

Chairman's Speech

16th AGM – 24 August 2021

1. Introduction:

Dear Shareholders,

I am glad to inform you all that our business and financial performance since the last AGM have exceeded our expectations, despite the pandemic. But I shall come to that later in my address.

What has given us far greater happiness than our business performance is BSE's humanitarian efforts during these exceedingly difficult times. Every single employee has participated – directly or indirectly – in the fight against COVID.

We have put teams together to arrange for hospital beds, get essentials like ventilators, oxygen, and we have been working in close coordination with the National and State Governments. Our HR and administration teams have gone out of their way to assist people in these extraordinary times.

BSE also coordinated with central and state governments, and regulatory authorities, for seamless operations including transportation, e-passes, and reduction in compliances, for members, and all our vendors.

With member brokers and clients working from home, BSE provided several solutions and technology platforms, which enabled continuous operations, and continues to handhold for business continuity.

2. FY 2021 Performance in Review:

In this backdrop BSE's business recorded a stable year of performance in FY'21. Let me share some of the highlights from the year:

2.1.Primary Market

Let me start with primary market segment.

In FY21, while the economy faced adversities, the BSE platform helped Indian corporates mobilize INR 18.6 lakh Crores (USD 253 billion) worth of funds through listing of Equity, Bonds, REITs, InvITs and Commercial Papers as compared to Rs. 12.1 lakh crores last FY - an overall growth of 53%. Infact BSE cornered more than half of this fundraising blitz with a 52.8% share in bond issuances, 58.3% via commercial papers and 56.5% share in Equity segment. Even in Q1 of FY 22, the BSE platform continued to be the preferred choice by India Inc to raise capital by mobilizing close to INR 3.5 lakh crores. BSE has also emerged as market leader in new instruments such as hybrids & convertibles, Muni Bonds, REITs, InvITs, etc.

BSE's equity segment facilitated trading on more than 4,000 companies - the highest number of companies listed on any exchange around the globe. The combined market capitalisation of BSE-listed firms crossed the US\$ 3-trillion mark for the first time on May 24, 2021.

BSE also crossed the milestone of 7 crores registered users based on Unique Client Code (UCC) on June 7, 2021. Over the last few years BSE has been working with members for e-enabling customers with a less-paper ecosystem and on-boarding through an easy and hassle-free digital process. As of August 9, 2021, the total number of registered investors exceeds 7.5 crores.

2.2.Secondary Market Performance

This growth in investor participation complemented our performance in the trading segments. In our equity and equity derivatives segment, your exchange is making further efforts to increase its market share.

The average daily turnover in our Equity segment has grown steadily to INR 5,661 crores in Q1 FY22 from average of INR 3,724 crores recorded in the corresponding quarter of FY 2021. BSE's Equity Derivatives Segment average daily turnover increased by 80 times to INR 3.15 lakh crore in Q1 FY 22, from INR 3,848 crore recorded in the corresponding quarter of FY 2021.

The Currency Derivatives segment of BSE continues to provide a very liquid platform for trading in currencies with average daily turnover increasing by 29% to Rs. 23,618 crores in Q1 FY 22.

BSE has also firmly entrenched itself as the number 2 commodity derivatives exchange with a market share of 9.1% in terms of turnover. BSE continues to add several unique and innovative products such as Cotton J34, Almond and Steel billets futures, Gold and Silver 'options in goods'.

BSE also became India's first exchange to comply by India Good Delivery Standard on its commodity platform by adopting Bureau of Indian standard (BIS) notified standards for delivery of gold and silver. This was in line with Prime Minister's vision of "Make in India" and "Atmanirbhar Bharat" of a self-reliant nation.

BSE also enabled its BOLT Plus trading system to accept orders and execute trades at negative prices, the first exchange in India.

2.3.BSE MF and Insurance Distribution

Let me now update you on the performance of BSE's distribution segments.

The BSE StAR MF platform continues to be platform of choice for investment in Mutual Funds by investors and be India's dominant distribution infrastructure with a market share of 82%, as of Q1 FY 22. The total number of transactions for the quarter ended 30 June 2021 grew by 90% to 3.54 crore as compared to 1.86 crore transactions in the same period last year. Infact, in Q1 FY 22, BSE has crossed over 37% of 9.4 crore transactions recorded in FY 21.

Built on the lines of BSE StAR MF, BSE Ebix Insurance Broking, a joint venture of BSE and Ebix Fincorp Exchange, collected gross premium of INR. 2.83 crore as on 30 June 2021, as compared to Rs. 52 lakhs in the same period last year. BSE holds equity stake of 40% through its subsidiary BSE Investments Limited.

We expect that the network of insurance broking and mutual fund distribution platform shall complement and leverage each other for strong growth over time.

3. Strategic Initiatives

Your Company's strategic and early investments in India INX, Agri, and power platform have positioned it well to benefit from the immense opportunities that lie ahead. The expansion strategy in above business segments validate BSE's long-term value creation model, which enables us to continue generating value for shareholders.

