

# Annual Report 2013 - 2014



In a gentle way, you can shake the world.

- Mahatma Gandhi

TRADE AT SPEEDS OF 200 MICROSECONDS ONLY ON BSE,  
INDIA'S FASTEST EXCHANGE.



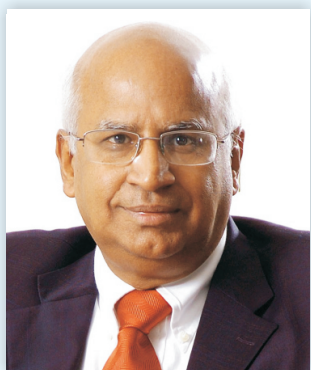
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# BOARD OF DIRECTORS

(As on 23<sup>rd</sup> June 2014)



Mr. S. Ramadorai  
Chairman



Mr. Ashishkumar Chauhan  
Managing Director & CEO



Mr. Sudhakar Rao



Dr. Sanjiv Misra



Mr. S. H. Kapadia



Mr. Keki Mistry



Mr. Andreas Preuss



Mr. Thomas Bendixen  
(Ceased as Alternate Director  
w.e.f. 20.06.2014)



BOARD OF DIRECTORS	
<b>Chairman (Public Interest Director)</b>	
Mr. S. Ramadorai	
<b>Managing Director &amp; CEO</b>	
Mr. Ashishkumar Chauhan	
<b>Public Interest Directors</b>	
Dr. Sanjiv Misra	
Mr. Sudhakar Rao	
Mr. S. H. Kapadia	
<b>Shareholder Directors</b>	
Mr. Keki Mistry	
Mr. Andreas Preuss	
Mr. Thomas Bendixen (Ceased as Alternate Director to Mr. Andreas Preuss w.e.f. 20.06.2014)	
<b>Company Secretary</b>	
Ms. Neena Jindal	

EXECUTIVE MANAGEMENT COMMITTEE	
Mr. Ashishkumar Chauhan	MD & CEO
Mr. V. Balasubramaniam	Chief Business Officer
Mr. Nehal Vora	Chief Regulatory Officer
Mr. Nayan Mehta	Chief Financial Officer
Mr. Kersi Tavadia	Chief Information Officer

STATUTORY AUDITORS
Deloitte Haskins & Sells LLP Chartered Accountants

REGISTRAR & TRANSFER AGENT
Karvy Computershare Private Limited Plot No. 17- 24, Vithalrao Nagar, Madhapur, Hyderabad – 500 081. E-Mail: einward.ris@karvy.com Tel.: +91-040-44655000 Fax: +91-040-23420814

REGISTERED OFFICE
Floor 25, P.J. Towers, Dalal Street, Mumbai – 400 001

NINTH ANNUAL GENERAL MEETING
Day : Friday
Date : 1 <sup>st</sup> August, 2014
Time : 11.00 a.m.
Venue: Sir Dinshaw Petit International Convention Hall, 1 <sup>st</sup> Floor, P. J. Towers, Dalal Street, Mumbai – 400 001

# Directors' Report

The Directors take great pleasure in presenting the Ninth Annual Report of BSE Limited along with the audited financial statements for the year ended 31st March, 2014.

## 1 The Economic Environment

### 1.1 Global Outlook

Global activity strengthened during the second half of 2013 and is expected to improve further in 2014 and 2015. The impulse has come mainly from advanced economies, although their recoveries remain uneven.

The emerging economies are adjusting to a more difficult external financial environment in which international investors are more sensitive to policy weakness and vulnerabilities, given prospects for better growth and monetary policy normalization in some advanced economies. As a result, financial conditions in emerging market economies have tightened further, while in advanced economies they have broadly been stable. In advanced economies, major concerns include downside risks from low inflation and the possibility of protracted low growth, especially in the Euro area and Japan. While output gaps generally remain large, the monetary policy stance should stay accommodative, given continued fiscal consolidation. In emerging market economies, vulnerabilities appear mostly localized. Nevertheless, a still-greater general slowdown in these economies remains a risk, because capital inflows could slow or reverse. Emerging markets and developing economies must therefore be prepared to weather market turmoil and reduce external vulnerabilities.

As per the World Economic Outlook, April 2014, published by the International Monetary Fund, global growth is projected to strengthen from 3% in 2013 to 3.6% in 2014 and 3.9% in 2015. Developed economies accounted for much of the pickup, whereas growth in emerging markets increased only modestly. Overall, however, emerging market and developing economies continue to contribute more than two-thirds of global growth, and their growth is projected to increase from 4.7% in 2013 to 4.9% in 2014 and 5.3% in 2015. As a result, on the one hand growth in these developing markets will be aided by stronger external demand from developed economies, while on the other hand tighter financial conditions could dampen domestic demand growth in these developing economies.

In 2012, a wide gap existed between the growth rate of the developed economies at 1.4% and that of emerging economies at 5%. However, it is expected to narrow marginally by 2015, as the growth rates of developed and emerging markets are

estimated to increase to 2.3% and 5.3% respectively. Amongst developed economies, growth is expected to be strongest in the United States at about 2.75%. In the Euro zone, growth is projected to be positive but is expected to vary across countries in the region: stronger in the core areas, but weaker in countries with high debt (both private and public) and financial fragmentation, both of which could weigh on domestic demand.

For India, real GDP growth is projected to strengthen from 4.4% in 2013 to 5.4% in 2014 and 6.4% in 2015, assuming that the Government's efforts to revive investment growth succeed and export growth strengthens further after the recent Rupee depreciation.

### 1.2 India Outlook

The Global Risks 2014 report has mapped 31 global risks. Of highest concern are ten risks that include fiscal crisis, structurally high unemployment or underemployment, income disparity, governance failure, food crisis, and political and social instability. The challenges that India faces are common to all emerging economies. 2012 and 2013 were years of turbulence. Only a handful of countries were able to keep their head above the waters, and amongst them was India. This is exemplified by India's economy which grew to be the 11<sup>th</sup> largest in the world in FY 2013-14.



(L to R) Shri Nehal Vora, Chief Regulatory Officer, BSE Ltd., Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd., Shri U K Sinha, Chairman, SEBI, Shri R Gandhi, Executive Director, RBI, Shri Sudhakar Rao, Director, BSE Ltd., Shri Balasubramaniam V, Chief Business Officer, BSE Ltd., standing at the lighting of the lamp ceremony during the Launch of Interest Rate Derivatives (BSE-IRF) on 28<sup>th</sup> January, 2014.

For FY 2014-15, the government expects GDP growth of around 5.0% while; the Reserve Bank of India expects growth to increase to between 5.0% and 6.0% in fiscal year 2014-15. According to Reuters, India is expected to grow at 5.4% in fiscal year 2014-15, hampered in part by the weak investment cycle gripping the country and uncertainty around the general elections this year. However, real growth has been falling and according to the IMF, which recently revised down its GDP forecast for India, the growth outlook doesn't seem very encouraging.

The inflation rate in India stood at 8.31% in March of 2014. Inflation Rate in India averaged 9.71% from 2012 until 2014, reaching an all time high of 11.16% in November of 2013 and a record low of 7.55% in January of 2012. The meteoric rise of food prices has been the single largest factor for the price rise in India, which is likely to ease, owing to better agricultural output. The inflation as measured by Consumer Price Index ("CPI") was 6.726% in February, 2014, a sharp decline from 12.06% in February 2013. The expected CPI Inflation for 2014-15 has been revised downwards to 8.0% from 8.5% in the previous round of the survey.

With the announcement on QE Tapering by Federal Reserve Chief, Ben Bernanke on May 17, 2013 there was uproar in markets worldwide. The Indian Market was the worst hit given its high dependence on FII investments. During the period between June, 2013 and August, 2013 the Indian benchmark SENSEX fell by 2,000 points and the Rupee depreciated by 27%, the largest currency fall witnessed by any of the top economies, during that period. The RBI implemented measures to arrest the fall of the Indian Rupee and stabilize it, these included restrictions on gold imports, swaps to Oil Marketing companies, liberalization of deposit schemes to attract funds from NRIs, boosting exports, relaxing FDI norms, etc. These measures resulted in reducing the current account deficit and stabilization of the Indian Rupee. Hence, when the actual tapering process commenced in December 2013, there was only a minimal adverse effect on India and its currency vis-à-vis the other Emerging Economy currencies owing to the policies undertaken by the Government, RBI and SEBI earlier in the year.



*Visit of Prof Charles Wheelan from Dartmouth University on 9<sup>th</sup> December 2013.*



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. and Shri Kersi Tavadia, Chief Information Officer, BSE Ltd. interacting with Shri Ratan N. Tata, Former Chairman, Tata Sons during his visit to BSE Ltd.*

The rising fiscal and current account imbalances had been among the greatest macroeconomic worries for India during the first half of FY13-14. A turnaround in macroeconomic fundamentals, particularly the sharp narrowing in the current account deficit (CAD), aided by policy actions helped the rupee to appreciate from the record low touched in August 2013. India's CAD is likely to be below 2% in 2013-14 from a record high of 4.8% in 2012-13. The forecast for CAD in 2014-15 is also now significantly lower at 2.4% of GDP.

