

Chairman Speech

Ladies and Gentlemen: A very good morning to all of you.

1 Opening Remarks:

It gives me great pleasure to welcome you all to the Twelfth Annual General Meeting of the shareholders of BSE.

Today marks my first AGM as the Chairman of the Board of Directors of BSE. At the outset I would like to thank and acknowledge my predecessor and former Chairman - Shri Sudhakar Rao, under whose able leadership and guidance BSE was able to strengthen its pre-eminent position in the Indian financial market, and for his enormous contribution to the stature of this organization.

Financial Year 2016-17 has been full of milestones for BSE. It began with the launch of commemorative postal stamp by the Honourable Finance Minister to mark 140 years of its operations in July 2016. This was soon followed by listing ceremony of 150 companies on the BSE SME Platform the same month. International Organization of Securities Commissions ("IOSCO") commended BSE's SME platform for being the most cost effective platform for SME listing in the world. In the same period, the World Federation of Exchanges put forth a report on SME funding through exchanges and has used the BSE SME platform as a key case study.

Then, in January 2017, the Prime Minister of India launched India's first International Exchange and Clearing Corporation, India INX and India ICC which are wholly owned subsidiaries of BSE. To cap off a year full of milestones, BSE successfully completed its Rs. 1,243 Crore Initial Public Offer through Offer for Sale route and listed its equity shares on the National Stock Exchange of India Limited in February 2017, thereby becoming India's first stock exchange to be listed.

2 Future Growth Strategy:

In the coming years, we aim to have a growth rate exceeding that of the Indian economy. For this we will continue to pursue a multi-pronged strategy:

2.1 India International Exchange:

As mentioned earlier, BSE has established an international exchange, India International Exchange at GIFT City, India's first international financial services centre. India INX provides an electronic platform for derivatives trading in equity, currency, interest rates & commodities and fund raising for both Indian & foreign companies by issuing foreign currency denominated bonds. The growth strategy for India INX was to set up a comprehensive ecosystem comprising of members, clients, vendors and other intermediaries who will, over time, create sustainable liquidity and enable further development.

India International Exchange has entered into agreement with Dubai Gold and Commodities Exchange on November 26, 2016 for the purpose of co-operation in dissemination of price and trade related data on each other's platform, on reciprocal basis and to provide final settlement price for their respective products, on reciprocal basis.

For the period ended March 31, 2017 India INX had already been growing rapidly, month on month.

2.2 Diversify our product and service offerings and maintain new product innovation and development:

In addition to our ongoing strength in product innovation, we intend to target the investors' needs through innovative product development, such as new indices and index-based products for national and international investors and other new products and services, subject to regulatory approvals. Overnight investment in mutual funds on the StAR MF platform, algorithm trading test environment on cloud platform, new institutional trading platform, reversal trade prevention check ("RTPC") on trading platform, price reasonability check ("PRC") for currency futures segment etc. are some of the new products and initiatives undertaken during the year.

Our recent and upcoming product innovation includes BSE Hi-Tech, a platform for young, fast-growing companies to list and raise equity capital for their growth. In addition, we have enhanced our current product offerings, such as BSE StAR MF, our mutual fund investment platform, by adding new purchase and settlement options for investors. BSE was also appointed as the receiving office for primary issuances of sovereign gold bonds in June 2016. BSE also commenced “clean price” trading in August 2016 in Bonds. In this pricing method for corporate bonds and government bonds, the interest accrued on the bond is automatically excluded from the price quoted on the exchange. The move to “clean price” trading on our exchange aligns our debt markets with Indian over-the-counter markets and Negotiated Dealing System-Order Matching (“NDS-OM”), which is a matching system for dealing in Indian government securities.

2.3 Expand our cross-border reach through alliances:

We intend to strengthen our position as a preferred exchange in India and expand our cross-border reach by entering into strategic alliances. We have entered into a strategic partnership with S&P Dow Jones Indices to grow our index business by calculating, disseminating and licensing various index products. BSE also signed an agreement with Deutsche Börse whereby they sell and market BSE market data and information to international clients. Deutsche Börse also collaborates with us for product development and innovation, which includes extending its existing infrastructure and creating new market data solutions to support our product offerings. Further, we are a member of the Brazil, Russia, India, China and South African Exchange Alliance (“BRICS”), whereby leading exchange in these countries cross-list futures products based on the flagship indices of each other’s exchange.

Similarly, options and futures based on the S&P BSE SENSEX are listed and traded on Eurex and the Dubai Gold and Commodities Exchange (“DGCE”). BSE has also entered into a MOU with the Korea Exchange to cooperate in other areas such as research, product development and information technology.

