securities on private placement basis on July 1, 2016. SEBI revised the threshold limit downward to debt issuance about INR 200 crores in private placement basis with effect from April 1, 2018. Issuers like Reliance Jio Infocomm, Dewan Housing, etc, have successfully raised INR 46,411 crores as per the revised guidelines on BSE-Bond platform after the rollout of new circular.

During quarter one of financial year 2019, 44 issuers have done 110 issue of bonds, making bond issuance is a preferred choice for companies to raise debt capital in India. During the quarter ended June 30, 2018, amount raised on the BSE-Bond platform was INR 46,411crores, as compared to INR 47,853 crores for the corresponding quarter in the previous years.

BSE SME platform has 256 companies listed on platform as on date. 19 companies are listed on this platform during the quarter ended 30 June, 2018, as compared to 9 companies, during the quarter ended the June 30, 2017. BSE's market share in listing of companies in the SME segment stood strong at 61% as on June 30, 2018.

With respect to a listing of securities, the number of companies listed with their equity capital on our exchange which are available for trade are 4,121 as on date. It is the highest number of companies listed on any exchange in the globe. Market capitalization of companies listed on BSE currently is INR 150 lakh crore.

The average daily turnover in our Currency Derivative segment grew by considerable 73% to INR 31,418 crore in quarter ending 30 June, 2018, from INR 18,148 crore in quarter ending June 30, 2017. BSE's market share in Currency Derivative segment for the quarter and the consideration was 52% compared to 49% for the quarter ended June 30, 2017.

In the Equity Cash segment, BSE changed the basis of transaction charges from trade count basis to incremental turnover basis in groups A, B and certain other group of securities, with effect from July 1, 2018, based on market feedback. In the Equity Cash segment, the average daily turnover in the quarter ending June 30, 2018, was INR 3,299 crore. The daily average number of trades was 10.67 lakhs.

India International Exchange, a wholly owned subsidiary of BSE, continues to expand its footprint through various listings, product offerings and growth in turnover. In June 2018, India INX announced the launch of segregated nominee account structure with a view to further facilitate ease of market access for foreign investors in the International Financial Service Centre at this city. Through this mechanism, foreign investors can become end clients of eligible segregated nominee account providers for trading on the India INX products.

India INX continues to be a market leader in this segment, and the market share of the quarter ended June 2018, stood at 74%. I'm happy to inform you that India INX has achieved highest turnover of more than USD 1 billion, highest volume traded of 58,000 on June 6, 2018, with cumulative turnover of USD 56 billion. India INX had USD 447 million average daily turnover for the quarter ended June 30, 2018, a considerable 1,100% increase from the corresponding quarter of the previous year.

India INX has 39 registered members, out of it, 30 are active. As on date, 45 membership applications are in various stages of membership process. As on date, 123 products have been introduced on the India INX exchange for trading in commodity derivatives, index derivatives, equity derivatives and currency derivatives. The average daily traded turnover for the quarter ended 30 June 2018 was 28,280 compared to 3,023 in the corresponding quarter of the previous year.

India INX plans to launch a platform directly dealing shares of companies listed across the globe. The platform known as India INX Global Access IFSC will provide connectivity between India INX and foreign bourses, and the partner exchange will execute all trades on behalf of India INX. The platform will provide a unique trading opportunity for Indian investors to trade in foreign equities. SEBI recently made changes in the regulations to facilitate transition to unified exchange regime from October 2018. In line with the preparing ourselves to launch commodity derivatives transactions, BSE is already holding mock trading sessions for such products. Trading in commodity derivatives shall be conducted on the Bolt Plus trading platform, our new generation trading system.

BSE and Bombay Metal Exchange entered into an MOU for the growth and systematic development of commodity derivatives markets and nonferrous metals complex. BME, with its domain knowledge and unique stakeholder ranging from importers, traders and corporates, will assist BSE in designing new and innovative deliverable products in commodities like aluminium, copper, zinc, nickel, lead, etc. The MOU has been signed between two companies as BSE will soon enter the commodities market with relevant industry inputs. Members of BME can advantage of the expertise of BSE's educational programs, which are vital for any trade. The synergy will help in launching new and innovative products, adding more value to the existing commodities value chain and ecosystem.

