

Date: May 10, 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 May 4, 2018

Dear Sir/ Madam,

With reference to our letter dated May 3, 2018, intimating you about the conference call with Analyst/Investor held on May 4, 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



BSE LIMITED

Q4 FY 18 Earnings Conference Call



May 4, 2018

BSE LIMITED

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

Operator

Ladies and gentlemen, welcome to BSE's FY 2018 Earnings Conference Call. My name is Ashwini, and I will be the moderator for 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 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 FY 2018 results. This is Yatin, the Chief Investor Relation Officer. Joining us today on this earnings call is the 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 a transcript of the same will be available on our website during the duration of the quarter.

The financial results and the 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 or earning guidelines. Anything said on this call will reflect the BSE's outlook for the future or would be constitute as a forward-looking statements must be reviewed in conjunction with the risk that the company faces.

With that 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. At the outset, I am very happy to share that BSE has posted growth of 32% year-over-year to Rs.237 crores in terms of profit from continuing operations on a consolidated basis for the year ended 31 March 2018 as against Rs. 179 crore rupees for the previous year. Further the profit on a consolidated basis attributable to shareholders for the year ended 31 March 2018 rose by 222% Rs.711 crores as against Rs.221 crores for the corresponding quarter in previous year. The board of directors has recommended a payment of final dividends of 1550% which is Rs.31 per equity share of face book of Rs.2 each. Thus the total dividend for the financial year 2017-2018 after considering the interim dividend of 250% paid in the month of February 2018, is ₹ 36 per equity share of face value ₹ 2 each which is 1800% in total.

For past few years, BSE had been receiving suggestions and request from investors to return a part of the excess cash lying in its books in the form of dividend or buyback of shares. The board of BSE's meeting held on 15th January 2018 approved buyback of shares through open market route (stock market mechanism). The board decision reflects its confidence in BSE's future and its commitment to deliver value to all stakeholders and strong balance sheet.

As allowed under Companies Act, the board buyback of shares with excess of 10% of equity and free results amounting to Rs.166 crores, the maximum buyback price of Rs.1100 per equity share was approved by the board after considering various factors including the trend in the market price with the equity share of BSE during one month/six months pressuring the date of the board meeting including average of the weekly high and low of the closing share price of the equity shares of the company on the stock exchange. The net-worth of the company and the potential impact of the buyback on the range per share and another similar ratios of the company.

Accordingly, BSE proposes to buyback 15 lakhs or more equity shares amounting to 2.8% or more of the paid up capital of the company at market price subject to maximum buyback price of Rs.1100 per equity share and maximum buyback amount of Rs.166 crores. The buyback commence from February 01, 2018, the company has bought back 8,99,160 number of shares at a total cost of Rs.72 crores from open market till 3rd May 2018.

India International Exchange (India INX), wholly owned subsidiary, BSE continues to expand its footprint through various listings, product offerings and growth of turnover. In February 2018, Yes Bank acting through its international financial services banking unit listed its year notes due to 2023 under US\$600 million medium term note program on the global securities of market of India INX. This has been followed by listing of senior note due to 2028 issued by the export import bank of India under US1 billion medium term not program and listing of various notes of NTPC of US\$6 billion on the global securities market of India INX. We are in talks with other public sector undertakings, the list, which is subject to regulatory discussions.

India INX would be introducing a new facility to enter orders and specialized contracts for straddle and fair options of a common underline for which market wide mock would be conducted on May 5, 2018 onwards.

India International Clearing Corporation, a wholly owned subsidiary of BSE and Clearing Corporation for settlement of trade reputed in the India International Exchange has started accepting bank guarantee issued by the bank branches located in GIFT City international financial services centre as collateral from February 2018.

Honourable Minister of Finance in his budget speech in February 2018 stated that government will establish a unified authority for regulating all financial services in IFSC in India. Setting up of the unified authority is likely to subsidiary increase ease of doing business in IFSC.

BSE's StAR MF, India's largest mutual fund distribution infrastructure, and introduced e-mandate facility on 20th January 2018. This is a completely paperless framework and that will be reduce the time taken for mandate approval to three from 10 to 35 days taken for paper based mandate approval. Various banks have been introduced for participating under the e-mandate facility over few months. To further facilitate the paperless framework and reduce process time, BSE has introduced scan-mandate on BSE StAR MF platform from mutual fund intermediaries and distributors/ Registered Investment

Advisors with effect from 15th February, 2018. For faster resolution of queries pertaining to the St ARMF platform, BSE have step up BSE StAR MF platform service centre in February 2018.

