

Date: February 18, 2020

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

Symbol: BSE

ISIN: INE118H01025

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

Sub: Transcript of the Conference Call held on February 11, 2020

Dear Sir/ Madam,

With reference to our letter dated February 4, 2020, intimating you about the conference call with Analysts/Investors held on February 11, 2020, please find attached the transcript of the aforesaid conference call.

This is for your information & record.

For **BSE Limited**



Prajakta Powle
Company Secretary and Compliance Officer

Encl.: a/a



BSE LIMITED

Q3 FY 19 - 20 Earnings Conference Call



February 11, 2019

BSE LIMITED

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

Operator

Good evening, ladies and gentlemen. Welcome to the BSE's Q3 FY 2020 Earnings Conference Call. My name is Rajesh and I will be the moderator for today's conference. As a reminder, all participants line will be in 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 over to Mr. Yogesh Joshi, Head-Investor Relations, BSE Limited. Thank you and over to you, sir.

Yogesh Joshi

Hello, everyone, and welcome to BSE's earnings call to discuss the Q3 FY 2020 results. This is Yogesh, Head-Investor Relations. Joining us today on this earnings call is BSE's leadership team consisting of-

- Mr. Ashishkumar Chauhan, Managing Director and CEO;
- Mr. Nayan Mehta, Chief Financial Officer;
- Mr. Sameer Patil, Chief Business Officer;
- Mr. Girish Joshi, Chief Trading Operations and Listing Sales.

Do note that the conference is being recorded and a 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 a question-and-answer session. Please note that BSE does not provide any specific revenue or earnings guidance. Anything said on this call will reflect BSE's outlook for future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks the company faces.

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

Ashishkumar Chauhan

Thank you, Yogesh. Good morning, good afternoon and good evening to all of you wherever you are. Let me start with providing you with certain updates on our business and operations. BSE continues to march ahead in its growth of business in its StAR MF, platform. The total number of orders processed has risen by 55% to 393 lakhs during the

nine months ended December 31, 2019 as compared to 253 lakhs in corresponding previous nine months. The platform received a record 53.65 lakhs order in the month of January 2020, surpassing the previous best record of 49.56 lakhs order in the month of December 2019. The total number of orders received in the month of December 2019 is higher by 51% as compared to the orders received in the month of December 2018.

The platform results a record 10.10 lakh transactions on a single day on February 10, 2020, surpassing the previous best record was 8.76 lakhs on November 11, 2019. Continuing the growth momentum, the platform registered 1.13 lakh new SIPs amounting to Rs. 32.48 crore for the period 1st February to 10th February 2020. The current StAR MF book size for SIP is 36.81 lakhs amounting to Rs. 1,058.28 crores. The total number of XSIP registered under this segment increased by 38% to 16.35 lakhs for the nine months ended December 31, 2019 and from 11.86 lakhs for the nine months ended December 31, 2018.

The total value of orders processed in the Mutual Fund Segment increased by 31% to Rs. 1.49 lakh crore for the nine months ended December 31, 2019 from Rs. 1.14 lakh crore for the nine months ended December 31, 2018. BSE had launched STAR MF app in May 2019 to enable mutual fund distributor process transactions on the go using mobile. The mobile app has been well received by the investment community and it has processed over 2.26 lakh transactions since January 31, 2020. BSE's relentless scaling up of mutual fund distributors, an IFA's network along with its technology, drives the growth in STAR MF platform.

During the period from October 2019 to January 2020, BSE appointed 1,450 IFA's / stock members taking their total to 56,000 as on 31 January 2020. This network is over and above BSE's 1,400 members backed by over 2 lakh authorized representatives covering length and breadth of our country. The net income earned after considering provision for receivables in the StAR MF segment increased by 58% for the nine month ended 31 December, 2019. Income earned in this segment has contributed to 12% of the revenue from operations for the nine month ended 31 December, 2019 as compared to 7% from operations for the nine month ended 31 December, 2018.

Seeing it differently, the income earned in StAR MF segment now is equivalent to 64% of the income earned by BSE in its Equity segment during this period. BSE continues to remain positive on growth of this segment. BSE's market share in this segment for the nine months ended 31 December stands at 71%.

You would be glad to know that BSE-Ebix Insurance Broking Private Limited, a joint venture of BSE with Ebix Fincorp Exchange Private Limited has obtained insurance broking license from insurance regulator, Insurance Regulatory and Development

Authority of India, (IRDAI). The company is in the process of appointing its intermediary network and commencing its business. The company successfully beta launched, operations on 7 February, 2020. The venture will enable distribution outlets, wealth management advisors, point of sales persons to sell life and non-life insurance products on the single platform. It is expected that the network of insurance broking business and mutual fund distribution platform shall complement and leverage each other for strong growth over time.

BSE holds equity stake of 40% through its subsidiary, BSE Investment Limited in this venture.

The turnover at BSE subsidiary, India International Exchange (IFSC) Limited, also known as India INX at IFSC Gandhi Nagar, has been growing at a fast pace. Average daily turnover in India INX witnessed a growth of 211% to USD 2.1 billion for the nine months ended 31 December 2019 from USD 694 million for the nine months ended 31 December, 2018. The turnover comprises of significant contribution by Equity Derivatives Segment. Equity Derivatives Segment contributed to 92% of average daily turnover and the Commodities Derivatives Segment has contributed 8% of this. It achieved a major milestone on October 7, 2019, when its cumulative total trading turnover crossed USD 500 million mark driven by substantial jump in its trading volume, which increased to 37.15 million contracts. India INX's market share for the nine months ended 31 December is 83% in GIFT City.