We are glad to inform you that BSE secured a trademark for its iconic building, Phiroze Jeejeebhoy Towers at Dalal Street. This marks an important milestone in the journey of BSE as the tower has been an irreplaceable part of the soul of the city. BSE is honored to be recognized as a symbol of evolution of stock markets in India and its past through the trademark.

Moreover, BSE will receive recognition as a designated offshore securities market from United States Securities and Exchange Commission. BSE become the first stock exchange in India to receive DOSM recognition and now joins an elite list of foreign securities exchanges that have been recognized as DOSM by the SEC. The DOSM status allows sale of securities to U.S. investors through the trading venue of BSE without registration of such securities with the US SEC and, thus, eases the trade by US investors in India.

Coming to the quarterly financial, the consolidated total revenue for Q1 FY2019 grew by 3% to INR 166 crore from INR 161 crore in 2018. Our operational income increased by 6% to INR 117 crore in Q1 FY2019 from INR 110 crore in Q1 FY2018. Our income of services to corporate increased by 17% to INR 56 crore in Q1 FY2019, as compared to INR 48 crore in Q1 FY 2018, mainly due to increase in annual listing fees and the listing processing fees. Income from security services decreased by 10% to INR 45 crore in Q1 FY2019, as compared to INR 50 crore in Q1 FY 2018, mainly due to lower turnover in equity cash segment. The data Dissemination fee increased by 18% to INR 7 crore during the quarter.

The company has received observations from SEBI in respect of inspection conducted for period 2005 to 2017. The company has been asked to reimburse INR 14.27 crore to investor services fund and INR 13.72 crore to the Stock Exchange Investors Protection Fund Trust, along with interest in respect of certain expenses charged to these funds. The company would be submitting its response to the same to SEBI shortly, the same it present is considers contingent liability.

As on June 30, 2018, the total balance lying in settlement guarantee fund maintained by our Clearing Corporation is INR 365 crore. On the same, additional contribution made by BSE in accordance with the earlier SEBI regulation is INR 20.32 crore, which would be offset against minimum required corporates requirement from time to time.

With this overview, let we welcome you, once again, and invite all of you to question and answers. Thank you.

Questions-and-Answer Session

Operator

[Operator Instructions] We have the first question from the line of Sureddi K R. Please ask your question.

Sureddi K R

I do not understand the logic of investment banker buying the same quantity of shares day after day. There is no surprise element. It seems that is – it only helps the punters. What is your reading?

Ashishkumar Chauhan

I'm not able to understand the question.

Sureddi K R

Yes. My question is your buyback...

Ashishkumar Chauhan

Okay. So it is about buyback? Okay. Basically, this buyback was done through the market, open market, not through the offer route. So in day there is a possibility that the investment banker may be – sort of may get allegations that they are sort of supporting some days and not supporting other days and their volatility that is induced by this activity. And that's why it was decided that it will be bought, not only for the same amount from the day, but also in the amount – same amount was bought in every 15 minutes, it was the same amount of bought, so that it doesn't end up creating newer volatility in the market.

Sureddi K R

But I'm not – I mean, I don't understand. There's no surprise element. It only helps the punters, who keep buying and selling again, same back to you. Anyhow, that's your call.

Ashishkumar Chauhan

Yes, surprise is a problem with regulations, right? So regulations cannot be surprising, that's why we being regulators we'd like to be consistent.

Sureddi K R

No, consistent doesn't mean helping the punters. Anyhow, I leave it to you.

Operator

[Operator Instructions] We have the next question from the line of Gopal Vaid. Please ask your question.

Gopal Vaid

Hi. My question to you, sir, is that quarter investment income has come down significantly from INR 46 crores to INR 39 crores. Can you please highlight the reason why that has happened? And also I have a question regarding the announcement of – I had a question regarding the currency derivatives in future segments. So how – what steps is BSE taking in order to make sure that the revenue from the segment is consistently high in terms of total contribution to sales?

Ashishkumar Chauhan

So you – the first question is about investment income coming down, right?

Gopal Vaid

Yes. Yes.

Ashishkumar Chauhan

And second question is on the derivatives that what BSE's plan there, right?

Gopal Vaid

Yes. So how – what's your strategy in terms of scaling up the currency derivatives in future business?

Ashishkumar Chauhan

Currency derivatives, okay. So I think first answer will be given by Nayan.