BSE launched platform for electronic book mechanism “BSE BOND” for issuance of debt securities and private placement basis on 1 July 2016. Till March 2018, debt issuances above Rs.500 crores are mandatory required to be made through the electronic platform of a stock exchange. SEBI has revised the threshold limit downward to debt issuance about Rs.200 crores with effect from April 1, 2018. BSE BOND for bond issuance has been a preferred choice for companies to raise debt capital in India. In the financial year 2017-2018, 84 issuers have done 532 issues of bonds and successfully raised to Rs.2.08 lakh crores using BSE bond. On February 14, 2018, Greater Hyderabad Municipal Corporation successfully raised Rs.200 crores by issuing bonds on private placement basis during BSE bond platform. Earlier in June 2017, Pune Municipal Corporation was the first Municipal Corporation after several years to successful raise Rs.200 crores on the BSE bond platform.

In the equity cash segment, BSE changed the basis of transactions, charges from hardware on basis to trade count based in group A, group B and certain other securities with effect from 3rd April 2017 to incentivize higher level of trading volume on BSE’s electronic trading platform in order to further increase liquidity and frontline stocks, BSE has waived off transaction charges in BSE S&P Sensex 30 Index stocks with effect from 12th March, 2018. BSE launched cross-currency derivatives and cross rupee options in EURUSD, GBPUSD & USDJPY futures & options contracts in February 2018, 30 days for the same but BSE is now the market leader in this.

SEBI has recently made changes in their regulations to facilitate transition to unified action regime from October 2018, today SEBI has also announced new market timing for stock derivate also to be in line with the commodity derivatives which just coming few minutes back. In line with preparing ourselves to launch commodity derivatives and also now equity derivatives which will trade much stronger, BSE is already conducted a mock trading session for such products as you are aware in India International Exchange, BSE is already trading 22 hours, so it’s not new to BSE in terms of the long trading hours.

BSE & Soybean Processors Association of India (SOPA) have entered into a MOU for the growth and development of commodity markets in value chain recently and BSE is in the process of entering into many such MOUs with many participants in India for developing commodities markets

Asia Index Private Limited, a joint venture between S&P Dow Jones and BSE Limited launched S&P BSE 500 index in April 2018. The index is designed to measure a 100% long

index weight in the S&P BSE SENSEX Total Return Index and a 100% short index weight in the S&P BSE SENSEX Futures Excess Return Index. The index provides market Participants with a transparent benchmark to compare the performance of similar arbitrage strategies. Now, I will cover the business update for the March quarter.

BSE promoted India INX at Gift City, Gandhi Nagar, Gujarat achieved a highest turnover of \$529 million and highest number of contracts till date of 32,689 of April 16, 2018 and April 12, 2018 respectively.

In the India INX at US\$2.40 million for the quarter ending March 31. In the India INX has 30 active members as on date and over 66 membership application in various stage of membership process. As on date 122 products has been introduced on the exchange where trading and indexed derivatives equity derivatives and currency derivatives.

The average number of contract rate daily for the quarter ended 31 March was 14,507. India INX continues to be the market leader in this segment and the market share for the month of April 2018 stood at 83%, the market share seems to have improved after that.

Our mutual fund segment with an electronic online order aggregation platform for investment and redemption of units of Mutual Funds through our broking members and authorized representatives, as well as also through MF5 MFBS and another aggregators in their authorised representatives, has been showing superlative growth since past few years and continues to be another high growth area for BSE. The segment has seen growth of 179% during the quarter ended 31 March 2018 on a year-on-year basis. The average monthly number of order processed during the quarter ended March 31, 2018 were Rs. 21.08 lakhs as compared to Rs 7.56 lakhs during the quarter ending 31 March 2017. BSE's continues to be market leader in this segment and the market share for the quarter ended March 31, 2018 stood at 77%. On March 12, 2018, BSE StAR MF processed to record Rs 4.34 lakh from on a single day, worth Rs 1,686 Crore. I'm glad to inform you that BSE has started receiving fees from all the mutual funds on its platform for the services being rendered by the platform.

BSE SME platform has 241 listed companies on its platform as of 30 April 2018, 19 companies were listed on this platform during the quarter ended 31 March 2018 as compared to 13 in the corresponding quarter in the previous year. BSE's market share of 64% in the SME segment till in the March 31 2018.

During the quarter ended 31 March 2018, BSE's platform for Electronic Book Mechanism "BSE BOND" for issuance of debt securities on private placement basis has completed another 198 issues raising Rs. 70,445 crores. The total number of issues completed in this platform since July 1, 2016 is 2353 and the total amount raised through this platform is more than ₹ 424,083 crores.

With respect to listing of securities, the number of companies listed with their equity capital on our Exchange which are available for trade are 4,069 as on date. BSE has the highest number of companies listed on any exchange around the globe.