In December 2019, ONGC established USD2 billion Medium Term Note (MTN) program on its Global Securities Markets and listing of USD 300 million notes issued under the program at a coupon rate of 3.375% due in 2029. Further in January 2020, state-owned Power Finance Corporation Limited (PFC) has listed its global notes on India INX Global Securities Markets (GSM). India INX's Global Securities Market continues to remain GIFT IFSC's leading primary market platform, for raising funds from global investors. The listings are of USD 750 million worth bonds at 3.950% due under USD 5 billion Global Medium Term Note Program.

Over the past two months the government and the regulators have taken various measures to enable derivatives trading of Indian rupees with settlement in foreign currency. On January 20, 2020, RBI issued directions for introduction of Rupee Derivatives at IFSC further, as per SEBI circular dated February 3, 2020, allowed currency futures and options contracts, involving Indian Rupees with position limits for eligible market participants settlement in foreign currency. In her budget speech on February 1, 2020, Honourable Finance Smt. Nirmala Sitharaman stated that in recent years, there has been a surge in trading volumes of Indian rupee in the offshore financial centres and that the Government and RBI has taken various measures to permit Rupee derivatives to be traded in the International Financial Service Centre at GIFT City Gujarat. On 3 February

2020, the Securities and Exchange Board of India (SEBI), the regulator for the stock exchange and GIFT IFSC has approved all recognized Stock Exchanges and Clearing Corporations in IFSC to launch currency futures and options contracts. Government also in the recent budget allowed for 1% concessions in withholding tax on the bonds listed on India International Exchange.

The IFSC Centres Authority Act 2019 came into force from December 20, 2019. The act inter-alia provides for setting up a unified authority, regulate all financial services in IFSC in the country, been approved by both houses of parliament. It aims to set up a world-class unified regulator for International Finance Service Centre, combining power and functions of RBI, SEBI, IRDAI and PFRDA amongst others. Currently, the banking, capital market and insurance sector and IFSC are regulated by multiple regulators such as RBI, SEBI. The dynamic nature of business in the IFSC necessitates a high degree of inter regulatory coordination. It also requires regular clarifications and frequent amendments in the existing regulations, governing financial activities in the IFSCs. The development of financial services and products in IFSC would require focused and dedicated regulatory interventions. A unified financial regulator for IFSC in India would be able to support the growth of global financial markets at IFSC.

The currency derivatives segment at BSE continues to provide a very liquid platform for trading in currencies. The average daily turnover of currency futures segment for the nine months ended 31 December, 2019 was Rs. 11.19 crores and the average daily turnover in the options segment for the nine months was Rs. 17.867 crores. Market share for the said period of BSE was 43%.

On 27 January, 2020, BSE signed a licensing agreement with Intercontinental Exchange, which is listed on (NYSE:ICE), a leading operator of global exchanges and clearing houses and provider of data and listing services for the use of ICE Brent Index as the final settlement price for BSE's rupee denominated Brent futures contract.

In the Commodity Derivative Segment, BSE facilitates trading in derivatives of gold, silver, Oman crude, copper, guar seed, guar gum, cotton futures, turmeric, castor seeds, chana and soya bean. In a short span of a year, BSE has become the dominant exchange for trading in derivatives cotton with a market share of 30%, and guar seed, the market share of 32% for the quarter ending December 2019. The total number of the member admitted in this segment is now 276. Average daily turnover for the nine months ended 31 December, was Rs. 203 crores.

BSE SME platform has 315 companies listed on its platform on 29 January, 2020. Further, the number of companies listed on SME platform have grown by 12% over the past one year from 280 companies to 315 companies. Of the total number of companies listed in

BSE SME, 75 companies migrated to the BSE Mainboard as on 31 December, 2019. The total market capitalisation of companies listed on BSE SME platform was Rs. 18,289 crore and total fund raised was Rs. 3,279 crore. Number of market makers registered with BSE SME segment as on 31 December was 129. The companies listed on BSE segment, SME segment have shown outstanding growth over the past seven years. The SME IPO Index, which was launched on 14 December with 100 as the base has increased to 1,770 as on 31st December, 2019. It measures the performance of any IPO for one year only. BSE's market share in listing of company and SME segment stood at more than 60% as on December 30, 2019.

BSE launched platform from electronic bond distribution mechanism “BSE Bond” on July 1, 2016. This platform facilitates issuance of debt securities on private placement basis as well as on public basis. Issuers in this segment include renowned corporates from public as well as private sector in India. During the nine months ended 31 December 2019, 189 issuers have successfully raised over Rs. 2.3 lakh crore through this platform. The total debt raised under this platform till date has crossed Rs. 10.44 lakh crore. BSE's market share stands at 61%.

The trading volume in the equity segment at BSE, have generally been found to be correlated to the macroeconomic growth and many other factors. As such, certain volatility has been historically observed in the volumes in this segment, which is affected inter-alia by the level of activity in capital markets in India. BSE's Equity segment stabilized, and Equity Derivative Segment is also growing, reflecting the quarter-on-quarter improvement in the operational performance of the company. The average daily turnover during the quarter ended 31 December was Rs. 2,535 crore as compared to Rs. 2,447 crore in previous quarter.