Nayan Mehta

So investment income going down, it's more a function of two things. One is that in the current year, especially starting from last year, the yields have been dropping very heavily in the Indian bond market, so we hope that whatever investments we make, obviously, we renew and replace. That has a lower rate as compared to what we had renewed, when they get matured. Second thing is that we have invested in the FMP to ensure that we get a steady yield, but whatever is that its because of Ind AS requirement, the fair value of the same is mark-to-market on a quarter-to-quarter basis. So even while we are going to earn the same return is in line with the expected over a period of 3 years, but if there is market rate fluctuation due to yield, we have to do and we have to actually down price the same, and the effect of the same is seen in our financials here. And second question was regarding?

Gopal Vaid

Regarding Currency Derivatives and Mutual segments. What's the currently, what's the contribution of that segment to the overall revenue from operations?

Ashishkumar Chauhan

So basically in terms of the Currency Derivatives, we have become the largest exchange, in terms of the trading volumes. And from this Monday onwards, that is five days back, BSE started weekly derivatives contracts in the currency that includes futures and options both. And other exchanges yet have not been given the permission to start. So in some sense, BSE is actually going ahead yesterday in the weekly futures options, which started only four days back, that business started growing \$1 billion transaction volumes, so it's effectively – currency seems to be something which BSE is now gaining tremendous ground even in the eyes of the regulators, but the market also seems to be welcoming it. And we have a – kind of an innovative pricing method, where after a particular size of trading volume, we do not basically have additional levy around – if you trade around INR 20,000 crores of the futures, then above that, we don't charge you additional charges. And that's why most people seem to be preferring BSE, especially the large traders, and that's what's also bringing the smaller traders. And hopefully, over a period when BSE becomes a dominant sort of exchange in this area, we may be able to create larger revenues out of that.

Gopal Vaid

Okay. And sir, one more follow-up question. In terms of the Clearing Corporation interoperability, I mean, what's the update? Is – what's the regulatory part? I mean, there was talk of that thing coming through. So what's the update on that piece of new regulation which you expected?

Ashishkumar Chauhan

SEBI has still not yet come out with the regulations. We hope that they come out with it soon. But currently, they seem to be discussing, there were several working groups that were set up, and they had also submitted their recommendations. And now I think more nitty-gritty's are being discussed. It has not yet – at least to my knowledge, not been approved at the SEBI board level. So whenever they take to the SEBI board, they will also announce all these things. Currently, we do not have much visibility on that part.

Gopal Vaid

Okay. And sir, just last question. Your employee benefit expense and in terms of other admin expense has gone up this quarter substantially. So do you think this – do this lead this substantial growth? I'm talking Y-o-Y here. So I just wanted to know whether this thing will continue in future. Or do you think it's a one-off thing for this quarter?

Nayan Mehta

So the expenses that you are talking of, basically Y-o-Y, they have gone up because of some provisions which we have made with respect to listing receivables, and there have been nominal increases, and there was normal increase in the other expenses. As far as employee cost is concerned there is a normal increment which comes after every appraisal, so every year there is bound to be an increase in employee cost. The major reasons for this increase is also that some expenses which you know we used to earlier categorize as cost towards investor services fund, we are now – we are categorizing them as employee cost, the reason being the SEBI query which we referred to in the speech. Yes, so that's the reason.

Gopal Vaid

Thank you.

Operator

[Operator Instructions] We have the next question from the line of Sandesh Kodole. Please ask your question.

Sandesh Kodole

Hello, sir. Hello?

Ashishkumar Chauhan

Yes.

Sandesh Kodole

Thanks for the opportunity. I want to ask the standalone operating revenue come down from INR 125 crores to INR 98 crores, I want the reason for that. And your outlook of the operating revenue.

Nayan Mehta

Yes, our operating revenue has come down, basically, because of two reasons. Our transaction, our overall turnover on BSE has reduced during the current quarter, as compared to previous quarter. And that is because in the last 6 months, there has been total washout in terms of all mid-caps and small caps. And so most and many of the companies which are listed on BSE, obviously, they're also losing some investor interest that is one of the big reason. And the second thing is there is some decrease in our fees, which we're receiving towards the book building last year. Book building is as a function of how markets do. So if there are lesser number of new issues, obviously, they're bound to impact our income in the current year. So these are two reasons why our operating revenue is down.