The Fiscal deficit for FY 2013-14 has come down to 4.6% as compared to the fiscal deficit for FY 2012-13 at 4.9 %. The Fiscal deficit is projected to be further reduced to 4.1% of GDP in FY 2014-15. Current account deficit for 2013-14 is estimated to be \$45 billion down from last fiscal year's \$88 billion.

The Indian Rupee appreciated 3.15% in the March 2014 quarter, its best quarter since the September quarter of 2012, when the currency gained nearly 5%. The rupee strengthened due to surge in currency inflows on account of aggressive buying by foreign investors in both the Indian Equity and Debt Markets. Resultantly, the Indian stock markets scaled a new record high during the quarter ended 31<sup>st</sup> March 2014.

## **2 The Capital Markets**

### **2.1 Overview**

The S&P BSE SENSEX ended FY 2013-2014 at 22,386.27 as compared to 18,835.77 in FY 2012-2013, an increase of 18.85% on a y-o-y basis.

In FY 2013-14, FII's invested ₹ 79,709 Crore, approximately USD 13,441.40 million in Indian equities and negative investment of ₹ 28,060 Crore, approximately USD 4,565.90 million in the Indian Debt Market.

In FY 2012-13, despite difficult global conditions, FII's invested a net of ₹ 1,40,033 Crore, approximately USD 25,832.60 million in the Indian equities market and ₹ 28,334 Crore, approximately USD 5,214.40 million in Indian Debt Market.

BSE is currently considered the 3<sup>rd</sup> largest Index Option exchange in the world, 4<sup>th</sup> largest Currency Futures exchange in the world, 5<sup>th</sup> largest Currency Options exchange in the world, 8<sup>th</sup> largest exchange in the world by number of trades and 13<sup>th</sup> in the world by Market Capitalisation (Source: WFE).





*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd., presenting a memento to His Excellency the Right Hon'ble David Johnston, Governor General of Canada, during his visit to BSE on 28<sup>th</sup> February, 2014.*

## 2.2 Primary Market

During the financial year 2013-14, only 2 companies came to the market through the IPO process in the Main Board. The average deal size in 2012-2013 was larger and the amount raised through Main Board IPOs in 2013-14 was only ₹ 1,189.37 crores as against ₹ 6,253.25 crores in 2012-13. Further, there were 2 Follow-on Public Offers ("FPO") in FY13-14 whereas there were no FPOs in 2012-13. The amount raised through FPOs in FY13-14 was ₹ 7,455.96 crores. In addition to the 2 IPOs on the Main Board, another 36 companies raised ₹ 316.03 crores through the SME IPO process in 2013-14. The total amount mobilized through Privately Placed Debt Securities at BSE in FY13-14 was ₹ 135,341 crores.

Though Main Board primary market for equity issuances witnessed very less activity, there were many public issuances of debt securities. During FY 2013-14, there were 35 public issues of bonds where ₹ 42,700 crores was mobilised as against ₹ 16,983 crores from public issues in the FY 2012-13. Further out of these 35 public issues, 20 issues were exclusively listed on BSE (57%). BSE platform was used to collect ₹ 41,860 crores and the average bids garnered through BSE's iBBS platform for these debt public issuances was 89%.

The total number of companies listed on BSE as on March 31, 2014 was 5,336 compared to 5211 on March 31, 2013. BSE remains the largest exchange in the world in terms of number of listed companies.

During FY 2013-14 there were 76 Offer for Sale ("OFS") issues, of which BSE was appointed as the Designated Stock Exchange in 68 issues (89%). Out of the 68 OFS issues, 47 issues were conducted only on BSE platform. In FY 2013-14, the total amount raised through OFS issues was ₹ 7,015 crores.

## 2.3 Secondary Market

While equity turnover continued to stagnate in 2013-14, other areas of trading reflected significant improvement during the year. The average daily value of equity turnover on BSE in FY 2013-14 was ₹ 2,078 crore, a reduction of about 5.33% y-o-y from ₹ 2,195 crore in FY 2012-13.

Equity derivatives trading, however, reached an average daily volume of over 11,79,463 contracts per day in 2013-14 –

breaking through a significant threshold, and has been attracting increased attention from international participants. This represented a 12.35% increase y-o-y from the average of 10,49,773 contracts per day traded in FY 2012-13, the first full year for BSE's re-launch of derivatives trading.

In the Mutual Fund space, FY 2013-14 brought about a refreshing change. The Average Assets Under Management (AUM) for the quarter January-March 2014 stood at ₹ 9,05,120 crores, an increase of 10.83% over the previous year's corresponding figure of ₹ 8,16,557 crores. And most encouragingly, the BSE's Mutual Fund platform called BSE StAR MF continued to gain acceptance with turnover reaching ₹ 5,596 Crores in FY 2013-14, an increase of 35.45% from FY 2012-13 turnover of ₹ 4,131 Crores.

With new features and continuous innovation to meet customer needs, the model of investment and redemption of mutual fund units through an exchange-provided infrastructure appears to be gaining acceptance from the market.

## 2.4 Secondary Market Policy Developments

### 1. Foreign Portfolio Investors (FPI):-

SEBI issued the SEBI (Foreign Portfolio Investors) Regulations, 2014 on January 7, 2014 followed by a commencement circular dated March 28, 2014, to replace the current FII Regulations.

As per the new Regulations, the foreign investors would be divided into 3 categories as listed below:-

- (a) "Category I foreign portfolio investor" which shall include Government and Government related investors such as central banks, Governmental agencies, sovereign wealth funds and international or multilateral organizations or agencies;
- (b) "Category II foreign portfolio investor" which shall include:
  - (i) appropriately regulated broad based funds such as mutual funds, investment trusts, insurance/reinsurance companies;



*Shri S Ramadorai, Chairman, BSE Ltd. interacting with Shri Sachin Pilot, Hon'ble Minister of Corporate Affairs, Government of India during Youth Parliament 2013 held at BSE on 23<sup>rd</sup> September, 2013.*

- (ii) appropriately regulated persons such as banks, asset management companies, investment managers/ advisors, portfolio managers;
- (iii) broad based funds that are not appropriately regulated but whose investment manager is appropriately regulated:

Provided that the investment manager of such broad based fund is itself registered as Category II foreign portfolio investor:

Provided further that the investment manager undertakes that it shall be responsible and liable for all acts of commission and omission of all its underlying broad based funds and other deeds and things done by such broad based funds under these regulations.

- (iv) University Funds and Pension Funds; and
- (v) University related endowments already registered with the Board as foreign institutional investors or sub-accounts.

**Explanation 1-**

For the purposes of this clause, an applicant seeking registration as a foreign portfolio investor shall be considered to be “appropriately regulated” if it is regulated or supervised by the securities market regulator or the banking regulator of the concerned foreign jurisdiction, in the same capacity in which it proposes to make investments in India.

**Explanation 2-**

- A) For the purposes of this clause, “broad based fund” shall mean a fund, established or incorporated outside India, which has at least twenty investors, with no investor holding more than forty-nine per cent of the shares or units of the fund.

Provided that if the broad based fund has an institutional investor who holds more than forty nine per cent of the shares or units in the fund, then such institutional investor must itself be a broad based fund.



*Shri S Raman, Whole Time Member, SEBI, Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. along with other dignitaries standing at the lighting of the lamp ceremony during Launch of BSE StAR Mutual Fund Distributors Platform on 6<sup>th</sup> March, 2014.*

- B) For the purpose of clause A of this Explanation, for ascertaining the number of investors in a fund, direct investors as well as underlying investors shall be considered.
- C) For the purpose of clause B of this Explanation, only investors of entities which have been set up for the sole purpose of pooling funds and making investments, shall be considered for the purpose of determining underlying investors.
- (c) “Category III foreign portfolio investor” which shall include all others not eligible under Category I and II foreign portfolio investors such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices.

The new FPI Regulations will come into force with effect from June 1, 2014.

## 2.5 Simplification of registration requirements for Stock Brokers :-

SEBI vide its Circular dated September 30, 2013 communicated the amendments to the SEBI Broker and Sub-Broker Regulations dated September 27, 2013 to simplify the registration requirements for members in the new multi-segment stock exchange – clearing corporation regime.

The salient features of the new guidelines are as follows:-

- a. If a new entity intends to register as a stock broker or clearing member in any segment(s) of a stock exchange or a clearing corporation, then the entity shall apply to SEBI through the respective stock exchange or clearing corporation in the manner prescribed in the Broker Regulations. The entity shall be issued a certificate with a unique registration number for each stock exchange or clearing corporation, as the case may be, irrespective of number of segments.