Over the last few months, Equity Derivatives business has been focused, and the average daily turnover in SENSEX Futures contract has grown from Rs. 1,001 crore in month of December to Rs. 2,266 crore in month of January, 2020. The segment recorded turnover in the segment of Rs. 4,050 crore on 10 February, 2020. BSE shall continue to make further efforts to increase its business in Equity Derivatives Segment.

Interoperability amongst Clearing Corporation facilitates the efficient order execution by enabling any order to be executed at more than one exchange and thus reduces the slippages in execution without the need to maintain margins at multiple clearing corporations. As more and more members of the investment community are insisting on best price execution across exchanges from their trading members, a positive impact on the liquidity and turnover on the equity and equity Derivatives Segments is possible.

BSE along with PTC India and ICICI Bank Limited have filed a petition with the power market regulator, Central Electricity Regulatory Commission, CERC on September 7, 2018 for grant of license for setting up a new power exchange. The CERC approval is awaited. This proposed institutional exchange, subject to necessary regulatory approvals, would leverage on the experience of expertise of its stakeholders in their respective fields, knowledge of the power sector, funding of power projects and associated infrastructure, setting up and running various exchanges and platforms in India and offer the market participants a credible power trading alternative.

BSE has a stake of 41% as of 31 December, 2019 in the proposed power exchange, through its wholly owned subsidiary BSE Investment Limited. The said stake would have to be brought down 25% for the receipt of grant of license or for perhaps before that.

With respect to listing securities, the number of companies registered with the equity and capital on our exchange which are available for trade, are 4,015 as on February 6, 2020. BSE has the highest number of companies listed on any exchange around the globe. Market capitalization of companies listed on BSE is above Rs. 159 lakh crore. The total number of unique investors listed on BSE exceed 3.07 crore.

On 26 November 2019, BSE has announced a framework for listing of commercial paper, enabling the listing on BSE for commercial paper issued on or after November 27, 2019. Housing Development Finance Corporation Limited, Tata Steel Limited, Reliance Jio Infocomm Limited, BASF India Limited & IIFL Wealth Finance Limited made an application to list their commercial papers at BSE for issue size of Rs. 3,650 crores, Rs. 2,500 crores, Rs. 1,000 crores and Rs. 300 crores, Rs. 200 crores, respectively. Post process, the effective date of listing for the same at BSE 17th January, 2020. The total listed CPs on BSE has now gone above Rs. 2 lakhs crore. The weighted average yield of these issuance is 6.52% with average tenor of 148 days. BSE has been undertaking calibrated increase in listing fees for the last few years and made the same comparable to the charges levied by competing exchanges as well as to cover increasing cost of compliance. With the effect from April 1, 2019 BSE increased its annual listing fee charged to exclusively listed companies by Rs. 50,000, in the listing capital, up to Rs. 100 crores, and by Rs. 25,000 between Rs. 100 crores and Rs. 200 crores listed capital.

BSE is required to divest its equity stake in Central Depository Services (India) Ltd. ("CDSL") to 15% over the next three years. In order to avoid risks related to disposal of required stake at one go, BSE has sold 4% equity stake CDSL in the month of November 2019 through offer for sale mechanism. BSE has accounted a profit of Rs. 91.58 crore on stand-alone basis and a profit of Rs. 32 crore on consolidated basis of the same during the quarter ended December 31, 2019.

During the quarter ended 31 December, 2019, BSE also provided for a onetime liability of Rs. 3.62 crores over service tax payment under SabkaVishwas (Legacy Dispute Resolution) scheme. It may also be noted that BSE made a provision of 50% double digit investment made in Secured Debentures of IL&FS till previous year. Considering the unlikelihood of receiving any redemption amount in future, further provision of Rs. 5.33 crore has been made in the financial for the period ended December 31, 2019.

On a consolidated basis, the profit attributable to shareholders of the company for the quarter ended 31 December has grown by 24% to Rs. 45.57 crore as against Rs. 36.69 crore for the previous quarter. The operational revenue for the quarter ended December 31, has grown by 1% to Rs. 109.92 crore as against Rs. 108.89 crore for the previous quarter. The percentage of operational revenue to total revenue for the quarter ended 31 December, 2019 has risen to 74% from 68% in the previous quarter.

Total revenue for the quarter ended 31 December decreased by Rs. 10.92crores to Rs. 148.66 crores due to decrease in investment income by Rs. 11.17 crore. It may be noted that the main reason for the decrease in investment income compared to previous quarter is outflow of Rs. 476 crore towards its buyback of shares undertaken by BSE in the month of September 2019, in addition, the dividend payout, which was also large.

On a Standalone basis, the net profit for the quarter ended December 31, has grown by 151% to Rs. 98.5 crore as against the Rs. 39.22 crore for the previous quarter. Operational revenue for the quarter ended December 31, 2019, has grown by 3% to Rs. 93.15 crore as against Rs. 90.47 crore for the previous quarter. The percentage of operational revenue to total revenue for the quarter ended December 31, 2019 has risen to 75% from 63% in the previous quarter.