In the equity cash segment, the average daily turnover in the quarter ending 31 March, 2018 was Rs 4,711 crores. Further, the daily average number of trades in the quarter ending 31 March 2018 was 14.5 lakhs.

The average daily turnover in our currency derivative segment grew by 77% from Rs 12,215 crore in quarter ending March 2017 to Rs 21,625 crore in quarter ending 31 March 2018. BSE's market share in currency derivative segment for the quarter ended 31 March 2018 was 48% compared to 38% for the quarter-ended 31 March 2017.

On quarterly financial results, the consolidated total revenue for the Q4 financial year 2018 grew by 6% over Q4 FY17 to Rs 195 crore and our consolidated net profit from continuing operation grew by 27% to Rs 62 crore. Our operational income has rising by 19% to Rs 137 crore in Q4 FY18 from Rs 115 crore in Q4 FY17. Our EBITDA increased to Rs 85 crore in Q4 FY 2018, from Rs 69 crore in Q4 FY17. EBITDA margin has grown from 37% in Q4FY17 to 44% in Q4FY18. Further, our net margin on continuing operation has grown from 26% in Q4FY17 to 32% in Q4FY18.

The growth in revenue and profits during Q4 FY18 has been strongly aided by growth in operational revenues. The revenue from operations have consistently increased over last few years. Our income from security services has remained consistent at Rs 67 crore in Q4 FY18, compare to Q4 FY2017. Transaction charges income grew by 6% Rs 47 crores. Our income on services to corporate has increased by 51% to Rs 62 crore in in Q4FY18 from ₹ 41 crores in Q4FY17.

BSE's net worth on standalone basis as 31 March is Rs 2774 crores, of which 767 crore in the nature of capital reserves.

As on 31 March 2018, the total variance lying in settlement guarantee fund maintained by clearing co-operations is Rs 358 crore. Of which additional contribution made by BSE in accordance with earlier SEBI regulations is Rs.55 crore which would be offset again minimum required corpus requirement in future.

With this introduction let me welcome you once and invite all of you for the question-and-answer session. Thank you.

Yes. We can start the question.

Question-and-Answer Session

Yes, sir. [Operator Instructions] First question comes from Mr. Ayush Ketan. You may ask your

Questions

Ayush Ketan

Congratulations sir. On good set of number to all the BSE team. Couple of questions sir, first can you put some light on rise on admin and other expenses during this quarter.

Nayan Mehta

Okay, Ayush. The main item, which is increased in this current quarter is with respect to repairs and maintenance of building. Our building is more than 40 years old now and obviously it need to some renovation. And we had to write it off in the year of expense.

Ayush Ketan

Okay. So approximate how many would be the amount of for that sir?

Nayan Mehta

So for that, basically that total amount spent is Rs 12 crores in this quarter.

Ayush Ketan

Okay.

Nayan Mehta

So that is one major item and of obviously there are some – there is contribution to CSR, then there will be contribution to SEBI Mandated expenses in nature of investors services fund, etc.

Ayush Ketan

So this was the one-time expense during the quarter for the represent the maintenance of building. Okay.

Nayan Mehta

Yes

Ayush Ketan

And question through Ashish Sir wanted to know about your strategy behind wave of transaction charge on stock will it income to set off by other head of income of light mutual fund so what did you know about in the

Ashishkumar Chauhan

Basically mutual fund income will be much larger than what income we would earn form the SENSEX 30. Basically we had a choice to advertise and spend lot of money, the other way is sort of do this kind of things so that people will get know what BSE is doing. And this called what I called very targeted way of advertising your service in a different way right. But we continue to monitor sort of result is out of that and we continue to figure out whether we need to change any of our strategies.

Ayush Ketan

Okay. Transaction turnover will be more than our estimated transaction due to set off of charges.

Ashishkumar Chauhan

I didn't get the last one.

Ayush Ketan

to conclude in our strategy is that forward transaction turnover in this SENSEX 30 stocks will increase. So this is the main motive behind our waive off transaction charge.

Ashishkumar Chauhan

Correct, correct, correct.

Ayush Ketan

Okay, okay and actually it's a follow-up question on this on mutual fund, what will be the charge sheet on mutual fund transaction?

Nayan Mehta

Mutual fund average we are in the process of charging average, because there are SIP transaction, X-SIP transaction, all sort of difference charges, on an around Rs.5 transaction average.

Ayush Ketan

Okay, on an average Rs. 5 per transaction that also

Ashishkumar Chauhan

There are larger guys being charged smaller and smaller guys being charged larger but broadly I think currently blending rates is of Rs.5 transaction average

Ayush Ketan

Okay, so we are already. We were charging before that, so the charge sheet is as same as old. Charge sheet or some we had changes in the charge sheet.