*Dignitaries discussing at IGIDR Round Table held at BSE on 17<sup>th</sup> January 2014.*



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. sitting along with Senior IPS Officers during their visit to BSE on 29<sup>th</sup> October 2013.*

- b. If an entity is already registered with SEBI in any segment of the stock exchange, then for operating in any other segment of that stock exchange or for operating in the clearing corporation promoted by that stock exchange, the entity need not apply to SEBI. The entity can directly apply to the concerned stock exchange or clearing corporation as per the procedure prescribed in the Broker Regulations for approval.
- c. Similarly, if any entity is already registered with SEBI in any segment of the clearing corporation, then for operating in any other segment of the clearing corporation or for operating in the stock exchange which has promoted that clearing corporation, the entity shall follow the procedure as prescribed in Clause b above.
- d. Fees shall be applicable for all the stock brokers, self clearing members and clearing members as per Schedule V of the Broker Regulations. As per current practice, the entity shall continue to be liable to pay fees for each additional segment approved by the stock exchange or clearing corporation, as per the Schedule to the Brokers Regulations. For stock brokers coming under Schedule III, fees shall continue to be applicable as per that Schedule till such time as the Schedule V becomes applicable to them.

The stock exchange or clearing corporation shall grant approval for any additional segment to the stock broker, self-clearing member or clearing member, as the case may be, after exercising due diligence and on being satisfied about the compliance of all relevant eligibility requirements, and shall also ensure:

- a. The applicant, its directors, proprietor, partners and associates satisfy the Fit and Proper Criteria as defined in the SEBI (Intermediaries) Regulations, 2008 and whether any past actions taken / initiated against them by SEBI / stock exchange(s) or other regulators.
- b. The stock exchange or clearing corporation shall satisfy itself that the applicant has taken corrective steps to rectify the deficiencies or irregularities observed in the past. They may also seek details

whether the Board of the applicant is satisfied about the steps taken. They may also carry out inspection, wherever considered appropriate.

- c. Recover all pending fees / dues payable to SEBI and/or stock exchange.

## **2.6 Investor Grievance Redressal Mechanism:-**

SEBI vide Circular Number CIR/MRD/ICC/30/2013 dated September 26, 2013 empowered IGRC member to decide the claim value of investor on the basis of the complaint and the Exchange has been directed to set aside the amount so decided, from the deposits of the trading member. It was further directed that during the pendency of the cases in arbitration as well as judicial proceedings, as a matter of interim reliefs, the Exchange shall release payments to the investors from its Investors Protection Fund (IPF) as per the different stages involved in the proceedings:

Where the claim value is decided in favour of the investor, the amounts as given below will be released to the investor from IPF, where the member decides to challenge the decision at each stage.

**Investor Grievance Redressal Committee** - This is about 50% of admissible claim value or ₹ 75,000/- whichever less is paid

**Arbitration** - positive difference of, 50% of the amount mentioned in the arbitration award or ₹ 1.5 lakh, whichever is less and the amount already released to the investor as above.

**Appellate arbitration** - positive difference of 75% of the amount determined in the appellate arbitration award or ₹ 2 lakh, whichever is less and the amount already released to the investor

In case the complaint is decided in favour of the investor after conclusion of the proceedings, total amount released to the investor through the facility of monetary relief from IPF not exceed ₹ 5 lakh in one financial year.

When the amounts are released to the investor from the blocked funds of the member, then the amounts already released through IPF shall be returned to IPF.



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd., presenting a memento to Shri Ratan N. Tata, Former Chairman, Tata Sons during Asia Business Responsibility Summit 2014 – Awards Event held at BSE on 8<sup>th</sup> January, 2014.*



### 3 Audited Financial Results

#### 3.1 The financial performance of the Exchange for the year ended March 31, 2014 is summarized below:

(₹ In Lakh)

Particulars	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Total Revenue	33,283	33,891	52,971	55,294
Total Expenses	19,260	20,788	27,499	28,310
<b>Profit before exceptional items &amp; tax</b>	<b>14,023</b>	<b>13,103</b>	<b>25,472</b>	<b>26,984</b>
Exceptional items	6,129	9,554	6,129	9,791
<b>Profit before extraordinary items &amp; tax</b>	<b>7,894</b>	<b>3,549</b>	<b>19,343</b>	<b>17,193</b>
Extraordinary items	-	-	(85)	73
<b>Profit before tax</b>	<b>7,894</b>	<b>3,549</b>	<b>19,428</b>	<b>17,120</b>
Provision for tax	417	594	3,427	3,745
Minority Interest & Share of Profit/Loss of Associates	-	-	(2,482)	(2,518)
<b>Profit for the year</b>	<b>7,477</b>	<b>2,955</b>	<b>13,519</b>	<b>10,857</b>
Balance brought forward from previous year	30,221	32,373	52,912	47,626
Rebate of Dividend Distribution Tax	493	138	-	-
<b>Amount available for appropriation</b>	<b>38,191</b>	<b>35,466</b>	<b>66,431</b>	<b>58,483</b>
<b>Appropriations</b>				
Proposed Dividend	4,230	4,230	4,230	4,230
Tax on Dividend	719	719	719	719
General Reserve	748	296	1,088	607
Settlement	-	-	387	15
Guarantee Fund	-	-	-	-
<b>Balance carried to Balance Sheet</b>	<b>32,494</b>	<b>30,221</b>	<b>60,007</b>	<b>52,912</b>



(L-R) Shri Mahavir Lunawat, Group Founder, Pantomath, Mr. Richard Bale, Consul General of Canada, Shri Rajeev Kumar Agarwal, Whole Time Member, SEBI, Shri S. V. Murali Dhar Rao, Executive Director, SEBI, Shri Manoj Kumar Sarawagi, Chairman & Executive Director, Si. Vi. Shipping Corporation Limited, Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. and Shri Kaushal Sampat, CEO & President, Dun & Bradstreet India present during the lighting of the lamp during Listing Ceremony of Si. Vi. Shipping Corporation Limited – The 50<sup>th</sup> company to get listed on the BSE SME Platform on 6<sup>th</sup> March, 2014.



Lord Loomba and Lord Dholakia presenting a memento to Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. during their visit on 18<sup>th</sup> February 2014.

### 3.2 Company Performance

#### 3.2.1 Consolidated Results

During the financial year 2013-14, the Exchange recorded a Total Income of ₹ 52,971 lakhs reflecting a decrease of 4.39% year-on-year. The total expenses for the year were ₹ 27,499 lakhs. Profit before Tax & Exceptional Items reduced to ₹ 25,472 lakhs as against ₹ 26,984 lakhs in the previous year and profit for the year was increased to ₹ 13,519 lakhs from ₹ 10,857 lakhs showing increase of 25% year-on-year, after considering exceptional expenses of ₹ 6,129 lakhs (previous year ₹ 9,791 lakhs).

#### 3.2.2 Standalone Results

On account of weak market conditions and lower trading volumes on the Exchange during the financial year 2013-14, the total revenue reduced from ₹ 33,891 lakhs to ₹ 33,283 lakhs. The total expenses for the financial year 2013-14 was ₹ 19,260 lakhs reflecting a decrease of 7.35% year-on-year. Profit before Tax & Exceptional Items was ₹ 14,023 lakhs and profit after tax was ₹ 7,477 lakhs after considering exceptional expenses of ₹ 6,129 lakhs in the financial year 2013-14 as against ₹ 9,554 lakhs in the previous year.

#### 3.2.3 Financial Situation as on March 31, 2014

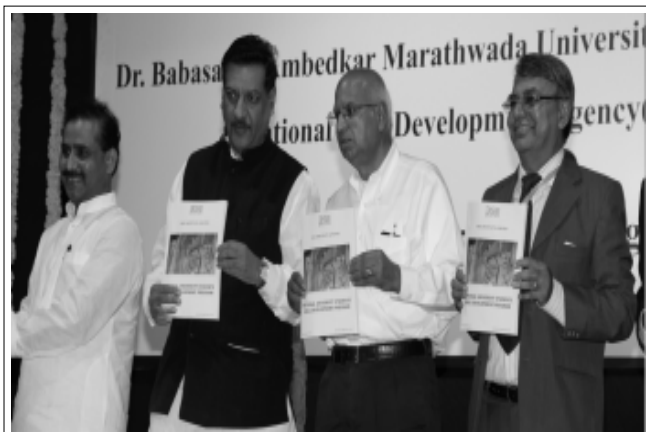
The Net Worth of the Exchange on a consolidated basis grew to ₹ 2,37,640 lakhs reflecting an increase of 3.78% over ₹ 2,28,975 lakhs as on March 31, 2013. The level of deposits from deposit based trading members decreased to ₹ 9,544 lakhs from ₹ 29,447 lakhs in the previous year. Investments were also made in bonds & debentures of Corporates and Units of dividend/growth oriented Debt Schemes of Mutual Funds. A substantial amount continues to be invested in fixed deposits with Scheduled Banks.