Sandesh Kodole

Okay. Now the outlook on operating revenue?

Nayan Mehta

Pardon me? Please, pardon me?

Sandesh Kodole

Next quarter, outlook of the operating revenue?

Ashishkumar Chauhan

See basically we don't give outlook, but you would realize that ours is a very simple cost business model. So when markets are down, usually our revenues go down. When markets go up, especially mid and small segments, then our revenues go up substantially. So from last one month, again, the markets have started going up for those part, and so you can actually put it in your model and figure out.

Sandesh Kodole

Okay. Can you provide transaction charge income or listing fees income for this quarter?

Nayan Mehta

Transaction charges income in this current quarter was INR 27.43 crores, and listing fees income was INR 51.16 crores.

Sandesh Kodole

Okay. Thank you sir.

Operator

[Operator Instructions] We have next question from the line of Arman Suri. Please ask your question.

Arman Suri

Hello. Can you hear me?

Ashishkumar Chauhan

Yes, we can hear you.

Arman Suri

Yes, thanks for the opportunity. I have a couple of questions. The first one is in the annual report. You've mentioned that after the introduction of physical settlements in the equity derivatives side, you're planning to increase your market share. So I'd like to know what the steps you all have taken to do that and the second question is regarding the Currency Derivative side, so in that, we are higher in terms of overall volumes in turnover, but in the future side, for example, our closest competitor has twice the amount of open interests as compared to us. For example, today the closest competitor, they have an open interest in the near month dollar-rupee contract of – I think 1.8 million contracts, while we have it somewhere around 900,000 contracts. So what are we doing to reverse that? And another part, follow-up regarding the currency side is that in the cross-currency side, we're basically losing market share to closest competitor and also in the others sterling-rupee and euro-rupee and yen-rupee contracts, so we have minimal market shares, compared to our closest competitors. So what are we doing to reverse that trend?

Ashishkumar Chauhan

Okay. So basically in terms of equity physical delivery, we have a better technology. The NSE has been opposing the physical delivery because their technology is not able to handle that. Okay, now that it has been imposed, in a sense, by the regulator, nobody has a choice. But given our flexibility, we think we'll be able to give better framework for the users to come deliver things against their derivatives' positions and so on and so forth, and that would happen also for the – sort of whenever – as when commodities are coming. Commodities are going to also have the same framework. In fact, whatever we are hearing today for the extended timing, what is coming in the newspapers or websites is that the competition is trying to take a break, whereas in the India International Exchange, which is running out of Gandhinagar but running out of our technology. We are trying to do ours without a break. So we have the ability to do a lot of things, which, perhaps, the other exchange doesn't do. In fact, just to give you a perspective, the competition to India International Exchange doesn't work 22 hours a day, it works only 15 hours a day because probably they don't have people or they don't have technology or they're not interested, whatever the case, basically we think, as and when all listings come in, we will have a better chance, of course, if interoperability is allowed it, will be even better. But till that time, we'll have to continue to innovate and hope that the traders like what we are going to offer. The other part is on Currency Derivatives. You mentioned about the operation,

open interest being larger at the competition vis-à-vis BSE because BSE started around 7/ 8 years after the other exchanges. And the trading is where you get the revenues, not in open interest. So it is good to have open interest, but finally, the revenues at least, the size is considered by the trading part of it. The other part is at the banks, which had started sort of keeping open interest in one exchange, they don't see too much benefit of going into another exchange because they don't trade that often. They just keep open interest and at the end of the month, they actually take it into the next month. So once you're very large, then people can't ignore, and that's what is happening. Many of the traders are slowly bringing all their deposits and all to BSE for currencies and that's how we see it. The other part is, the main business of India is traded in U.S. dollar terms, not in Sterling, not in euros. Those are, in some ways, very suspect trades. And so it is basically in some ways, people are trying to show volumes where, probably, they don't exist, right? Today, if you see today's volume itself, BSE is like INR 29,000 crores and NSE is INR 24,000 crores overall, right? And so you know there is a sort of a reasonable traction here, but that's Sterling and euro and cross-currency and all this. In some ways, it is not there, okay? People are standing up numbers to show that they are not less than 30%.