Total revenue for the quarter ended December 31, decreased by Rs. 19 crores to Rs. 124.94 crore due to decrease in investment income by Rs. 21 crores. As on January 31, 2020, the total balance lying in settlement guaranteed fund maintained by Indian Clearing Corporation is Rs. 419 crores.

With this overview, let me welcome all of you once again, and invite you to for question and answer session.

Thank you.

Operator

Shall we take the question, sir?

Ashishkumar Chauhan

Yes, sure.

Question-and-Answer Session

Operator

[Operator Instructions] The first question comes from Mr. Amit Saxena from PBS. Sir, your line has been unmuted.

Amit Saxena

Okay. Am I audible?

Operator

Yes, sir. You are audible.

Amit Saxena

My question is related to the CDSL....

Operator

Sorry to interrupt you sir, your voice is too low.

Amit Saxena

Is it better now?

Operator

Sir, little bit louder please.

Amit Saxena

Yeah, am I audible?

Operator

Yes, you're audible now.

Amit Saxena

Yeah, so my question is related to the CDSL stake sale where we have divested 4% stake, I wanted to understand BSE's tax structure and amount of cash at this point of time. And given the fact that we had already divested 26% because of the regulatory norms, what is the rationale behind divesting the 4% stake in the last quarter?

Nayan Mehta

Amit, that we have already covered in the speech. We need to bring down our 3% to 15% in next three years and we had 24%. So rather than you know, waiting for the last minute to divest our stake and risk any market variability, volatility, we decided that we should do it in tranches. That's the reason we did it.

Amit Saxena

Okay. Thank you very much.

Operator

Thank you, Mr. Saxena. [Operator Instructions] Next, we have Mr. Yash Kapoor from Kapoor Company.

Yash Kapoor

Yes, sir. My first question is regarding your investment in Calcutta Stock Exchange Limited, sir, last con call also, you gave some clarification that we're looking to diverse this stake or we are looking to do some action on this accounts, because this exchange is also defunct almost and we have made a good amount of investment. So what is your strategy on this regional stock exchange? Sir, if you can give your thoughts on it, very kind of you.

Nayan Mehta

We had invested Rs. 6 crore in 2007. Unfortunately, they seized operations exchange operations a few years ago. And we have written down the entire investment. And we are carrying it at zero value right now in our books.

Yash Kapoor

So what is your what is your strategy for this stake – investment money? You have write down, or you will not do anything?

Nayan Mehta

The thing is that if any options are open. In case there is something in case there is some interest from many counters, we can think about that. We can consider that.

Yash Kapoor

Sir, Actually. I'm from Kolkata, if I can update you, if you are kind enough to cross verify also, sir, that already a matter has been filed in the high court. Now that is sub judice. Now what is the necessity of this action? This has been basically the prima facie which is a question. So are we representing ourselves in this matter so that we can get the clarity of thought that what will happen to the stock exchange as well as to our investment on this?

Ashishkumar Chauhan

See there are larger issues. And I think we should not be discussing specific written down situation in a public call.

Yash Kapoor

Okay. I appreciate that, I appreciate that. Sir, last question regarding competition, what we are seeing in our sector, sir? And please throw some light, sir, what is our view on it, sir? How we are going to create more value for our shareholder? I can appreciate that we have significant cash on our book, but keeping into account the significant competition we are facing, sir, if you can throw some light on it?

Sameer Patil

So the Equity Derivatives, we are doing some good sizable volumes. And commodities also we are picking up. We look forward for other instruments in commodities as well. So mutual funds, we are doing well. So all in all, looks good as well.

Yash Kapoor

My final question, I appreciate, yes, you are correct that your new segment you are doing very well, my good wishes are with you. But if you compare with our NSE volume with any script, which has being traded on stock exchange that is on National Stock Exchange and Bombay Stock Exchange, the volume in NSE is far more greater than that of BSE. So what is our view? And various scripts are also in BSE, that is if I have been allowed to use that it is defaming BSE because various scripts are getting all of a sudden getting suspended. So that is maligning our good name, the hard labor which you are putting into create our goodwill, sir. What step are you taking in that direction, if you will? This is my final question, sir.

Ashishkumar Chauhan

So basically, the suspension part is relevant to the compliance with the listing guidelines, which were LODR under SEBI regulations. And if the companies don't maintain those disclosures particularly as when they are suspended. There are other different guidelines for even price bands and all, which are all of these are applicable to all the exchanges. But as you know, traditionally, BSE has smaller company names are large in number. Whereas as we have selected only few out of that. And so we will continue to have this exclusively listed companies, many of them may have some issues. But as and when they become compliant, they are also revoked their suspension.

So also in terms of increasing our trading volume, now that I think 50, 60 of you are sitting have been, listening to this, I'm requesting you also to trade on BSE because what I...

Yash Kapoor

Hardly we get volumes, sir. That's very kind of you, Mr. Chauhan that you are very frank in your submission. But sir, don't take me wrong. Any company which if an investor looks, he asks two questions that [yeh Bombay mein listed hai, NSE mein listed hai toh] there's a fear, sir. Don't take me wrong, sir. You have been so frank in your submission, that why I've been very frank with you. That there is a fear. [ki agar sirf Bombay mein listed hai toh bhai sambhal key raho]

Ashishkumar Chauhan

Yeah. Yeah. Reliance is also listed on BSE. That's why I'm saying that whenever...