Wholly owned subsidiary of BSE - ICCL and Clearstream have agreed to collaborate on collateral management so that clearing members in ICCL can better manage their margin requirements resulting from trades executed on BSE Platform. BSE also partnered with International Finance Corporation, a member of the World Bank Group, to develop a corporate governance scorecard, which allows companies to assess their corporate governance performance against national and international benchmarked practices.

2.4 Collaboration of BSE with other Exchanges:

BSE is an active member of various international forums like World Federation of Exchanges (WFE), International Organization of Securities Commissions (IOSCO), Futures Industry Association (FIA), South Asian Federation of Exchanges (SAFE) etc. During the year, Shri Ashishkumar Chauhan, MD & CEO of BSE was elected as Chairman of SAFE. SAFE is a forum of stock exchanges in South Asia to promote the development of securities markets in the region and work towards common standards. During the year, BSE signed an agreement with The Stock Exchange of Mauritius to leverage its expertise to grow the number of listings on Mauritius Stock market Main Board and SME platform. BSE also signed a MoU with Dhaka Stock Exchange, Shenzhen Stock Exchange and Egyptian Exchange to extend knowledge, technical and capacity building support in developing capital markets eco-system.

2.5 Establish best-in-class infrastructure:

The Company lays special emphasis on improvement in its cyber-security framework and information security management systems. It was identified as a National Critical Information Infrastructure by National Critical Information Infrastructure Protection Centre. There is an ongoing process to strengthen cyber security under the guidance from NCIIPC and other national agencies like Indian Computer Emergency Response Team, National Security Council Secretariat, Ministry of Home Affairs (“MHA”) and SEBI. To address this challenge, the Company envisaged transforming its current information security posture to next generation security analytics and operations. The Company has embarked on a monumental

task of creating the Next Generation SOC to provide increased resilience and rapid response to events throughout its IT landscape.

Maintaining and improving our infrastructure is critical to our business, as it lays the foundation for future growth and expansion, provides our customers with a more efficient and accessible marketplace and enhances our competitiveness as an exchange operator on a global scale. The Company has regularly allocated substantial resources towards upgrading information technology systems, with the over-arching goal of achieving higher capacity and lower latency, improving market efficiency and transparency, enhancing user access and providing flexibility for future business growth and market needs.

BSE has rolled out a system which will do a comprehensive monitoring of the entire infrastructure including network, servers and other equipment on real time basis. It provides alerts based on defined thresholds. We have also entirely automated operations of 50+ applications.

3 Financial Results:

I will not go into details of the financial results here, since they are readily available in the Annual Report circulated to you, but I would like to comment on a few key statistics before speaking on the businesses we operate, and the overall environment.

In FY 2016-17, BSE recorded a total income of Rs. 801 Crore, which translates into a 19.5% increment over the previous year. Our profit for the year rose to Rs. 265 Crore this year from Rs. 177 Crore last year showing an increase of 49%.

In light of these results, the Board has declared an interim dividend of Rs. 5/- per equity share of the face value of Rs. 2/- each fully paid up.

Further, the Board in its meeting held on May 5, 2017 has recommended a final dividend of Rs. 23/- per equity share of the face value of Rs. 2/- each fully paid up for the FY 2016-17 subject to the approval of the shareholders.

4 Public Events:

BSE witnessed many high-profile visits from the government and industry from India and abroad. The dignitaries include the Vice President of India and Hon'ble Former Minister of Information and Broadcasting, Urban Development, Housing and Urban Poverty Alleviation - Shri Venkaiah Naidu, Hon'ble Prime Minister of India Shri Narendra Modi, Hon'ble Minister of Finance Shri Arun Jaitley, the Hon'ble Minister of Railways Shri Suresh Prabhu, Shri Devendra Fadnavis, Hon'ble Chief Minister of Maharashtra, Shri Vijay Rupani, Hon'ble Chief Minister of Gujarat among many others.

5 Concluding remarks:

Ladies and gentlemen, as I conclude my remarks, I would like to remind you once again that we continue to operate in a difficult global economic climate. However if the Indian economic growth story remains steady, generating corporate growth and profit, the future of Indian stock exchanges and investors in Indian stocks will be bright.

On behalf of the BSE board, I would like to thank the Govt. of India, SEBI, RBI, the Govt. of Maharashtra and other state governments and various govt. and statutory agencies for their continued support and advice. I would also like to place on record our sincere gratitude to our shareholders, board of directors, strategic partners, customers and investors for their continued support to the institution.

Last but not the least, I would like to compliment and thank all the employees of BSE for their unstinted dedication and efforts towards meeting the objectives of the exchange.

Thank You.