Arman Suri

Right and one more question regarding the option side. In the currency option side, we have on the notional side where we have a larger market share compared to our competition, but in terms of the premium turnover, competition's higher than ours. And as we know, in India, a premium turnover, like option, is where all the money's being made presently, at least for our competitor. So what are we doing to actually gain market share in terms of premium turnover? Because the most liquidity option and like which are the most in the money, they're being traded more in NSE as compared to BSE what are we doing to bring that business to our platform?

Neeraj Kulshrestha

See, I will tell you the most liquid is the current month contract, okay? And I can tell you that while you may be taking a point, but our – in the current month, in the future, and options, the feedback that we have is that you may put as many lots as you want and it just vanishes. On the – okay. And you may try this. So – and when we are saying, we are saying with it some conviction, and it's also reflected in the market share. I mean, on an average, it's not easy now for the last three, four months that we have 60%, more than – within 60% and 70% or between late 50s and mid-60s in percentage term market share on a daily basis. So if...

Ashishkumar Chauhan

And then most important, USD INR, current month options and futures. BSE's currently having much larger liquidity on what you want to trade on, not what you trade on. Because people may trade by having, say, negotiated trade, but if you want to basically have liquidity on the screen, BSE's where people come.

Arman Suri

Got it. No, I can and I hope you understand, this is also my concerns because I wouldn't want our competitor, which could be ruthless at times, to steal our thunder because we've

been gaining momentum in this, so I'd like it going forward. And another question, not regarding this, it's regarding the cash flows. So if you check the cash flow statement, this time we've had a negative operating cash flows, compared to the last year. And I understand it's because of a decrease in our other current liabilities, so I'd like to know and if you could throw some light regarding where all this money been going out and what's been the cause of this outflow.

Nayan Mehta

In every year, we have a STT payment. Every month, we have a STT payment of around INR 100 crores, and we have a TDS liability of around another INR 30 crores odd. Generally in the months of March, tax authorities request that you pay in advance, the money which has to pay actually in April. So because we paid it in advance, you would see that our cash flow reduced by around INR100 crores.

Arman Suri

Okay. Because last year, there was inflow of about INR 126 crores in the other financial liabilities and other liabilities...

Nayan Mehta

I'll tell you, that last time what happened is that last time, that there were a lot of STT transactions. And we had paid STT up to 15th of March in that year. This year you know, we got a request that we should pay as late as possible, so...

Arman Suri

Right. And other question is regarding we got the approval from the SEC for a trading on the equity side, but there's another part, like NSE got one from CFTC regarding the Part 30 exemptive order. So where are we on that? I had read from news articles that even BSE had applied for it, so I'd like more updates regarding that.

Ashishkumar Chauhan

Yes, BSE has applied for it. We have still not got the approval. But hopefully, we will also get at some point in time.

Arman Suri

Okay. And the last question is regarding the international exchange. If you could throw some light on the proportion of proprietary turnover vis-à-vis institutional or retail turnover out there. I understand there won't be retail out there, but I'd like to know the breakup of the turnover in that.

Ashishkumar Chauhan

Currently, 100% is prop traders. Well, it can be a little probably less than 1% will be client business.

Arman Suri

Okay. So basically the reason for me asking is so I could basically understand more whether institutions have actually been entering and have been coming in and trading on the GIFT City platforms, if that's the reason.

Ashishkumar Chauhan

Not at this point. Not at this point.

Operator

[Operator Instructions] We have the next question from the line of Amit Chandra. Mr, Chandra, please announce the company you are calling from and then your question.

Amit Chandra

This is Amit Chandra from HDFC Securities. So my question will be on the transaction charges. So in this quarter, we have seen INR 27.4 crores from transaction charges. And now we have also started getting money from the AMC's from this quarter. So can you please, like, provide the breakup that what amount of money we have received from StAR MF? And is that clubbed in the transaction charges?

Nayan Mehta

It means that mutual fund income comprises of the direct revenue, which you receive, which is in terms of the transaction charges, and there is some cost which we also recover. So in terms of direct, the amount which we have received in mutual fund segment out of direct charges is around INR 3 crores and another INR 2 crores in our charges recovered as a part of our expenses.

Ashishkumar Chauhan

On standalone basis.

Nayan Mehta

Yes on standalone basis.

Ashishkumar Chauhan

On the consolidated, there is one more INR 90 lakhs of cost recovery there.