### 3.3 Appropriations

#### 3.3.1 Dividend

Your Directors have recommended Dividend on equity shares at the rate of ₹ 4 per equity share of the face value of ₹ 1/- each fully paid up for the year ended March 31, 2014 subject to the approval of the shareholders at the Ninth Annual General Meeting.

Under Clause 5.3 of the BSE (Corporatisation and Demutualisation) Scheme, 2005 (the Scheme), the allotment



*Shri Prithviraj Chavan, Hon'ble Chief Minister of Maharashtra and Shri S Ramadorai, Chairman, BSE Ltd. launching National University Students' Skill Development Program (NUSSD) on Friday, 23<sup>rd</sup> August, 2013 at Aurangabad.*

of equity shares to 15 Trading Members of the erstwhile BSE has been kept in abeyance for various reasons as on 31<sup>st</sup> March, 2014. Meanwhile, all corporate benefits including dividend as may be declared by the Exchange from time to time are being provided for and would be payable on the allotment of these shares.

### **3.3.2 Transfer to Reserves**

The Exchange proposes to transfer ₹ 748 lakhs to the General Reserve out of amount available for appropriations

## **4 Significant Developments**

### **4.1 BSE ranks among the Top 5 Markets Globally in Index Options in 2013**

BSE's efforts to revive trading in derivative instruments continued throughout the last fiscal year as a number of new LEIPS incentive programs were implemented. BSE achieved a significant milestone in 2013 when it traded a total of 250 million index option contracts and was named one of the top 5 exchanges globally in index options. (Jan 13 to Dec 13)

### **4.2 BSE and S&P Dow Jones Indices Form a Strategic Partnership in India**

On February 19, 2013 BSE and S&P Dow Jones Indices announced a strategic partnership to calculate, disseminate, and license BSE indices. The partnership has culminated in the formation of a new India-based joint venture, Asia Index Pvt. Ltd. which aims at catering to South Asian region as a major operational hub to support clients globally through this JV.

The BSE indices have also been co-branded as "S&P" including the S&P BSE SENSEX, the S&P BSE 200 and the S&P BSE 100. These new BSE co-branded indices will join S&P Dow Jones Indices' other iconic financial market indicators such as the S&P 500®, the Dow Jones Industrial Average®, the S&P/TSX 60, and the S&P/ASX 200 in providing global investors with must-have benchmarks to know the overall health and direction of the world's financial markets.

Asia Index Private Limited launched 2 new indices last year; the S&P BSE 500 Shariah Index and the S&P BSE 10 year Sovereign Bond Index, which initiated the fixed Income range of indices for the JV. There are ambitious plans of growing the range of indices to meet market requirements.

During the year, a new office was inaugurated in the BSE Building for the staff of this JV.

### **4.3 Eurex and BSE execute technology alliance**

Eurex and BSE entered into a strategic technology alliance in March 2013 which enabled BSE to deploy Eurex new generation trading system (viz. NTA/T7) for trading in various segments. The Exchange launched trading in currency derivatives segment on this new trading platform (viz. BOLT Plus) on 29<sup>th</sup> November 2013. The Currency Derivatives launch was followed by the Interest Rate Futures launch on the new trading platform on 28<sup>th</sup> January, 2014.

With its near 200 micro seconds response time and a through put capacity of 5,00,000 orders per second, the new platform is faster than any exchange in India by at least 10 times; the through put capacity is also higher by similar numbers. Despite the increase in speed, BSE doesn't intend to provide preferential treatment to members having co-location servers.

The new partnership in technology sphere has allowed BSE to quickly achieve the highest global standards for speed, reliability and order-handling capacity. It has brought to BSE state-of-the art levels of capacity and latency, already in place at International Securities Exchange (ISE) and at Eurex Exchange. By aligning BSE, Eurex Exchange and ISE markets on a common trading infrastructure, IT costs for shared customers would be significantly reduced.

The Exchange launched trading of the currency derivatives segment on its new trading platform through its BOLT Plus software. The Currency Derivatives launch was followed by the Interest Rate Futures launch on the new trading platform on 28<sup>th</sup> January, 2014.

The Exchange migrated its Equity Derivatives Segment to the new BOLT plus platform on 8<sup>th</sup> February, 2014, and the much anticipated Equity Segment on 7<sup>th</sup> April, 2014.

With the successful migration of the Equities, Currency and Derivatives segment to the new trading platform, BSE is now in a position to offer tick by tick market picture updates. High speed Ethernet links across the country are now offered for market participants who wish to avail this facility.

This is the largest ever seamless technology transformation in India ever attempted in the exchange space, where more than



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd., lighting the lamp during the FIAI - BBF - BSE Panel Discussion on 'Road ahead for the MF Industry & SRO as a catalyst' on Friday, 20<sup>th</sup> December, 2013 at BSE Ltd.*

900 broker members with more than 1,00,000 users have experienced the new BOLT Plus trading system of BSE, simultaneously on the same day. By extension, several lakh users have been able to experience the new trading system and its improved efficiency in orders being executed.

More than 50 vendors participated in this mammoth exercise over a period of 6 months to ensure a smooth transition for members and users. Internationally, this is one of the smoothest of all the technology migration that have taken place. Most exchanges in India have not attempted technology change due to the apprehension that it may not work out. BSE has taken a call to implement this new technology 2 years back and has successfully implemented the technology transfer.

Just within the first 3 days of trading in the Equity Segment on the new trading platform, more than 900 members traded on this system, which is close to the peak number of members, were able to connect to on BOLT Plus trading platform. Similarly, more than 286.6 million orders were entered in the new system during the first 3 days, which works out to an average of 4,000 orders per second with the peak order entry of more than 18,000 orders per second. Such high peak rates on the third day of technology implementation exceeded expectations and manifests an excellent adoption of new technology by all market participants.

BSE's new trading platform provides India with a world class integrated trading platform eco-system which will put Indian exchanges in the top one percentile of the trading platforms in the world in terms of speed and throughput.

This entirely new technology platform has been built on open source software and commodity hardware which provides the lowest cost exchange operating framework to BSE as compared to any exchange of its size in the world.

#### 4.4 BSE and Sustainability Initiative for Corporates

On October 19, 2012 BSE joined other leading exchanges in publicly committing to promoting sustainable investment practices. Besides BSE, eight other exchanges – NYSE Euronext, NASDAQ OMX, the Borsa Istanbul Stock Exchange, BM&FBOVESPA, the Johannesburg Stock Exchange (JSE), the Egyptian Exchange (EGX), the Nigerian Stock Exchange and the



Dr. Parag Khanna posing with the memento presented by Shri S Ramadorai, Chairman, BSE Ltd. along with Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. during the Lecture by Dr. Parag Khanna on "The Age of Cities: How Can India Adapt?" held at BSE on 9<sup>th</sup> October, 2013.



Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. interacting at the panel discussion 'The End Of Competitive Advantage And The New Strategy Playbook' - Dr Rita McGrath with (L to R) Shri R Mukundan, Managing Director, Tata Chemicals Ltd., Shri K Venkatramanan, Managing Director & CEO, Larsen & Toubro Ltd. and Shri Arun Nanda, Director, Mahindra & Mahindra Ltd.

Warsaw Stock Exchange – are also part of the Sustainable Stock Exchanges (SSE) initiative.

The SSE is co-organized by the United Nations Global Compact Office, the United Nations Conference on Trade and Development, the United Nations-backed Principles for Responsible Investment and the United Nations Environment Programme Finance Initiative.

BSE and Indian Institute of Corporate Affairs (IICA - Established by Ministry of Corporate Affairs), have signed a Memorandum of Understanding (MoU) on September 23, 2013 to work collaboratively in the domains of business sustainability, Corporate Social Responsibility (CSR), Investor Education and other allied areas.

BSE - IICA is going to launch Corporate Social Responsibility Index. An Advisory Committee (AC) consisting officials from IICA and BSE is formed to guide the CSR Index construction, design and roll-out processes. This Advisory Committee will be having a consultative approach and shall interact with various stakeholders.

World Federation of Exchanges (WFE) formed Sustainability Working Group (SWG) in March 2014. The SWG shall encourage sustainable financial development through better ESG (Environmental, Social and Governance) disclosures, better ESG practices and standardization of ESG data amongst corporate. BSE is also one of the member exchange of this SWG

#### 4.5 BSE and Deutsche Borse enter into Market Data Co-operation Framework

BSE and Deutsche Börse Market Data + Services entered into a partnership under which Deutsche Börse will act as the licensor of BSE market data and information products to all international clients. Deutsche Börse is amongst world's leading exchange groups providing wide array of market data products and services for the securities industry.

The new co-operation benefits existing and potential customers by giving them access to both exchanges' market data products under a single license agreement. A signing ceremony was held in Frankfurt on 2<sup>nd</sup> October 2013.