Yash Kapoor

No, no, sir, only listed on BSE [kehne ka matlab hai only listed on BSE]

Ashishkumar Chauhan

I'm not trying to argue with you. But Reliance, when you buy as an individual, you don't buy tens or lakhs of shares, right? You are probably going to buy hundreds or thousands. And that liquidity is available on BSE. So my request, humble request to all of you who are shareholders of BSE or interested who are on this call please look at BSE also, it charges you less, gives you faster response.

Yash Kapoor

I appreciate it.

Ashishkumar Chauhan

And hopefully all of you will come on this. Of course there are other businesses where BSE is doing better than NSE. And I may be able to compare myself only on where they are good, then it's a different world rather I become me too. There are other areas in which I am good, it's like you maybe somebody else maybe a very fast runner. But I may be a good boxer, right? And if I start only running, I may be losing only.

So idea is to know where we are good at and still not leave running, right? We will continue to run, we will run for the money to do well in all the competition, but in a fair way, and hopefully people will realize. We have done these things in currencies. Currencies Indian Rupee is also listed on BSE, and I'm sure none of your customers say that don't, I mean, worry about Indian rupee. But effectively, there are many, many things, even on trading, which BSE is doing well and will continue to do well.

Yash Kapoor

Thank you, sir. Thank you for answering. I appreciate, sir. Thank you.

Operator

Thank you, Mr. Kapoor. Next, we have Mr. Amit Chandra from HDFC Securities.

Amit Chandra

Yes, sir. Thanks for the opportunity. Sir my question is the is firstly on the interoperability of the Clearing Corporation. So in the last call, you said that it can lead to some increase in volumes. So if so, can you please update on that because we have been using the cash market share there. So this is the first question. And second would be on the one off expenses that we have recorded in this quarter? And third, would be on the STAR MF realizations. So with the rising volumes, can we see rest to the pricing can the realization per trade or per transaction come down from here.

Ashishkumar Chauhan

So interoperability of Clearing Corporation. So basically the it has given us some flip in the derivative side. If derivatives become significant, probably, you might see some upside on the equity side also because derivatives and equities go in a way hand in hand. In terms of the – whatever the issues we are facing, the vendors, although both actually started it took us some time, almost three, four months for everything to stabilize. But now that things have stabilized, the vendors have not been ready. It's the front office and back office vendors.

And of course, if whoever is ready are asking for some exorbitant amount to the stockbrokers, assuming that they – this is one way in a dying industry of broking to squeeze people to ask for money. And of course, brokers have to see some real volume before they commit additional money for buying those terminals, licensing and all. So it's kind of a chicken and egg, we are trying to resolve. I have been told that one of the larger software provider to broking industry in front offices has declared today that they are ready with the interoperable software because they have to be able to give you the real time offset, you buy some in one exchange, you sell on another exchange.

Earlier you had to pay double the margin in that software. Now you can pretty much pay single I mean it'll be set off, right? So those things are slowly coming in place. There is not any stage such, what I call, arm twisting tactics by the...

Nayan Mehta

Vendors.

Ashishkumar Chauhan

Software vendors, but then that is India for us. And hopefully, everyone will come on board at some stage, and that will happen. On one-off expenses, I'll tell Nayan to...

Nayan Mehta

So Amit, there are two major expenses items. One is the payment, which is we have provided for making to service tax authorities. There was an old matter, which came off with the audit observation. and it was a grey area. So our consultant adviser said that you should pay off and get over it. So it'll be Rs.3.6 crores under the "Sabka Vishwas Scheme". And we have provided Rs.2.6 crores towards IL&FS but we have we will have to do one more tranche of its provision in the next quarter. After that, our IL&FS investment will be valued at zero in our books.

Amit Chandra

Okay.

Ashishkumar Chauhan

And StAR MF realization, basically with some more, what I call, SIPs, our realization comes down per transaction on a blended basis because more SIPs means a much lower realization. But of course, the number of transactions are increasing on the lump-sum basis. So overall, it still is in that Rs.8, Rs.9 per transaction. And I think the acceleration has been phenomenal, given the deceleration in the entire industry. So BSE STAR MF has been pretty much the engine of growth for the industry. And that's how I see that, overall, this is becoming even more dominant going forward.

Amit Chandra

Okay, sir. What was the realization this quarter and the revenue from STAR MF for this quarter?

Nayan Mehta

So the total the revenue from STAR MF till the nine months is the Rs.32.76 crores. And in the current quarter sorry, let me correct myself, it's Rs.35.96 crores. And for the current quarter it is Rs.12.22 crores.

Amit Chandra

Okay. Rs.12.22 crores. Okay. And sir, lastly, on the LES scheme that you're running, both on the INX and for the derivatives to like boost the volumes in the derivative side. So what is the visibility there? Till what time we will continue using LES scheme? And what

benefits we are seeing there? And because we have earlier also tried to boost volumes by using LES. So how is it different this time?

Ashishkumar Chauhan

It's currently, early days. It will last at least for one year going forward because we have just started. We have spent almost nothing and very low amount per month. And so we think we have seen some early traction and more brokers coming in, and this interoperability happening at the vendor and also probably we'll see more traction. And let's see, currently, we are looking at a year at least from now.

Amit Chandra

Any amount that you have budgeted?