Nayan Mehta

So, that there is other charges which comes from services which is provided by our technology company, so that is another INR1 crore.

Amit Chandra

Okay. So now this INR 3 crores that you have received from StAR MF, so this was not there last quarter, right?

Nayan Mehta

Last quarter, we had recovered some money. So last quarter, when we did, we had recovered overall INR 5 crores, but it pertained to – it pertained some earlier dues also. And it was out of negotiated fee, which we had determined with the discussions with the mutual funds. So in short, I can say one thing that as compared to INR 5 crores which we earned last year, we have earned around INR 6 crores in the current quarter.

Amit Chandra

Okay, sir. And sir, like we have been seeing that we have been changing the transaction charges structure very frequently. So when can we see stability there? And also the Currency Derivative segment, now we have been gaining market share there, but the contribution of that segment to the overall revenues is very small. So as we have gained, they're not significant market share there. So can we expect some hike in charges in the transaction charges for the Currency segment?

Ashishkumar Chauhan

Currently, in currency, we don't have plans to start charging higher. We want to first consolidate our lead and then do things. And in terms of the transaction charges for the equities, we have been experimenting, but it was there for 15 months, and then we have changed it back to sort of original structures there now. So we'll continue to experiment in terms of what we think we might be able to try. So I don't see stability as to be the cause or the end of doing business.

Amit Chandra

So sir, like when we're charging on per trade basis, so what was the feedback that you got and why we changed to the original structure? So any input on that would you like to share

Ashishkumar Chauhan

So basically algorithm guys are finding it costlier.

Neeraj Kulshrestha

And difficult to compute.

Ashishkumar Chauhan

And for them, it was becoming difficult to compute also because although the software's of all brokers are connected and I mean, they are charging like NSE does. So basically we said okay, as far as there's no special losses to us, we decided to go back.

Neeraj Kulshrestha

And we provided the option also.

Ashishkumar Chauhan

But very few people actually stayed back on that.

Neeraj Kulshrestha

Stayed back on the earlier option of per trade. So then we realized that its large majority, with literally 90%, 95% or more are opting for the per trade and who are not opting for the per trade business, then might as well all of move everyone to single framework.

Amit Chandra

So right now, it's on the ad valorem basis, like earlier?

Neeraj Kulshrestha

Yes. Now we will changed this from next month onwards, it will be ad valorem basis only.

Amit Chandra

Okay, sir. And sir, like we have been seeing a lot of volatility in the exclusive segments. I know that the nature of this segment, but as the revenues have fallen significantly from there, so can we expect some kind of rate hike or some hike in charges there to offset the loss?

Ashishkumar Chauhan

Currently, we don't see that see our business is very cyclical. When the markets go up, the revenues go up. And basically, exclusive revenues goes up even faster. And when markets go down, the smallest stocks go down faster, and so the revenues out of that also goes down faster. So for us, being and trying to be too greedy may end up creating some issues later on. So we are currently not seeing that too much of a problem. This last months, around July onwards, those companies' prices, which have gone down drastically, are slowly coming back. And so people are now slowly getting interested in them.

Amit Chandra

Okay, sir. And sir, lastly, on the universal exchange concept that they are now being implemented for October. So we know that we are ready to launch the commodity trading. So any update on that? What is the process there? And what are the plans?

Ashishkumar Chauhan

We hope to launch it on October 1. We are ready in terms of the trading, clearing settlement software and training and mock trading and everything. Some inspections are going on currently with the regulators. So as and when things get approved, of course, we can't start before October 1, but we will start in October. And it will be like a longish transaction, right? Because it goes on till almost 11:55 p.m., from I mean, morning till

pretty much midnight, right? So we are also ready to operate our markets so long now, going forward, from October. So it's like now, only two months left.

Amit Chandra

Okay. And sir, like what shift in the volume that we had seen in the Currency Derivative segment? So what exactly was driving that? And can we see similar kind of strategy that can work here also? So any clarity on that would be useful.

Ashishkumar Chauhan

You basically, we are, of course, working hard, and we can hope for that, but only it remains to be seen. We will have better technology there than all other exchanges combined in the terms of commodities, in terms of how the clearing settlement, everything takes place. Even the cost, we'll be very competitive, compared to what people are charging currently. But basically, currency was a – currency and interests are slightly different vis-à-vis commodities and equities because of the STT being applied. So we will keep our fingers crossed and continue to work on, basically, sort of ensuring that people see value in what we do.