BSE promoted international exchange at Gift City, Gandhinagar, India INX has been growing exponentially ever since it commenced trading activities on January 16, 2017. It continues to be the leading exchange with market share of 87% in derivatives trading and 100% in bond listing for the quarter ended June 30, 2021. Its strong performance continues to attract significant strategic and financial interest, with BSE reducing its stake to 79.78% in India INX and 72.10% in India International Clearing Corporation, as of 30th June, 2021.

In the agriculture space, to take advantage of Government initiated reforms, BSE launched an electronic spot platform - BSE E-Agricultural Markets Ltd. (BEAM), as a national level, institutionalized, electronic, transparent commodity spot trading platform. BEAM commenced beta operations from December 11, 2020, and now continues its market outreach.

I am also pleased to inform you that the Central Electricity Regulatory Commission (CERC) has granted registration to Pranurja Solutions to establish and operate a power exchange. The Company proposes to commence live operations during the current financial year. BSE has a stake of 22.61% in the proposed power exchange through its wholly owned subsidiary, BSE Investments Limited.

4. Financial Performance

Let me know move to the financial performance for the year FY 2021, which I will not get into details, since they are readily available and circulated to you. Your Company delivered a steady performance with a turnover of INR 654.65 crore on a consolidated basis, an increase of 4 percent over the previous financial year. Our net profit attributable to shareholders for the year ended FY 2021 increased by 19 percent to INR 144.9 crores.

Dear Shareholders, our strong position enables us to pay out a dividend. We have always firmly believed in consistency and dependability, and never more so than in these uncertain times. This consistency and dependability are reflected in the Board of Directors proposal for a dividend of Rs. 21 per equity share, having a face value of Rs. 2 each, subject to your approval. The total payout would be INR 96.19 crores, with a dividend payout ratio of 99%, based on Standalone Profit excluding gain on sale of strategic investment.

5. Outlook

The financial year 2020-21 was one of the most challenging years ever recorded in history. But the BSE Group, as always, has been unrelenting in facing the challenges.

Our key characteristics and inherent strengths like innovation at speed and scale, tenacity to change, resilience, robust business continuity plan, technology adaptation, unmatched services and most importantly efficient and hardworking team kept our flag flying high. We were able to envisage the adverse business environment during the year and we took the adequate strategic measures.

Despite the global crisis, we also experienced an amazing amount of continuity, and people remained in close contact digitally. BSE operated at 100 percent with no system glitches or technical outages. Despite challenges, not only critical areas like operations, information technology, surveillance and settlement were functional, BSE rolled out unique features to add to the robustness of the Indian capital markets.

Today, BSE is a group refocused on its core business of listing, trading, and distribution businesses, with solid fundamentals and the agility to meet new challenges and diversify in newer areas of business. It is concentrated on a long-term vision shaped by the deep-seated changes taking place in the financial markets.

BSE has successfully diversified in newer areas such as commodity derivatives, insurance distribution, and start-ups platform. We will also continue to invest and augment digital platforms like StAR MF to reach every corner of India. The eKYC platform on StAR MF platform will enable us to add new investors without physically meeting them, and StAR MF Plus premium platform is loaded with features for Distributors and their clients.

BSE is also looking to add more products on its commodity derivatives segment and remains committed to widen and deepen the commodity markets in India.

While the journey so far for BEAM has been short, it has been pioneering in the true sense. Your Exchange will continue to strengthen its investment as it seeks to create a vibrant agriculture trading ecosystem.

With several innovations, BSE is at a very important inflection point in history and has the opportunity to create substantial long-term value for its shareholders.

6. Concluding Remarks

I look to the future with a great deal of optimism. Many new opportunities are likely to open as the world adjusts to the post COVID-19 scene. The government has always been very supportive of capital markets industry, and I expect conditions for increasing our competitiveness and growth will continue to get better in the coming year.

We are proud of our contribution to maintaining the continuity in capital markets. Last year our customers depended on us like never before. Our technology prowess proved to be extremely resilient. Our people outdid themselves.

I would like to emphasize that the efforts of our staff members and support from their families, for their commitment and zeal demonstrated during these unprecedented times, has been heartening.

Being Chairman of BSE is both a tremendous honor and huge responsibility. So, I would like to thank the Board of Directors – not just for their support and counsel, but also for the trust they have put in me in this regard.

On behalf of the BSE board, I would like to thank the Government of India, the Governments of Maharashtra, Gujarat, Telangana, other state governments, GIFT City, and various regulatory and statutory agencies for their continued support and advice.

I would also in particular, convey my deepest appreciation for all our regulators – SEBI, RBI and IRDA for constantly encouraging us in our endeavor in creating a robust, progressive, and vibrant capital markets in India.

May I thank all our shareholders for their consistent support to the management. I look forward to your continued support as we take on the challenges of the future.

Before I conclude, let me assure you that team BSE is well equipped to adapt to the emerging business environment and continue to work relentlessly to fulfill the expectations of all stakeholders. Wish you all the best again.