Ashishkumar Chauhan

We just basically, normal, what we are doing currently. We do allocate, but we don't announce that.

Amit Chandra

Okay. And sir, on the INX side, a lot of announcements have come in the budget. So with the currency, it is also getting permitted. So can we see the INX to volumes are also trending higher and the number of trades are also been consistent at 50,000 to 60,000 trades per day. Now like do we think this is the right time that we will start charging for INX because it's weighing a lot on the P&L, and we have been spending huge amounts on INX for the last two years? So when is the right time that you think that we will start charging trading on the INX platform?

Ashishkumar Chauhan

So basically, NSE has a habit of acting anticompetitive. And they have lost a case against MCX-SX also. In many segments within India, they do this aggressive zero or close to zero pricing and bring down everyone's revenues and that they are doing in IFSC also. And that is where basically till the time NSE doesn't charge, we can't charge unless we are a real big market power.

So till the time NSE continues to act anticompetitive using their large heft in revenues, we will have to continue to match that or better that to ensure that people continue to come on BSE platforms, and as and when they did it in mutual funds also, but at some point on

time, we had a good market share to start charging. And that's what, it's not basically most of this will depend on NSE's sort of charging or not acting anticompetitive rather than our own abilities most times.

Amit Chandra

Okay, sir. Do you have the timeline in terms of when we'll start or it is only depend on NSE charging?

Ashishkumar Chauhan

Yes. Once I check with NSE, I will let you know.

Amit Chandra

Okay. Thanks for the opportunity.

Operator

Thank you, Mr. Chandra. Next we have Mr. Kishor Sonekar.

Kishor Sonekar

Hello?

Nayan Mehta

Yes, Kishor. Tell us.

Kishor Sonekar

Yes. In last call, you updated, sir, that Energy Exchange can be we can get an approval in the next three months. So what is the status on that?

Yogesh Joshi

Energy Exchange.

Ashishkumar Chauhan

Energy Exchange, we have applied CERC, had their review, kind of a hearing last month. And there the Competitive Exchange raised some issues. I think one more hearing will be conducted sometime soon. So still we have not got the license there. And as and when, CERC gives license, we should be able to start within a few months of time.

Kishor Sonekar

Okay. Thank you, sir.

Operator

Thank you, Mr. Sonekar. Next we have Mr. Saket Kapoor from Kapoor & Company. Saket Kapoor, your line has been unmuted.

Saket Kapoor

Yes, sir. Good evening, sir. Sir, firstly, sir, regarding the RBI has earlier told that it has taken initiative to develop the bond market where they can be a greater retail participation. So in that extent, what role can the exchanges like BSE can play so that it could act as a facilitator?

Ashishkumar Chauhan

There are two markets broadly in bonds. One is what we call government bond market, other is what is called corporate bond market. Corporate bond markets, again, divided into two parts, one is call PSU bonds, other is the non-PSU corporates. BSE is pretty strong in the IPO of the corporate bonds. The government bonds are usually done on auction basis and traded within the, what I call, world garden market of Ind AS and CCIL. The non-world garden part basically requires repository framework for ease of trading, which is still in the works. So as and when that happens, probably more government-related trading can happen.

Till that time, BSE is also trading and issuing or helping RBI issue sovereign gold bonds and other things, which are more retail oriented. But effectively, today, also, BSE would have done settlements of reporting is probably more than Rs.4,000 crore. So there is enough and more traction on bond trading in BSE, Rs. 4,872 crore today, that is almost double that of the equity market volumes as of now today.

Saket Kapoor

Sir, we find this government securities market also a lucrative one because if we go to the banker's point of view, the size of it and the vagaries, which investors have to go through it are a cumbersome one. So, if we could go for the CSGI account also directly through which if we opened our as we are operating our trading account, we could directly participate in the G-Sec market also. And how that can be done with the exchange and the regulator RBI getting in sync because it is the initiative of RBI only that want more detailed participation in the G-Sec market?

Ashishkumar Chauhan

Correct. So, we are working on it for last several years. So as and when it is done in a way that retail participants can easily operate on that in a interoperable way, across exchanges, across repositories, then otherwise, people come in and get stuck, may not be that advisable.

Saket Kapoor

The right way. Thanks.

Ashishkumar Chauhan

So, that's why we are working with RBI, with other people. And hopefully, we will have enough simplification of the processes going forward.

Saket Kapoor

Sir, one more point. So currently, our in the union budget, the dividend distribution tax has been scrapped. And now the dividend would be taxed at the hand of the recipient, and a lot of people have come up with suggestions wherein we investors would be at a disadvantage than to the foreign investors since dividend won't be taxed at their hand. So, sir any kind of representation from people of your fraternity or the in fact, the exchanges, making some kind of Power Point presentation also to the finance ministry explaining the merits and the demerits so that they can take the final call since it is still not the act has been I mean it is not been as of now finalized, not been clear. So any take on that? Are we working anything on it?

Ashishkumar Chauhan

Basically, this issue was actually demanded by the market participants only. We wanted to go and then we have asked for now modification. So Honourable Minister of Finance has been going with our entire team across large metros over last one week, and I was party to one of the meetings with her and her team and my CFO was party to another meeting. So they are like three or four meetings in Mumbai, both, I mean both of us participated pretty much the entire day one after another. And we realized that literally 60% of all the speakers throughout the day, including journalist talked about this and heard on it. And the issue has been discussed at least in Mumbai, very well and whatever needs to be told has been told. Now decisions will have to be of the government, what they want to do with this going forward.