Under the new co-operation, Deutsche Börse will be responsible for sales and marketing of all BSE market data





*Sir David King, British Foreign Minister's Special Representative on Climate Change and Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. addressing the gathering during Business Leaders' Meeting on Corporate Responsibility and Low Carbon Economic Growth held at BSE on 5<sup>th</sup> December, 2013.*

products to customers outside India, while BSE would continue to serve its domestic clients. Deutsche Börse will also share joint responsibility along with BSE for product development and innovation, which includes extending its existing infrastructure and creation of new, market data solutions and infrastructure to support BSE's product offerings.

## **5 Business and Operations Review**

### **5.1 Trading Business**

#### **5.1.1 Equities Segment**

The average daily value of BSE equity turnover in FY 2013-14 was ₹ 2,078 crore, down about 5.33% from ₹ 2,195 crores in the previous period of FY 2012-13.

#### **5.1.2 Derivatives Segment**

Continued efforts are being made to develop sustainable volumes in the Derivatives Segment of the BSE, which will be critical to the overall success of the BSE franchise.

- The Exchange migrated its Equity Derivatives Segment to the new platform on February 10, 2014 which has significantly increased BSE's latency, throughput and order handling capacity.
- Equity derivatives trading, reached an average daily volume of over 11.79 lakh contracts per day in FY 2013-14 making BSE one of the largest derivatives exchange in the World. As per WFE statistics, as on March 2014, BSE was ranked the 3<sup>rd</sup> most liquid index options market in the world. After introducing delivery-based futures and options in 2011, the BSE moved to cash-settled instruments with effect from April 26, 2013, in response to market feedback and customer demand. SEBI does not permit exchanges to trade both delivery-based and cash-settled instruments in the same exchange segment.

#### **5.1.3 Currency Derivatives**

On November 28, 2013, BSE launched Currency and Interest Rate derivatives trading. In its Currency Derivatives segment, BSE allows trading in contracts like US Dollar-Indian Rupee (USD-INR), Euro-Indian Rupee (EUR-INR), British Pound-Indian Rupee (GBP-INR) and Japanese Yen-Indian Rupee (JPY-INR). Currency Options trading has also commenced on the contracts of US Dollar- Indian Rupee (US\$- INR).

In order to encourage active participation in the Currency Derivatives Segment, BSE does not levy transaction charges on the trades done in the Currency Derivatives segment of the Exchange. A onetime contribution of ₹ 250 is required to be made by every trading member in the Currency Derivatives towards the Investor Protection Fund.

The Clearing & Settlement of all trades executed on the Currency Derivatives Segment are performed by the Indian Clearing Corporation Ltd (ICCL), a wholly owned subsidiary of BSE.

#### **5.1.4 Debt Segment**

The Fixed Income Segment at BSE provides an array of products and services to market participants. In this space, the Exchange currently offers:

- Reporting of secondary market trades in Government Securities, Treasury Bills, Corporate Bonds, Certificate of Deposit (CDs) and Commercial Paper (CPs) on the Wholesale Debt Market segment platform called Indian Corporate Debt Markets (ICDM)

The Exchange witnessed reporting of OTC trades in Corporate Bonds on ICDM worth ₹ 1,02,467.62 crore in FY 2013-14 as against ₹ 51,622.40 crore in the previous year, marking an increase of 98.49%. The market share of BSE for Corporate Bond reporting has continually increased from 17.57% in FY 2012-13 to 28% in the current fiscal FY 2013-14.

In case of SLR securities i.e. Government Securities and Treasury Bills, trades worth ₹ 48,953 crore were reported on ICDM in the current year as against ₹ 1,767 crore in FY2012-13. The same is mainly attributed to increased institutional participation on BSE's Debt platforms.

- Trading in Non Convertible Debentures (NCDs) and Bonds on 'F' group on BOLT.

This segment saw limited activity of ₹ 2103.32 crore in FY2013-14 as against ₹ 3148.22 crore in the previous year. BSE has retained a market share of over 55% in the retail trading of Corporate Bonds in the financial year 2013-14

- Trading in Government Securities on the Retail Debt Market (RDM) 'G' group. No significant activities was observed in this area across the entire market.



*Dignitaries on the dais standing during the launch of his book "Chanakya's 7 Secrets of Leadership" on 20<sup>th</sup> Jan, 2014.*

- In accordance with RBI and SEBI guidelines, the Exchange has developed a platform called 'E-settle' to facilitate clearing and settlement of secondary market trades in corporate bonds, commercial papers and certificate of deposits on DVPI basis through Indian Clearing Corporation Limited (ICCL).

The settlement volume for corporate bonds witnessed business of ₹ 60,521.21 crores in FY2013-14 as against ₹ 42,976.58 crores in the previous year. Average ICCL market share in settlement of Corporate Bonds for the current fiscal 2013-14 is 10% vis a vis 9% in FY 2012-13.

#### **BSE's New Debt Segment-BSE NDS**

The Exchange launched BSE NDS in March 20, 2014 in accordance with SEBI guidelines for new dedicated debt segment on stock exchanges issued in January 2013 and September 2013. The Exchange has more than 100 Trading Members and Institutional Members registered on BSE NDS. The Exchange has enabled more than 175 bonds with outstanding issue size of ₹ 70,000 crore in Retail Market and 1700 plus bonds in Institutional Market.

#### **5.1.5 Interest Rate Derivatives Segment**

BSE launched Interest Rate Derivatives by enabling Interest Rate Futures (IRF) contracts on 10 Year GOI Bonds on January 28, 2014. Interest Rate Derivatives offers trading in following two products:

- 91-Day T-Bill Futures
- 10-year G-sec Futures.

The Interest Rate Derivatives Segment already has 120 plus registered members. The segment has witnessed till April 30, 2014 turnover of ₹ 3,697 crore. Open interest has also gone up gradually to more than 25,000 contracts. As more and more institutional members are getting registered, the Exchange is optimistic about increased activity in this new product.

#### **ebidXchange – Auction of FII limits for debt**

A custom designed platform called 'ebidXchange' for allocation of FII limits for investment in government securities and corporate bonds was launched by the Exchange in May 2009.



*Shri R Mukundan, Managing Director, Tata Chemicals and Shri P K Ghose, Executive Director and CFO, Tata Chemicals ringing the "Opening Bell" on completion of 75 years of Listing at BSE in the presence of the former Managing Directors of Tata Chemicals and Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. on 23<sup>rd</sup> January, 2014.*



*Shri S Ramadorai, Chairman, BSE Ltd., Shri Viktor Orbán, Hon'ble Prime Minister of Hungary and Shri AshishKumar Chauhan, MD & CEO, BSE Ltd. sitting on the dais during the Opening Bell Ceremony by Shri Viktor Orbán, Hon'ble Prime Minister of Hungary on 18<sup>th</sup> October, 2013 at BSE.*

The ebidXchange platform pioneered the auction of multiple products - Infrastructure Bonds, Corporate Bonds and Government Securities. During 2013-14, the Exchange conducted 3 auction sessions, all of which were conducted seamlessly and received positive response from market participants. Usage of this platform is now being discontinued by SEBI for allocation of FII limits for debt.

#### **5.2 Membership**

During 2013-14, 37 new Deposit Based Membership (DBM) applications were received at BSE. Since the launch of the new Deposit Based Membership scheme in April 2010, BSE has received a total of 674 DBM applications. Out of this total, 437 applicants have received SEBI registration and 322 members have commenced business on BSE. Of the total of 237 DBM applications since April 2010 that have not received SEBI approval, 136 have since withdrawn, 5 have been rejected by SEBI or BSE, 93 are still pending because of incomplete information while 3 are pending with SEBI.

Several new initiatives were undertaken in 2013-14 to effectively serve BSE member firms, including:

- BSE initiated the policy of accepting digitally signed authorised person registration application through BEFS. Now 60 to 70% of the applications received by the Exchange were signed digitally by the trading members. BSE would soon introduce the functionality to accept digitally signed applications for other processes of authorised person in BEFS.
- BSE now displays on the website the status of sub broker applications on real time basis submitted by the Trading Members.
- The Exchange is in the process of automating the process for the following processes:
  1. Application for issue of Turnover certificate on BEFS.
  2. Change of Directors.
  3. Registration application for additional segments.
  4. Change in share holding pattern without change in control.



(L to R) CS Sudhir Babu, Council Member, ICSI, Shri Ashish Chauhan, MD & CEO, BSE Ltd., Justice Shri B N Srikrishna, Eminent Jurist and Former Judge, Supreme Court of India and Chairman, Financial Sector Legislative Reforms Commission, CS S N Ananthasubramanian, President, The ICSI, Dr. Ajay Shah, Eminent Economist and Professor, National Institute of Public Finance and Policy, CS Atul Mehta, Council Member, ICSI. Dignitaries on the dais at the ICSI - BSE National Seminar on "INDIAN FINANCIAL CODE" Recommended by FINANCIAL SECTOR LEGISLATIVE REFORMS COMMISSION on Saturday, 27<sup>th</sup> April, 2013.