Amit Chandra

Okay sir. Thank you and all the best for the future.

Operator

[Operator Instructions] We have the next question from the line of Ashish. Mr. Ashish, please state your company and then your question.

Ashish Chopra

Hi, this is Ashish from Motilal Oswal. Thanks for the opportunity. So I had a couple of questions. Firstly, so while the volumes on Currency Derivatives increased quite significantly, I think the revenues Y-o-Y declined. So have we kind of taken a cut in the pricing as opposed to the earlier trend of we're taking it higher?

Neeraj Kulshrestha

No. See, this is actually our framework, if you really go by the currency pricing framework that we have, it's remained the same for the last six, seven months.

Ashishkumar Chauhan

So basically what we have done is we have done slab-wise and above a particular size of INR 20,000 crore a month plus. People don't pay extra money, right? So in some ways, the extra volumes are not being extra money, but it is showing the input length. And getting other retail guys or the smaller guys to come in because there is more liquidity.

Ashish Chopra

Understood. And the other thing just wanted some more clarity on the StAR MF platform. I think, Nayan, you were saying that you made around INR 3 crores of income from the same. So there was this number mentioned in the presentation with sales around INR 5.2 crores in the first quarter. If you could just elaborate upon the breakup again, as to the difference between INR 5 crores and INR3 crores?

Nayan Mehta

Yes, BSE charges from direct charges to the mutual fund, for every transaction that takes place. Now these charges are exclusive of the cost that BSE incurs at the back end to process those transactions in terms of the amount, which we incur, the cost and the expenses we spend on processing the transaction. That is recorded under the separate head. So since it is the charges recovered, it doesn't factor under the transaction charges. It shows separately under our operational income breakup. So because of the the same reason. BSE's actually booked by INR 5.2 crores, but then obviously in transaction charges, this INR 3 crores will come. And again as I spoke earlier, that there's are some other charges which are incurred by our group company, which are pass through charges, so those are recovered by a group company and that also we recover from the mutual fund, so that's our total collection is about, the total revenue is about INR 6 crores, as compared to INR 5 crores in the entire year last year, with are after that negotiated fee.

Ashish Chopra

Okay and so I think you also mentioned the presentation that close to INR 7 crores were the total number of transactions that took place, so against which the revenue currently would be INR 3 crores, right? So that's what, I guess, Ashish was implying by you charging currently a nominal fee, right, it would be roughly less than INR 0.5 of realization per trade. Would that be the right understanding?

Nayan Mehta

No. Where are you referring of INR 7 crores thing.

Ashish Chopra

69.5 million total trades that took place on the BSE.

Ashishkumar Chauhan

Yes. Here in mutual fund, We charge on per transactions, because there are liquid fund transactions, which are very, very large, but they don't yield much to the fund, nor to the investor. And then there are retail transactions, which are small in nature. And so we charge per transaction. And currently, basically, in last quarter, we charged totally around INR 6 crores, right? Although, Nayan has a tendency to do differentiate between cost recovery versus the charges, I have a framework that last year, I was not recovering cost. So whatever I'm charging is a charge, right? And that is how I would want to look at it.

Ashish Chopra

Right.

Nayan Mehta

And it's 69 lakh transactions.

Ashish Chopra

Right, right. And just one more question from my side was, Nayan, would the contribution from exclusive stocks to the transaction charges would have declined significantly this quarter?

Nayan Mehta

Yeah, because of total volume in our specific group. Exclusive group decreased. So obviously, there has been a decrease in our income from those stocks.

Ashish Chopra

Right. Roughly on the ballpark, if you could share, what would have been the contribution from there?

Nayan Mehta

Roughly year-on-year, about INR 4 crores, INR 5 crores since we have taken on account of that.

Ashish Chopra

Okay, okay. Got it. That's it from my side. Thanks and all the best.

Operator

We have the next question from the line of Rahil Jasani. Please announce your name – I'm sorry, please announce your company before asking your questions.

Rahil Jasani

Hi. Rahil Jasani from ICICI Securities. Sir, my first question is from 1st July, in the Equity Cash segment, we have changed to volume-based transaction fees. So, I assume that it will be the same as we were charging earlier at INR 275 rupees? Just wanted to confirm that.