Saket Kapoor

We have done our court, definitely. Sir in fact, even for the point of disinvestment, we find that last year, the government set a target of around of Rs. 1 lakh crore and sir, whatever the vagaries of the market ended up with Rs. 8,000 crore in the figures. And now they have up the target to 210,000 crore for this year. So sir, we the certainty should also come up and device the ways in which you people can help the government in achieving the target. It is not always that the bureaucracies that has to play the role in government achieving actually the targets there.

People like you just addressing Mr. Chauhan. People like you, who have seen these the development of the market, the market risk would suggest means in which this Rs. 2 lakh crore target could be achieved in the best possible way. That was my suggestion that if everything depends on bureaucracy, there could be fallout also. So in whatever way exchanges should play their role in doing it. And the last point was regarding the conference call, sir. Conference call has now become a very new I'm already participating a call for BSE now right now.

So, it has become a very strong thread in investors getting an understanding about these subjects and industry in detail. But we but as earlier also requested, if we could do some sort of handholding for smaller companies having a capitalization of Rs. 600 crore to Rs. 700 crores, wherein a better investor awareness can be created. Since that they're coming up with their numbers in bunches and no press release, no management commentary is followed. It makes life difficult for small investors to get even an idea of the reasons why the company has reported the numbers plus, up or down. So if any kind of handholding or rules being framed that companies would be mandatory for them to come up with releases on explanation also why the division in numbers have been. It's a request, sir, and it's only up to the regulators like you who can take the issue forward. Thank you.

Ashishkumar Chauhan

So disinvestment part, we have been in constant touch with our regulators and also the disbursement commission, when it was there. So like this ETF for PSU, ETF of bonds, these are all ideas which were given by BSE earlier. And so it is basically, it's not that all our ideas get accepted and immediately also, sometimes they take years to discuss. And that is the correct way to do it. You cannot be sort of doing this in a very sort of short haphazard way. And so BSE will continue to contribute to the entire discussion when going forward. In terms of small companies making this sort of conference calls. In all, it's a good idea. I am not sure how to make it mandatory for people to discuss this, but in our corporate democracy, it is imperative that any company, which is having aspirations or having aspiration to at least have good governance, must try to sort of engage with the investors current and potential as well as media in continuous and consistent way.

So that is, I think, imperative for everyone, but probably, we will also take up with the regulators, how to make it a little more comfortable for people to do this. But companies that also provides AGM for the same reason, but that's an old technology of meeting in person. Now cost has reduced drastically and this is not a bad idea at all. I would certainly take this up into regulators. But my humble request to all of you is to also write to the regulators and also the policy makers about the low-cost ways to reach out and explain, which is an absolute must for every company.

Saket Kapoor

Right. It should be a conducive way, sir, for investments, sir. We are aspiring now for a \$5 trillion economy. And whatever be the reason stock market will be the biggest contributor in and it will be having a multiplier effect going forward. And regulator is the ones that who can frame the rules tomorrow and give a deadline that it has to be implemented. And people who are promoter, I'm not using that phrase, but people who are ignorant to the suggestions when we deliver to the corporate will also fall in place then when it is mandated. So that was that's all from my side. Thank you for your patient listening sir. Thank you.

Ashishkumar Chauhan

Thank you. Thank you.

Operator

Thank you, Mr. Kapoor. Next, we have Mr. Jayesh Gandhi from Harsh Gandhi Securities.

Jayesh Gandhi

Sir, while I appreciate your endeavor in increasing the revenue, till we are successful there. Have you thought of reducing our expenses? I mean is there any scope and any exercise going on there?

Ashishkumar Chauhan

Basically all the endeavors I have done to, do the same thing as lowest cost. So, if you look at BSE's IT systems and that capabilities, they are very similar to NSEs, but they've done at one-tenth the cost of the competition, because of the reason that we do it on a much lower cost.

Similarly employee cost at each level is different, but there is a minimum amount required minimum amount of people and technology required to run this business. It's like a fixed cost business, right. So we are trying to do this, we continue to do this and hopefully we'll leave it to be successful because we are also getting into newer areas, so that requires newer people and so on and so forth. But if we reduce the manpower cost, probably services will go down, which may not be acceptable to the regulator and also to the people.

Similarly, if we reduce the cost in technology, which is another cost. Again, there might be issues. So to run this large, very complex sort of framework under the current Indian regulations we need to have a security operation center, we need to have disaster recovery site and we need to have many, many more things, which are only heard in sort of stories, while they are actually implemented here and in a very stringent way. So currently I am not seeing any ability to reduce the cost on absolute terms, but in terms of the capabilities per unit probably BSE would be the lowest cost service provider in the world.

Jayesh Gandhi

Thank you and best of luck for the future.

Operator

Thank you. Mr. Gandhi. Next we have Shivam Gupta from CWC Advisor.

Shivam Gupta

Hi. Thanks for the opportunity. I have a couple of questions. First one in StAR MF in last quarter we made a provision because some of the few AMC's are not ready to accept the hike. So what is the update there?