Further, charging of processing fees to the trading members (with annexures) for the following processes has also been automated:

- Sub Broker Registration
- Sub Broker Cancellation
- Sub Broker Change in Affiliation
- Sub Broker Withdrawal
- Authorised Person Registration
- Remisier Registration
- Remisier Cancellation

### 5.3 Corporate Services

The Corporate Services segment of the BSE registered healthy revenue growth in FY 2013-14. Annual Listing Fees (Equity, Debt and Mutual Funds) increased 6% to ₹ 32.36 crores compared to ₹ 30.62 crore in FY 2012-13.

Overall Listing Processing Fees, reflecting activity in new listings and new issuance were ₹ 14.55 crores compared to ₹ 11.83 crore in FY 2012-13 up 23% from the previous year on account of Direct Listings, new SME listings, Public Issues of Debt Instruments & Mutual Funds Listings.

The Exchange also provides other services to Corporates such as book building software, buy-back facilities, reverse book building software, etc. Fees earned from such services were ₹ 7.26 crores in FY 2013-14 as compared to ₹ 7.44 crores in FY 2012-13. The marginal drop in Book Building fees is attributed to the lacklustre primary market issuances in FY 2013-14.

BSE has launched its Online Portal on February 8, 2013 - Listing Centre for submission of various compliance filings by listed companies. This portal was made fully operational during the year. This portal is designed to make corporate filings easy, convenient and environment friendly for listed companies. It is a web based facility accessible from anywhere. All Listed Companies can file their compliance filings as well as further listing filings like listing for ESOPs, Bonus Issue, Preferential

Issues etc. with BSE through the Listing Centre and with Digital Signature. This service is provided free of charge to BSE Listed Companies.

### 5.4 Data Information Products

Revenue from the sale of market data and information products was ₹ 19.82 crore in FY 2013-14, down 8% from the ₹ 21.57 crore in the previous year. The reduction in income is mainly due to the hiving off of the Index Business to Asia Index Private Limited, the Joint Venture with S&P Dow Jones Indices.

Deutsche Börse is one of the world's leading data and technology service providers for the securities industry with a product and service offering for issuers, investors, intermediaries and data vendors. On 2<sup>nd</sup> October 2013, Deutsche Börse Market Data + Services and BSE entered into a partnership under which Deutsche Börse will act as the licensor of BSE market data and information products to all international clients.

Under the new co-operation, Deutsche Börse will be responsible for sales and marketing of all BSE market data products to customers outside India, while BSE would continue to serve its domestic clients. Deutsche Börse will also share joint responsibility along with BSE for product development and innovation, which includes extending its existing and the creation of new, market data solutions and infrastructure to support BSE's product offerings.

### 5.5 Index

As a result of the partnership with S&P Dow Jones Indices, all the indices in the BSE suite have been rebranded as S&P BSE indices, in order to raise their global profile and generate more license revenues.

Asia Index Private Limited launched 2 new indices last year; the S&P BSE 500 Shariah Index and the S&P BSE 10 year Sovereign Bond Index, which initiated the fixed Income range of indices for the JV. There are ambitious plans of growing the range of indices to meet market requirements.

During the 9 months from JV inception through March 31, 2014, Asia Index Private Limited recognized approximately



(L-R) Shri Kaushal Sampat, President & CEO - India, Dun & Bradstreet. Smt Shyamala Gopinath, Chairperson, Clearing Corporation of India Ltd. Shri Govind Singhal, Partner & President, Polaris Financial Technology Ltd. Shri Ashishkumar Chauhan, Managing Director & Chief Executive Officer, BSE Ltd. Shri Suresh Rangarajan, Chief Executive Officer, Artha Group.



₹ 0.82 crores in revenues, generated from two primary activities. Approximately ₹ 1.4 crores related to the commercialization of the S&P BSE Indices was billed to customers of Asia Index Private Limited, of which nearly ₹ 1 crore came from new customers. From these billings, Asia Index Private Limited recorded revenues from commercial activity of approximately ₹ 0.55 crores. Additionally, Asia Index Private Limited engaged in outsourcing activities with S&P Dow Jones Indices, resulting in an additional ₹ 0.27 crores in revenues.

## 5.6 BSE StAR MF Platform

The exchange's online Mutual Fund transaction platform — BSE StAR MF — completed its fourth year of operations in December 2013 and continues to enjoy strong growth and dominant status in the exchange traded MF space with a dominant 67.5% market share in FY 2013-14 in the domestic market.

The StAR MF AMC family has now grown to 36 AMCs that collectively account for over 96% of the industry AUM in India. During FY 2013-14 we received 5,84,453 orders (2,80,495 FY 2012-13), generating a transaction value aggregating to over ₹ 5,596 crores (₹ 4,131 Crores in FY 2012-13). Today StAR MF offers over 3600 investment scheme options.

### Launch of BSE StAR MF Platform for Distributors

SEBI vide its circular CIR/MRD/DSA/32/2013 dated 4th October, 2013 has allowed Mutual Fund Distributors to use recognized stock exchanges' infrastructure to purchase and redeem mutual fund units directly from Mutual Fund/Assets Management Companies on behalf of their clients.

For the aforesaid purpose, only a Mutual Fund Distributor registered with Association of Mutual Funds in India (AMFI) and who has been permitted by the concerned recognized Stock Exchange shall be eligible to use recognized stock exchanges' infrastructure to purchase and redeem mutual fund units directly from Mutual Fund / Assets Management Companies.

Such MF Distributors shall not handle pay-out and pay-in of funds as well as units on behalf of investors. The pay-in will be directly received by Indian Clearing Corporation Ltd (ICCL) and



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. addressing the gathering during the Asian Development Bank - BSE Ltd. Study Meeting on the Potency of Capital Markets for SMEs in India held at BSE on 29<sup>th</sup> April, 2013.*

pay-out will be directly made to investor's account. In the same manner, units shall be credited and debited directly from the de-mat account of the investors by ICCL.

BSE launched its StAR MF platform for Mutual Fund Distributors on March 6, 2014 in the presence of Shri S. Raman, Whole Time Member, SEBI and Shri Muralidhar Rao, Executive Director, SEBI.

## 5.7 SME Platform

The framework for SME Platforms to serve small and medium-size enterprises on stock exchanges was established by SEBI with a circular on May 18, 2010. BSE SME platform received the final approval of SEBI on September 27, 2011. Since inception, the BSE SME platform has been the market leader. On March 31, 2014 BSE SME had 55 companies on the platform, or 92% market share.

A key distinguishing factor for the BSE SME platform is that it is integrated with the main exchange of the BSE. It leverages the existing infrastructure of BSE's trading systems and network. There is also a provision for migration from the SME platform to the Main board and vice versa. Listed SMEs are part of the existing BSE trading system and are traded in 'M' and 'MT' groups.

The listing process and cost of compliance on the SME platform is simplified to facilitate the raising of equity capital by SMEs:

- Financial results are submitted on a half yearly basis instead of on a quarterly basis;
- An abridged version of the annual report, with P&L and balance sheet details, is allowed to be distributed to shareholders instead of the full annual report; and
- A soft copy of the annual report and website publishing can be utilized.

### SME ITP

On February 11, 2014, BSE launched Institutional Trading Platform in the BSE SME segment. The new platform facilitates start-up companies and SMEs to list without an IPO.

The launch of BSE SME ITP is consequent to SEBI's provision in ICDR guidelines allowing SMEs to list on the exchange without undergoing the extensive Initial Public Offer (IPO)



*Smt Mala Ramadorai performing during the Expressions of Freedom event on 15<sup>th</sup> August, 2014 at BSE Ltd.*



(L to R) Prof. Yakov Amihud, Stern School of Business, New York University, Shri Öncü, T Sabri, Head of Research, CAFRAL, Smt Sareen Samita, Research Director, CAFRAL, Shri AshishKumar Chauhan, MD & CEO, BSE Ltd., Shri Chalapathy, V G Venkata, General Manager, Programs, CAFRAL pose at the lighting of the ceremonial lamp during the Seminar on the Pricing of the Liquidity Factor and its Risk by Prof. Yakov Amihud, Stern School of Business, New York University held at BSE on 2<sup>nd</sup> January, 2014.

process. Shri Rajeev Kumar Agarwal, Whole Time Member, SEBI inaugurated the platform. As per the regulatory norms, BSE's SME Institutional Trading Platform offers relaxed compliance and cost effective listing to SMEs.

In addition to allowing SMEs and start-up companies to raise capital, the BSE SME ITP provides easier entry and exit options for informed investors like Angel Investors, Venture Capital Funds (VCFs) and Private Equity Funds (PEs) etc. The new platform offers better visibility and wider investor base while offering tax benefits to long term Investors. As on date we have 5 companies listed on SME ITP.