Ashishkumar Chauhan

We did not charge before because people were not paying. We were okay to charge but from this month in last week but mostly move everyone is going to be charged on average.

Ayush Ketan

Okay, so we are following the same old charge sheet from the time that they were not paying. But we charge sheet.

Ashishkumar Chauhan

No boss. That charge sheet basically issued to sort of made people aware that there will be a charge. After individual negotiation and now everyone is paying different, different amount at charge sheet every spend rate on Rs. 9 per transaction. After negotiation and everything, nobody was paid. Nobody paid for almost more than year and three months. After negotiation it has not come down around Rs. 5 blended.

Ayush Ketan

Okay fine. Yes also. What will be expected income from the mutual fund segment?

Ashishkumar Chauhan

Boss, you have to multiply that five rupees with average monthly base and multiply by 12 that you'll get for if you multiply by three then for the quarter.

Ayush Ketan

Okay, okay so. Yes, no problem. Thanks.

Moderator

Thank you. Next question comes from Srikanth. You may ask your question.

Srikanth

Hi, thanks for taking my call. I just wanted to get the bottom line figures of INX, how much are we in cash loss today?

Nayan Mehta

See, INX as on date has spent around Rs.34 Crores.

Srikanth

This for the quarter?

Nayan Mehta

No. This is cumulative as up to date.

Srikanth

Okay and how is that performed as compare to previous year?

Nayan Mehta

Last year it worked only for two month, starting from January month. So this was first year of operation and obviously, this is a very big setup there. So there will be some gestation cost.

Srikanth

Right. I remember you send that in first conference that you were looking at kind of three to five years as breakeven point for INX but given the amount of significant ramp up will be turnover do we what kind of revise the estimate figure or we still continue to believe that it will take about the same time frame.

Ashishkumar Chauhan

See was the concept is very simple. We will charge when we have market power to charge. Right? Currently, NSE IFSC is zero cost for the next 6 months, so we have to match it. We were planning to charge \$0.20 per contract from April 1, since NSE announced it, so we have to also match it. So till the time some reasonable market power comes will have to ensure that we can become the market leaders even without charging and then we will

continue to go open will start charging light what we have done in the mutual fund business.

Srikanth

Sure sir and incrementally how much investment are we looking forward into INX exchange for the next two three years.

Ashishkumar Chauhan

Basically on a 5 year scale we have to transfer our there is something or regulatory capital which doesn't get used, and that is where and there is non-regulatory capital which is what you end up using. So there is, Rs.100 crore for the regulatory capital for Exchange and Rs. 300 Crore for the clearing corporation or so to be done for the regulatory capital. And then on top of that, if we are incurring Rs. 25 Crore or Rs. 34 crore losses for next 3 year or 5 years and will have to add Rs. 100-150 crore more for so that is purely the numbers unless let me changes downwards the number required for the exchange regulatory capital and clearing corporation regulatory capital.

Srikanth

This would this kind of setup be impacted by the ongoing products which are being introduced in SGX given whatever has happen post the implementation of losing to the IFSC also actually learning to be a more thread rather than, kind of what we were expecting earlier?

Ashishkumar Chauhan

We were expecting at the time of starting INX that SGX will continue trade nifty right. That was the aggression at least we had I don't know whether you had any indication that SGX will be stop for trading, and so now ready to happen I think it as a positive but again only future will say what will happen.

Srikanth

Sure but do we foresee any kind of change in the investment strategy in terms of more than our plant investment in any case that becomes the threat so if I had to move.

Ashishkumar Chauhan

There is no need for additional investment but till February SGX was supposed to do it for rest of their life right?

Srikanth

Right

Ashishkumar Chauhan

Only there was outcome of the change and what was the outcome of that change at least potential is that the IFSC exchange will gain right?

Srikanth

Right.

Ashishkumar Chauhan

And then I probably will may continue to remain just because you created what I call if you new fake product possible that you are fake product may become larger than normal product but I possibly can get the fake product but we don't want right it remains to be see know it works. But clearly what happened over last 3-4 months in terms of the that product licensing from Indian exchanges is clearly positive for the IFSC exchanges.

Srikanth

Sure, sir. And my final question sir is on the technology side you've mentioned in the presentation that the technology investments continued to be in the range of 16% of our total revenues, is that the run rate which we can except going forward also?

Ashishkumar Chauhan

Yes, yes. I think that number is slightly some bounce up or down I assume, because of some special issues we may have, but currently we don't see any large sort of CapEx going forward, except for probably one or small little things here and there.

Shrikant

Sure, sir, sure. And with regards so the commodity exchange soft launch are do we still believe we are own track to launch the exchanges from 1st October – if I'm understand it correctly?