Nayan Mehta

So, what has happened Shivam, is that part of it we actually booked as non receivable and adjusted it from the revenue this time And to the extent of adjustment, the provision is less after adjustment of the amount which we already transferred to our revenue. Otherwise, there is no further change change on that, our with this thing, provisioning.

Shivam Gupta

So, the 122 number is net of the provision?

Yogesh Joshi

Yes.

Shivam Gupta

Okay, sir. And in terms of the stance, I mean because generally, if I recall, it was supposed that usually around quarter four, the discussions progressed. So would that cyclicity, whats the expectation there?

Ashishkumar Chauhan

18 funds have agreed that they are paying the newer fees. Other slowly will end up paying. So it's basically, what I call, people wanting all the services at zero cost and slowly they have different reasons. They get together, which is bound to happen in every industry when we started charging after eight years after seven years, when we start charging, they did not pay for one full year. End up next year, again, they started paying for a variety of reasons. Again, this will be a, what I call, constant negotiation struggle. So I think on the other side, they pay MF Utility pretty much 10x more than what they pay us.

On the NSE side as I told you because they are able to use their revenues in one side, that is derivatives and equity side to basically create anticompetitive measures on other sides. So here on mutual fund side, they actually use camps but don't charge. Right? And so it's a strange thing in which we are currently operating. But given the what I call, the superior

services we provide, people continue to build on us their portfolios, their customer business. And that's what gives us.

So let's say, some point in time, what I call, commercially reasonable charges will be paid by the mutual funds and the services being given to each of them individually, not collectively. And so I think the rational people, the fair people in the industry understand that. But everyone wants to squeeze the other guy, right? So that's how India works, and we have to find our way within that.

Shivam Gupta

Thanks for the detailed answer. The other question I have was on the Equity Cash segment, the normal rate part of the business. So I just want to know, effectively I look at the total turnover that you guys did, sequentially that is actually gone up and the revenues have gone down. So where is this rate impact we are getting there?

Nayan Mehta

Sequentially, if you see our turnover in last quarter was Rs. 2,400 crores. And this quarter, it is Rs. 2,452 crores, so that has been the improvement in the turnover.

Shivam Gupta

Correct.

Nayan Mehta

And to that extent it is reflected in our income to minor very minor basis. So our income of transaction charges has actually increased from just one second. There is only one particular place value over last year, last quarter, we had OTB, which was more than Rs. 1 crore offer to buy. And this year this quarter, we don't have any such income. A very major income we had. So that is creating this type of disconnect. So otherwise, on the numbers, our routine operations, obviously, we have earned more.

Shivam Gupta

Okay. And then OTB was worth about Rs. 1 crore you're saying?

Nayan Mehta

Yeah. Last quarter we had done Rs. 1.27 crores in OTB. This quarter, it was only Rs. 10 crore Rs. 10 lakhs. Otherwise even in the specific group, our volumes has increased.

Shivam Gupta

Understood. And the last question I had was that if I combine the employee cost and tech cost, which is effectively your infrastructure cost. So and just assume how do you model those out for the next two years? What are the kind of inflation or growth rate should one consider?

Nayan Mehta

See in case of technology obviously, means there are AMC costs, which obviously, we have to pay year-on-year, there are upgradation. So 6% to 8% is a very reasonable in technology costs and employee costs, again it can vary from anywhere between 5% to 8%, which you can consider.

Shivam Gupta

Thanks a lot for your time. Thank you.

Operator

Thank you, Mr. Gupta. [Operator Instructions] Next we have Mr. Sholapurwala.

Sholapurwala

Hello.

Nayan Mehta

Yes, please.

Sholapurwala

Sir, revenue from commodity derivatives?

Nayan Mehta

Currently we are charging very minimal amount token amount towards commodity derivative. So it is very insignificant.

Sholapurwala

Okay. And what are the plans to increase it?

Sameer Patil

This eventually when the business grows, then we will explore that possibility as well.

Sholapurwala

Okay. Thank you.

Operator

Thank you, sir. Once again, we have Mr. Kishore Sonekar.

Kishore Sonekar

Hello? Hello?

Nayan Mehta

Yes, Kishore.

Kishore Sonekar

Yes. Sir, because of the new change in dividend distribution tax and last this quarter we did the buyback. So going forward investors can expect the higher dividends?

Nayan Mehta

See basically BSE dividend policy is very clear. It pays out more than 95% of the operating profit as dividend, right, that will continue.

Kishore Sonekar

Yes. But there was other taxes on the dividend distribution tax has been eliminated from the company side and it will come to the investor side. So amount of money can be more towards investor's side, right?

Ashishkumar Chauhan

Naturally.

Kishore Sonekar

Pardon?

Ashishkumar Chauhan

Naturally.

Kishore Sonekar

Yes. Thank you, sir. That's it.

Operator

Than you Mr. Kishore. [Operator Instructions] At this time there are no further questions from the participants. I would like to hand flow back to Mr. Yogesh Joshi for the final remarks. Over to you, sir.

Yogesh Joshi

Thank you, all. Thank you very much for joining the Investors Call.

Operator

Shall we conclude the call, sir?

Yogesh Joshi

Yes, please.

Operator

That concludes our conference for today. Thank you for participating on Reliance Conference Bridge. You may all disconnect now. Thank you, all.

Ashishkumar Chauhan

Thank you, guys.