### 5.8 BSE launches "BSEIndia on Mobile" - free mobile application

On August 21, 2013, BSE Ltd launched "BSEIndia on Mobile", a mobile application that helps investors to keep a track of markets on a real time basis. The application gives investors a direct access to live streaming quotes across Equity, SME, Equity Derivatives & Currency Segments. "BSEIndia on Mobile" is a free mobile application and is available for download on all Mobile platforms like Google Android, Apple iOS, Blackberry, Windows 8 desktop and Window 8 mobile. The mobile app is also available in Hindi, Gujarati & Marathi languages. Currently more than 205,000 investors have downloaded the application.

"BSEIndia on Mobile" demonstrates BSE Ltd's commitment to provide real time information to investors through a simple touch on their smart phones.

### 5.9 Marketing and Communications

During the year, BSE witnessed many high-profile visits and delegations from the government, industry and other sectors from India and abroad. The dignitaries include Shri Narendra Modi, Hon'ble Prime Minister of India; Shri Miroslav Lajcak, Hon'ble Deputy Prime Minister and Minister of Foreign & European Affairs of the Slovak Republic; Shri Joseph Biden, Hon'ble Vice President of the United States; Nobel Laureate Shri Amartya Sen; Shri Peter Norman, Hon'ble Minister of Financial Markets, Sweden; Shri Viktor Orbán, Hon'ble Prime Minister of Hungary; The Rt Hon The Lord Mayor of London, Smt. Alderman Fiona Woolf CBE; Shri David Johnston, Hon'ble

Governor General of Canada. The Opening Bell of Tata Chemicals for completing 75 Years was also hosted at BSE.

BSE hosted more than 140 events and 360 degree marketing campaigns were implemented to create awareness among the investors about the products & services. BSE has also been in the print and electronic media with interviews, product launches, strategic alliances, etc.

## 6 Regulation

The BSE Regulatory Group comprises Membership Compliance, Listing Compliance and DOSS (Surveillance, Inspection and Investigation).

E-Boss, the member level surveillance system is an online Surveillance module for members and for the Exchange. It is the first such system employed in India. The system provides real time data access to the members to enable them to monitor their positions and manage risk.

In 2013-14 there were 91,070 Surveillance Alerts Generated. These alerts generated 792 Snap Investigations and from these 11 were converted to Detailed Investigations. 6 investigation reports were forwarded to SEBI, while 162 observations letters were issued to various members/clients. 2 cautions letters were also issued to members/clients in FY 2013-14.

1380 complaints against members were resolved this year and 2593 complaints against listed companies were resolved.

### 6.1 Investor Services

BSE redresses investor complaints against Trading Members and listed companies by taking prompt actions upon receiving the complaints. Investor complaints against trading members are processed through the "SCORES" system, a web based system where investors can lodge their complaints online. All actions taken in the process of redressal are then updated on this system. The complaints against trading members were earlier redressed through mediation and counselling by Investor Grievances Redressal Committees (IGRC).

SEBI vide circular Number CIR/MRD/ICC/30/2013 dated September 26, 2013 empowered IGRC member to decide the claim value of investor on the basis of the complaint and the Exchange has been directed to set aside the amount so decided, from the deposits of the trading member. It was further directed that during the pendency of the cases in



Shri Ashishkumar Chauhan, MD and CEO, BSE receiving an Award on Business Transformation at UK, House of Commons, Westminster, London, UK by IBBF.

arbitration as well as judicial proceedings, as a matter of interim reliefs, the Exchange shall release payments to the investors from its Investors Protection Fund (IPF) as per the different stages involved in the proceedings.

Being the effective initiative to protect the interest of small investor, BSE implemented the provisions of the said circular immediately w.e.f. September 26, 2013. Since the role of IGRC members has undergone changes, who would be now required to examine the matters thoroughly and decide the claim value of the investor, BSE officials arranged a guidance session for all the IGRC members from Mumbai region on October 15, 2013. All the efforts were made to ensure that the circular is implemented in letter and spirit. These guidance sessions were conducted all across the regional centres where IGRC meetings would be conducted. BSE decided to even compensate the investors from IPF, where the arbitration award is passed in favour of the investor and the trading member has opted to file Appeal against the said award.

Further, the Exchange expeditiously completed the necessary legal formalities so as to utilize the IPF to make payments to the investors for their claims against the trading members as per the provisions of the aforesaid circular.

As a result of these initiatives, IGRC of BSE has till date decided the claim values of 41 investors against the trading members amounting to ₹ 1,24,11,699/-. Further, in case of 11 investors, payment amounting to ₹ 8,40,943/- has been released from the IPF and in case of 19 investors, payments amounting to ₹ 98,70,066/-, has been released from the deposits of the trading members.

BSE at present provides these services as well as Arbitration at its Regional Investor Service Centers located at Mumbai, Chennai, Delhi, Kolkata, Ahmedabad, Hyderabad, Kanpur, Indore, Jaipur, Pune and Bangalore. To further serve investor needs, BSE is in process of setting up three more Investor Service Centres providing IGRC and Arbitration at Patna, Vadodara and Lucknow in the F. Y. 14-15

BSE is the only Exchange in the country, where 15 Registrars and Transfer Agents (RTAs) regularly visit its Investor Service Centre at Mumbai, for redressal of investor complaints against Companies listed on BSE.



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd presenting the memento to Shri Chandrakant Salunkhe, Founder & President, SME Chamber of India, during Launch of Institutional Trading Platform on BSE SME on 11<sup>th</sup> February, 2014 at BSE Ltd.*

## **6.2 Investor Protection Fund**

BSE, through its Investor Protection Fund (IPF), regularly conducts Investor Awareness Programmes (IAPs) throughout the country. IPF has conducted a total of 2578 Investor Awareness Programmes (IAPs) during 2013-14. During the year, IPF conducted 44 IAPs exclusively with SEBI across different parts of the country.

The IPF sponsored 175 workshops arranged for investors by the Institute of Company Secretaries of India (ICSI), in addition to sponsorship of investor awareness programs with the Investors' Associations recognized by the Securities and Exchange Board of India (SEBI), the local chamber of commerce, etc.

BSE IPF also periodically brings out advertisements on Do's and Don'ts for investors to educate investors and enable them to safeguard their interests. IPF arranged 500 IAPs in 2013-14 on RGEES (Rajiv Gandhi Equity Savings Scheme) covering 42500 investors. These programs were conducted in English as well as local languages (Hindi, Gujarati, Marathi, Tamil, Telugu, Malayalam, Bengali etc) in various parts of the Country.

IPF has started publishing Research Reports on thinly traded companies to fill the information gap for the benefit of investors in those companies. As of March 31, 2014 there were 1445 free Company Research Reports available on the BSE website for investors. Search filters available on the BSE website give easy access to initiation research reports as well as quarterly reports.

During the year, several educational and award events with institutions, media houses, institutes and other corporations were also sponsored by BSE IPF to raise awareness about corporate best-practice. BSE IPF has also supported global conferences and seminars that enhance understanding of Indian markets both in India and abroad.

In order to spread awareness about capital market as part of financial inclusion and to educate investors at national level across India especially to tier 2, tier 3 & tier 4 cities, BSE IPF has used services of national level TV channels including leading Business channels and Doordarshan for conducting programs related to capital market education, financial planning etc. BSE IPF has understanding with following TV



*(L-R) Shri Noshir Dadrawala, CEO, Centre for Advancement of Philanthropy. Dr. Christy Fernandez, Shri Carmen Perez, Shri Nikhil Pant (Moderator) in the midst of a panel discussion on "The Social Clause: The Companies Act 2013" during 'Dasra Philanthropy Week' on 5<sup>th</sup> March 2014 at BSE Ltd.*



*Shri Mahesh Murthy, Founder, Pinstorm & Partner at Seedfund addressing the gathering during EVOKE 2013: Money on 4<sup>th</sup> December, 2013 held at BSE Ltd.*

channels in order to spread capital market awareness among masses:

1. NDTV Profit
2. Bloomberg TV
3. CNBC TV18 and CNBC Awaaz
4. ZEE Business
5. Doordarshan (DD) – Prasar Bharati

## **7 Human Resources**

Organizations that invest in human capital invest in the future. Today at BSE we realize this truth and are increasing our focus on having the right investments in human capital to take BSE and all its employees to the next level of competence and expertise. BSE has always believed that motivated employees represent a core source of competitive advantage. For this reason we continue to invest in training and development programs along with various HR initiatives.

BSE has aligned the compensation packages of Management and successfully revamped many outdated HR policies to make benefits and compensation more transparent and employee-friendly.

Also, the organizational structure of BSE has undergone significant restructuring to enhance accountability and efficiency with a view of aligning performance management and reward strategies.

In compliance with the requirements of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2012, a statement containing details of employees is annexed.

As of March 31, 2014 the BSE had 324 officers and 163 staff employees.

## **8 Management Discussion & Analysis**

The Management & Discussion Analysis Report forms part of this Annual Report.