Ashishkumar Chauhan

We have been waiting for last three years, so as and when if the stock exchange are allowed to trade commodity will certainly be there on 1st October or whatever date that would be allows us to – today is a announcement by SEBI to allow from October 1, equity is very, very [indiscernible] is alternate thing in that direction, because it tells you that maybe they are very serious about October 1, making it universal exchanges right.

Shrikant

Sure, sir, sure. Final question I had is given these kind of initiatives which has been done by BSE to kind of launch new avenues of revenues, but traditionally we have been lagging behind the equity cash segment is there some sort of our strategy, by the management you know to kind of make a trust and kind of improve the market shares in that segment because, historically we have been seeing that BSE has not made any progress in terms of the market share there.

Ashishkumar Chauhan

See there are historical reasons and there are real reasons for not being able to capture market in fact, we have been losing market share in equities because, if you are trading equity derivative in next week, you will also trade equities there, right. And that's where also algorithm trading co-location facilities, when they allow co-location between equities derivatives market. It is only happening on that exchange where it was related to that, traditionally BSE missed out on the buzz when it was allowed in 2001. And almost now 15-16 years BSE has not been able make any dent there. We will continue to try to make a dent by having the SENSEX 30 stocks value I mean the transactions has been waived or anything else, but we have also seen in the past when we are trying to bring

derivatives, because they couldn't come, we were preparing for the order flow. And we spend maximum without much results, at the same time there are few interesting structure bases that are coming. One is the delivery based derivate, second is this new market timings, third is probably somewhere else, some more things have been talked about on interoperability of clearing operations and all. So we think there is a possibility that many of this things may result in making the level play in field for BSE. But currently I agree with you that we have not able to make a dent in the equities and equities derivatives markets.

Shrikant

Sure, but is there a specific kind of strategy in this segment, or is it something which you are letting the market of course this dictate, how the shares will – I mean how the market share will improve

Ashishkumar Chauhan

See we have lot of strategies being a highly regulated entity as well as being a first – what I call, first-line regulator most, the strategies which commercial organizations adapt, we cannot adapt. We are not allowed to adopt. And that's why all – what is approved, what is allowed must be done and we stay within our limits in that. And so strategies are subject to regulatory guidance available or regulatory approval if the guidance is not available.

Shrikant

Sure, sir. Thanks so much for taking my question. And all the best for the future sir.

Operator

Thank you, Shrikant, next question comes from Sureddy. You may ask your question.

Sureddy

Actually this has been answered so I'm out of the queue. Thank you.

Operator

Shall I take the next question, sir?

Sureddy

Yeah, yes, go ahead, please.

Operator

Next question comes from Mr. Nitin Aggarwal. You may ask your question.

Nitin Aggarwal

Thank you for giving the opportunity. Sir, I just wanted to ask that if we see the transaction charges has increased 23% year-over-year in FY2018. So which segment has contributed to this growth visit, the PNB Group stock was charged on per trade basis or the other group stocks on which we had increased our transaction charges to 0.1% on turnover.

Ashishkumar Chauhan

It's basically on both counts, A group, B group where trade based thing on the exclusive group where on ad valorem basis both sides have seen good volumes and good increase because the market was violent.

Nitin Aggarwal

Okay, and my second question is in core SGF we have seen an increase of Rs.86 crores during the year and I believe that through P&L we had not contributed anything for FY2018. So what was the reason was this increase like from did we get this contribution increase.

Nayan Mehta

See, SGF – going to have cash contribution, it has the collaterals and all those things also. So if the market volume increases based on collateral also come into that. So BSE's contribution otherwise on the cash side, because already it is not paid any – it has not paid any money at all this year. So as far as BSE is concerned there is a credit of around Rs.55 crores which they need to be offset it in future, as and when there is a requirement to meet fund.

Nitin Aggarwal

Okay, thank you. That's it.

Operator

Thank you, Mr. Nitin.

Ashishkumar Chauhan

So I will tell you a story without asking question, okay. I was in New York last month. And I met a fund manager cum analyst and she was raiment that BSE's annual profits will never go above Rs.175 crores in as of 2017, 2018 and I was totally surprised here a model which had got from some of the analysts which are on the phone, and she was like totally clear and I told her, madam what reality is that in nine months we have made more profit than what your model suggest for the entire year but she was completely confident our model that is not go above this whatever happens probably then I said that we might going to make losses for the next quarter to fulfil your expectations. And then she said many of the analysts are saying that BSE management is not able to answer so on and so forth. But the other ground is there probably that model – probably are wrong but tremendous faith people have in that model vis-à-vis the reality is actually which BSE comes out with, seem to be pretty sort of different. So now the data is come out to be around Rs.248 crores on standalone vis-à-vis are sort of Rs.175 crores expectations, I thought it just our cautionary tale for most of the analysts who seem to be more bothered about the model rather than looking at the real numbers.