Ashishkumar Chauhan

Slightly different. I mean, the slabs are slightly different. Broadly you can check it on our website.

Rahil Jasani

Okay, okay. Got it.

Ashishkumar Chauhan

We can send an e-mail to you.

Rahil Jasani

Sure, okay, okay. Secondly, in the Mutual Fund segment, actually continuing with what Ashish was asking, INR 3 crore transaction fees from last quarter I think, it's 7 million transactions, so 70 lakh transactions. So the yield comes to around INR 2, but in the last con call, I think you had mentioned that you were charging at around INR 4 or INR 5 average.

Ashishkumar Chauhan

Boss, you multiply 7 million by 4, how much comes to that? It comes to 28 million, right?

Rahil Jasani

Okay. INR4 – INR4 or INR4 to INR5.

Ashishkumar Chauhan

Around INR 5 average we are realizing on a broad verse basis, but totally, we earned INR 6 crores, which is coming to around – on a – 7 million transactions, coming to around INR 8.5.

Rahil Jasani

INR 8.5, okay.

Nayan Mehta

So frankly you know rahil accounting is one aspect that is guided by the audit guidelines. As a business, we see that what is our total recovery per transaction.

Rahil Jasani

Right, right, right. Okay, okay and sir, lastly, I wanted to ask what is the cash and investments amount total which is there in our books, which is our own cash and apart from the margin money, which is there from that areas?

Nayan Mehta

Well, see it like this that cash is a very miss understood point. So if you say that, okay, what is the cash which is available for dividend declaration, then it's different. If it – if you say for another buyback, it is different, because there are other companies are guidelines for that. So, if you have just talking about dividend, then probably INR 1, 500 crores will be the amount, which will be lying in our book that can be used for dividend purposes.

Rahil Jasani
INR 1,500 crores?

Nayan Mehta
Yeah.

Rahil Jasani
Okay, okay. And that will be as on June 30th ?

Nayan Mehta
Yeah.

Rahil Jasani
Okay, okay. Yeah. Okay. Thank you.

Operator
We have the next question from the line of Sai Kiran. Please announce the company and then your question.

Sai Kiran
This is Sai Kiran calling from RW Advisors. Just continuing the earlier guys question. So you mentioned INR 1,500 crores is the cash available for the equity shareholder, right?

Nayan Mehta
That is it has to declare everything as dividend, I can declare that much. But provided, I don't have any other commitment.

Sai Kiran
Yeah. That's the free cash around for the equity shareholders?

Nayan Mehta
Yeah.

Ashishkumar Chauhan
There will be some portion of regulatory capital, so that it won't be, basically, doing.

Operator
We have the next question from the line of Akhil Nallamuthu.

Akhil Nallamuthu

This is Akhil, I just wanted to know about Meta Quotes software that is MT5, like how is the response, like number of demo accounts opened and when this will be available for live accounts for traders?

Ashishkumar Chauhan

Can you please repeat?

Akhil Nallamuthu

I just wanted to know about MT5 platform.

Neeraj Kulshrestha

MT5?

Akhil Nallamuthu

Yes.

Ashishkumar Chauhan

Any specific purpose with which, I mean, it is used for?

Akhil Nallamuthu

I mean, I've read it in the news that Meta Quotes software is being offered to access.

Neeraj Kulshrestha

Meta Quotes, okay, yes, yes, yes. Yes, okay.

Akhil Nallamuthu

What is the status and will it be available anytime soon? Or do you have any data of the number of demo accounts being opened on for the BSE, something like that?

Neeraj Kulshrestha

Yes, yes so we are in discussions with them, but let's see how things go, proceeds. And we understand they're important for this new market, commodities market.

Akhil Nallamuthu

Okay. So as of now, there's no new updates?

Neeraj Kulshrestha

We already and we are already to discussions.

Akhil Nallamuthu

Thank you once again.

Operator

[Operator Instructions]. As there are no further questions at this time, I'd like to hand the call back to your speakers for any closing remarks.

Yatin Padia

Thank you for joining the investor call

Ashishkumar Chauhan

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

Nayan Mehta

Thank you. Thank you.

Operator

Thank you, sir. Ladies and gentlemen, that does conclude our conference for today. Thank you for participating.

{End of Transcript}

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