Okay, any other question we have?

Operator

Yes, sir. Next question comes from Mr. Ashish Chopra. You may ask your question.

Ashish Chopra

Yes, hi, sir. Thanks for the opportunity. Sir, my first question was maybe – could you split the transaction charges between what would be the contribution from the exclusive segment where you are still charging ad valorem vis-à-vis the non-exclusive where you are charging on a per trade basis?

Nayan Mehta

Ashish, we have discussed the thing in earlier, we think it's also – we think is around 50% to 60% comes from specific and you know exclusive group which is – and the remaining 40% to 50% comes from the common trade count basis. So this – we think something which has established where over last few years and it just continues the same trend.

Ashish Chopra

And if my understanding is right, the volume contribution from the exclusive segment would be less than 10%.

Nayan Mehta

Yes, yes. It will be less than 10%.

Ashish Chopra

And any outlook on what would be the technology expenditure that you have budgeted for in the next fiscal?

Nayan Mehta

The technology budget concern, you know I mean generally you can resume that okay, it will be 10% more end of the next period. We have to enable to reassigned 6% to 7% minimum in any industry. So this is our technology business which we are running. So obviously that goes along with it.

Ashish Chopra

Okay, fair enough. And since you have now started charging for the mutual fund platform and as you mentioned that NSE has not yet charging. Would you have seen any impact of that on the market share in the month of April or it would have stayed in the same in the north of 75%.

Ashishkumar Chauhan

Probably I was told it was 81%, but for me these are all temporary, nothing to bring them out, currently we are able to charge itself a great relief.

Nayan Mehta

Nothing to do with sharing, because nobody get in the same.

Ashishkumar Chauhan

Not only that one. Other side if you look at it we are not travelling on two things still NSE continues to old market share. So those are I think more to do with getting people on you market space first and then if they are comfortable they stay back right.

Ashish Chopra

Clear point. And just lastly from my side. So since you now, you're not being levying any charge on the index script. So would that have been a fairly – note worth contribution to your transactional income in the last fiscal

Ashishkumar Chauhan

Not much. That's why it was done.

Ashish Chopra

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

Operator

Thank you, Mr Ashish. Next question comes from Ms. Dimple Kotak. You may ask your question.

Dimple Kotak

Hi, sir. Just I want one clarification. In Slide number 21, the average value per order from mutual funds have gone down 269 versus 115 YoY. So is there any reason for that?

Ashishkumar Chauhan

So basically what it tells you, when mutual fund number is, I mean the value per transactions goes down, more retail investors are coming into the market using BSE StAR MF Platform

Dimple Kotak

Okay. And what is the average monthly trades on the mutual fund platform?

Ashishkumar Chauhan

Currently, it is in the range of Rs. 22 lakhs to Rs. 25 lakhs transactions.

Dimple Kotak

Okay. Thank you.

Operator

Next question comes from Mr. Alok, you may ask your question.

Alok

Yeah, Nayan, quick question. What is the free cash that you have at the end of the year and it is to be that number pre-announced dividend and post-announced dividend and buyback?

Nayan Mehta

See, Alok, it's as we just mentioned in the speech that we have got the total amount of net worth is Rs. 2700 crores on standalone basis, of which Rs. 700 crores is main capital reserve. Now, after this Rs. 200 crores, now we have got Rs. 2000 crores after which some amount will be of 100% of buyback, Rs. 200 crores of dividend. So we have got – and then we have got investments to be made in INX & ICC, so that will be are around Rs. 300

crores/ Rs. 400 crores. So you can say anywhere around Rs. 1200/1300 crores, which can – which will remain as cash.

Alok

Okay, got it. And that if technically, we wanted to distribute, we could distribute it.

Nayan Mehta

That is a hypothetical question, Alok you know...

Alok

Technically, yes, yes, of course. Now, on the employee expenses on the year-over-year basis, it was down by about Rs. 8 crores. What was the reason for that?

Nayan Mehta

See, last year we had given some special ex-gratia payments to employees, because they had completed two major projects, which is in IPO and also setup of INX in a very short timeframe, those are non-recurring costs, so the impact is showing I mean, in the current year.

Alok

Okay, got it. And the admin expenses on a sequential basis, I would have to add this Rs. 12 crores of one time. I'll take it out from this quarter, if I take it out still the admin expenses on sequential basis have gone up about 20%, so what's causing that?

Ashishkumar Chauhan

Basically, the payment to SEBI regulatory costs, because it's actually on almost ad-valorem basis.

Nayan Mehta

And then there are CSR expenses which generally come in the last quarter for us, and that again some bad debt which we have written off in this period. So the accumulation of this part, majorly if we have more have it – much of it, we have to consider it on building repair cost, which is non-recurring.

Alok

Yeah, yeah. Okay, thank you.

Operator

Thank you, Mr. Alok. Next question comes from Sri Kartik, you may ask your question.

Sri Kartik

Hello, sir, thanks for the opportunity. The liquidity enhancement program ("LES") that you executed in GIFT City, comes into console numbers, is there any guidance with respect to how much do you want to spend there?

Ashishkumar Chauhan

The last time the LES I think was for three to four months only. Now next year really for the full year, so it will increase by that much.

Sri Kartik

Similar amount on the quarterly basis, about Rs. 2 crores?

Ashishkumar Chauhan

Pretty much, pretty much.

Sri Kartik

Okay. So just to give us some sense the last time when we had this leaps in our onshore exchange, the peak cash burn was about Rs. 60 crores in 2014.

Ashishkumar Chauhan

No, no. Peak burn for probably Rs. 90 plus crores in the earlier year, but that is not relevant in this case.

Sri Kartik

As the primary difference would be STT?

Ashishkumar Chauhan

Yes. So, STT was very large cost.

Sri Kartik

Yeah.

Ashishkumar Chauhan

Which is not here in the GIFT City.

Sri Kartik

So, generally from an expectation's perspective with a similar amount of LES program, could we get to that 25%, 30% market shares that we brought on to equity derivatives during the earlier period?

Ashishkumar Chauhan

Currently in GIFT City, the Indian International Exchange is 90% market share.

Sri Kartik

Yes, sir. But assuming that once we move from, SGX happens and then NSE also runs the full-fledged platform. We would see some migration of market share?

Ashishkumar Chauhan

Let's see – these are all hopes about sort of many, many things and let us wait and watch.

Sri Kartik

Okay. On another note, if we could talk about what's happening on the currency derivative segment for the regulatory changes. There have been multiple regulatory changes during the past six months affecting currently, interest rates, et cetera, if you could tell us what's happening there in terms of policy?

Ashishkumar Chauhan

A lot of you also spread or what understanding that now NSE will become 100% of market and BSE will slowly become zero. Incidentally NSE – BSE has become now probably more than 50% of market, after those changes have happened, right. So in fact data has been net positive for BSE despite the expectations of contrary for most analysts, would also some of them return also in small notes about the eventual demise of BSE's currency derivatives, which has not come out to be true and BSE has become now larger in trading volume, compared to NSE in currency derivatives.

Ashishkumar Chauhan

In current month contracts, which is the main – USD, INR current month contracts, we are like 55%, 60% sometimes 70% of the trading volumes every day, day after day.

Sri Kartik

Yeah. So my question is RBI is now allowed to increase the maximum unhedged exposure to a \$100 million. Does that have a system level increased to the volumes?

Ashishkumar Chauhan

I am giving you the same answer, after that \$100 million on aggregate basis, earlier there is to be on exchange difference. It would begin common and people root an opportunity for BSE's currency derivatives, and we have proved that we can actually beat them, right, that is what happened in last quarter. We have basically ensured that all the predictions of this that BSE now will come down to zero has actually come to – BSE is now larger than NSE. On overall as well as the main important U.S. Dollar, Indian Rupee, currency futures.

Sri Kartik

Yeah.

Ashishkumar Chauhan

Every day for last three, four months.

Sri Kartik

And also, you'd mentioned that we have a 22-hour trading cycle in our GIFT City exchange. What is the difficult of that sir?

Ashishkumar Chauhan

Correct. It basically says that when Japan starts, we start, and when California sleeps, we sleep. We cover the entire element of all the activities of equities, commodities, currency markets anywhere in the world, we are competing with them.

Sri Kartik

Okay. But from our technology perspective, is that something which is difficult to replicate?

Ashishkumar Chauhan

In a sense it is not difficult to replicate, but then it is difficult to replicate by human, ultimately some humans are required. So I have been told NSE IFSC doesn't trade so long.

Sri Kartik

All right.

Ashishkumar Chauhan

It shows also our seriousness to every cause we take up including the IFSC.

Sri Kartik

All right. Thank you so much.

Operator

Thank you, Mr. Sri Kartik. Next question comes from Mr. Ankur Shah. You may ask your question.

Ankur Shah

Hi sir. Sir, can I get a bit breakup of the different segment, which have listed like the companies, currency derivatives and just state that StAR MF is it possible to get a bit breakup for that?

Nayan Mehta

No. One thing, we have the name of common resources of common infrastructures for all our segments. And the same results were used for any further new initiatives, which we do. So it doesn't mean any sense for those two, just to have a hypothetical breakup.

Ankur Shah

Okay. And so one more question, more from overall your sense how these – I'm seeing the presentation, which the BSE has made, and in all the new segments we have a leading market share or at least a market share, where we can build up something meaningful. So, as a size of the opportunity, the size of the business, what is your overall view, how far are we from looking money, but meaningful money in any of your difference?

Ashishkumar Chauhan

See, for us, small amount of money is meaningful. For large company, large amount of money may not be meaningful. So currently, we are making some money in currencies, in mutual funds. Bond, currently we are not making too much money, but SMEs also we have started making sort of some money. So we are in a sense making money as we are holding on the market leadership position when these things grow up, when these segments grow up, it will be beneficiaries.

Ankur Shah

Okay, okay, okay. Okay, thank you so much.

Ashishkumar Chauhan

Thank you.

Operator

Thank you, Mr. Ankur. Next question comes from Mr. Mehul Mehta. You may ask your question.

Mehul Mehta

Hi sir. Wanted one clarification in terms of income from investment and deposits, is there any of restatement, because as again, Rs. 238 crores for FY 2017, currently it is being shown as Rs. 198 crores for FY 2017?

Nayan Mehta

Mehul, what had happened in that last year, one of our group companies, which is the clearing corporation, they had to sell that bonds with their holding in their books, because of a regulatory requirement, and because of that we had to book that profit in that previous year. And obviously, that is a non-recurring item, and because, that is the main reason, because of which you're seeing this dip.

Mehul Mehta

So that has been reclassified under exceptional item or something?

Nayan Mehta

No. It has not been reclassified, because it was in course of normal business.

Mehul Mehta

So it will be now part of operation income. Is it? How should we take it?

Nayan Mehta

No, no. They have been considered it in previous year as income. So, this year's income, which you see little down, comfortably, we think that has got that reason.

Mehul Mehta

As I know, what I want to know is that kind of earlier for FY 2017, the amount shown was Rs. 238 crores income from investment and deposits.

Nayan Mehta

You're right.

Mehul Mehta

And now it is being shown as Rs. 198 crores for FY 2017...

Ashishkumar Chauhan

No. You should assume that Rs. 198 crores or similar will remain in future plus/minus that changes.

Mehul Mehta

Going forward you are saying?

Ashishkumar Chauhan

Yeah, yeah, yeah.

Mehul Mehta

Okay, thank you.

Operator

Thank you, Mr. Mehul. Again, we have Mr. Ankur Shah. You may ask your question.

Ankur Shah

Just one follow-up question. Sir of on the book building fees, last year, we saw a very major bump up from Rs. 143 million to Rs. 331 million. So, sir can you give a breakup of this segment as in – are these fees only related to IPO book building or does it include anything, which is more non-market related?

Ashishkumar Chauhan

So basically, it's a function of market. If the market is good, we'll continue to have more companies coming for book building and even offer to buy and offer to sell, and all those things where we're operating with the market. we are smaller market and we have developed good team and enthusiasm and technology to take that market. But if markets don't do well then you know this small little things don't happen, you know...

Ankur Shah

Okay. And in this particular segment, do we have any exclusivity like let's say for example, a particular buyback, which goes to – only through the BSE Exchange, or do we have any sort of exclusivity, or it's – if the growth is over here, then obviously it will be there on the NSE. Is it like that?

Ashishkumar Chauhan

Not that, not that. Basically, if you heard of TCS buyback?

Ankur Shah

Yeah, yeah. Right.

Ashishkumar Chauhan

It happened only on BSE. If you heard of Infosys buyback, it happened only on BSE. If you heard of any other buyback, it would happen on the BSE.

Ankur Shah

Okay, okay.

Neeraj Kulshrestha

And there was a buyback, which took place on NSE, but because of market demand eventually, company had to come to us and request us to also conduct the buyback.

Ashishkumar Chauhan

There are some areas, which are small we are very good at. But as somebody pointed out, we don't yet make too much money there.

Ankur Shah

Okay. Thank you sir. Thank you so much.

Ashishkumar Chauhan

Thank you sir.

Operator

Thank you, Mr. Ankur. At this time, there are no further questions from the participants. So, I would like to handle back for final remarks to Mr. Yatin Padia.

Yatin Padia

Thank you. Thank you for joining to the BSE.

Operator

Shall I conclude the call sir?

Ashishkumar Chauhan

Yes, please.

Operator

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

Nayan Mehta

Thank you.

Operator

Thank you so much sir.

{End of Transcript}

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