## **9 Report on Subsidiary Companies**

The Company has the following 10 subsidiary companies (direct and indirect) as on March 31, 2014:

- Central Depository Services (India) Limited (CDSL)
- Indian Clearing Corporation Limited (ICCL)
- BSE Institute Limited (BIL)
- Marketplace Technologies Private Limited (MTPL)
- BFSI Sector Skill Council of India (BFSI)
- Marketplace Tech Infra Services Private Limited
- CDSL Ventures Limited
- Central Insurance Repository Limited
- BSE Investments Limited (w.e.f. 27<sup>th</sup> February, 2014)
- BSE Skills Limited (w.e.f. 26<sup>th</sup> March, 2014)

There has been no material change in the nature of the business of the subsidiaries.

Pursuant to the provision of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the balance sheet, statement of profit and loss and other documents of the subsidiary companies with the balance sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2014 is included in the Annual Report.

The Company shall make available, the annual accounts and related information of its subsidiaries, to those shareholders who wish to have the copies of the same. Further, these documents shall be available for inspection by a shareholder at the registered office of the Company as well as of its subsidiaries.

### **9.1 CDSL and its subsidiaries**

CDSL is 54.20% owned by BSE and provides depository and record-keeping services to the securities industry in India, facilitating dematerialization of holding of securities and book-entry settlement.

CDSL Ventures Limited (CVL) saw continued progress in its Mutual Fund KYC registration product as well as the new KYC Registration Agency (KRA). As of March 31, 2014, the number



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. and Shri A P Kurian, Chairman, Geojit BNP Paribas Launching "Flip Social, India)"s first trading application for Facebook.*

of KYCs submitted is 129.02 lakhs. CVL has also registered with UIDAI as an Authorised user Agency for Universal ID (UID) verification.

The establishment of the Central Insurance Repository Ltd. (CIRL), which will hold (life and non-life) policies for beneficiaries in electronic form, is in final testing and auditing phases. CIRL has received its "In-principle" approval for acting as an Insurance Repository from IRDA. CIRL is currently awaiting issue of Registration. CIRL has completed testing of software with major Insurance Companies and is ready to go live immediately on receipt of registration

The National Academic Depository (NAD), which will hold records of academic awards and credentials in electronic form, is now in pilot implementation phase and CBSE has made available the academic awards of the Central Teachers Eligibility Test (CTET) exams for the year 2011 and 2012 and the CBSE Board XII Standard exams for the year 2011 and 2012 on the NAD system.

CDSL's e-Voting initiative for corporate resolutions through postal ballot or at AGMs, EGMs and other general meetings has completed a total of 158 e-Voting implementations carried out by 114 companies as of March 31, 2014. 271 companies have signed up for the service so far. And CDSL's Green Initiative, which allows companies to send Annual Reports, quarterly results, ballot resolutions and other corporate communications to shareholders by email now has 68 companies participating.

## 9.2 Indian Clearing Corporation Ltd. (ICCL)

Indian Clearing Corporation Limited (ICCL) is a wholly owned subsidiary of BSE Ltd. and carries out the functions of clearing, settlement, collateral management and risk management for various segments of different stock exchanges.

ICCL provides the clearing and settlement functions for trades reported on the debt and mutual fund segments of BSE and for trades executed on all the other segments of BSE and the currency derivatives segment of United Stock Exchange of India Limited (USE).

While 20 banks are empanelled with ICCL as Clearing Banks for BSE activities, 10 banks have been empanelled as Clearing



*Shri. Ashishkumar Chauhan, MD & CEO, BSE Ltd. interacting with Shri Piyush Goyal, Union Minister of State for Power during the Indo-Japan Summit on 22<sup>nd</sup> July, 2013.*



*(L-R) Smt Deena Mehta, Chairperson Capital Market Committee, IMC; Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd; Shri U.K. Sinha, Chairman, SEBI; Shri Shailesh Vaidya, President, IMC; Shri S K Roy, Chairman, LIC standing near the lamp during the Indian Merchants Chamber's Seminar on 'Investment Outlook 2014' on April 10<sup>th</sup> 2014 at BSE Ltd.*

Banks for providing clearing and settlement services for trades executed on the USE platform.

During the year, ICCL has been accorded Qualified Central Counterparty ("QCCP") status by the Securities and Exchange Board of India. A QCCP member is subjected to lower capital requirements/charges under the Basel III Framework introduced by the Basel Committee on Banking Supervision. The capital requirements for Banks and Primary Dealers in India, for a QCCP like ICCL is subject to the Capital Adequacy Standards and Risk Management Guidelines for Standalone Primary Dealers as prescribed by RBI. These rules and regulations focus on limiting systemic risk and on enhancing transparency and stability in the financial market. A clearing member registered with a QCCP like ICCL will be a beneficiary of the enhanced risk management framework of ICCL and will also benefit in the form of lower capital costs.

ICCL has taken a defaults insurance cover of ₹ 375 Crore from United India Assurance, the biggest of its kind in India. The objective of the Policy is to protect ICCL against counterparty defaults, and add a further capital cushion to the ICCL network making the resources of the non-defaulting members even safer. The policy also adds to the ability of ICCL to absorb higher losses before any resources of the non-defaulting members are put at risk. ICCL, with its network of over ₹ 450 Crore, which is nearly 3 times its default fund requirements, is well capitalized and instills a high level of confidence in its members.

ICCL is the only clearing corporation in India to have been granted "AAA" rating by two rating agencies, India Ratings Ltd. (Indian arm of Fitch Ratings) and Care Ratings Ltd.

## 9.3 BSE Institute Limited (BIL)

BSE Institute Limited (BIL) consolidated its position as the leading provider of financial market education and training in Asia.

In the post graduation space BIL launched its MBA equivalent program, Post Graduate Program in Global Financial Markets in Mumbai and Delhi. Batches of the Post Graduate Program – Banking & Finance were conducted in Mumbai, Delhi, Kolkata, Chennai and Coimbatore.



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. interacting with Smt Punita Kumar Sinha, Senior Managing Director, Blackstone Asia Advisors L.L.C. during the grand finale of SENSEX KA SULTAN on 11<sup>th</sup> May, 2013 held at BSE Ltd.*

This was also a year of major international collaborations. A startup incubator was setup in collaboration with Ryerson University of Toronto, Canada, to provide budding Indian entrepreneur's with global aspirations, a startup environment. The incubator is designed on the lines of the Digital Media Zone and is housed in the BSE Institute premises in Mumbai. BIL also launched, an MSc - Finance in collaboration with Frankfurt School of Business & Finance, giving students a unique opportunity to learn for a semester in the BIL campus in Mumbai and the rest of the course in Frankfurt and helping them gain a perspective of the Asian and European financial markets. In addition BIL has also signed up for offering financial market courses in the Middle East.

In the undergraduate student segment BIL launched a BCom in Capital Markets in collaboration with Sri Krishna College under the Bharathiar University, Coimbatore. This program had a very good response, with many other national and international universities expressing interest in launching this program in their university. BIL's undergraduate concurrent program Global Financial Market Professional (GFMP) is now being conducted in all the branches in the country.

Short term and certification programs continued to be an important focus area with the launch of 83 short term programs, and 10,533 certification exams.

This year, BIL entered the vocational education space in a big way, with programs being conducted in cities and towns across the country. Two special initiatives in the vocational space included collaboration with the Kerala government to conduct financial skill development programs under the Additional Skill Acquisition Program (ASAP), and one with the Tata Institute of Social Studies (TISS) to revamp the National Social Scheme (NSS) which has now been re-launched as the National University Student Skill Development program.

Other highlights of the year included the launch of job oriented programs aligned to the CISI UK certifications and BIL's own BCSM certifications.

#### **9.4 Marketplace Technologies Private Limited (MTPL)**

MTPL is a wholly-owned subsidiary that is a leading provider of cutting edge IT solutions with focus on Equity, Stock, Commodities, Banking and Financial Services markets in India.

#### **Activities undertaken for BSE / ICCL**

- **Offline Surveillance System:** MTPL developed an Offline Surveillance module for the Exchange. The system provides offline data access to the surveillance team which enables them to monitor and manage risk.
- **Institutional Trading Platform ("ITP"):** New integrated systems have been built for ITP Collateral Management, RTRMS, order routing solutions (FOW), Matching Engine (MAPS) to Clearing and Settlement module.
- **New Debt Segment ("NDS"):** All the systems pertaining to New Debt System were developed by MTPL. New integrated systems were built from ITP Collateral Management, order routing solutions (FOW), Matching Engine (MAPS) to Clearing and Settlement module.
- **Currency Derivatives Segment ("CDX"):** New integrated systems have been built for CDX Collateral Management, RTRMS, order routing solutions (FOW), Matching Engine (NTS) to Clearing and Settlement module
- **Online Trade file dissemination for Equity Derivative Segment** was successful implemented and the same was later developed and implemented for CDX and Equity Segments also.
- **Email / SMS alerts for reminder of UCC registration** was implemented during the year.
- **BSE StAR MF:** Mutual Fund distributors can also now use the StAR MF platform to place orders on behalf of their clients. Settlement for the same will be directly with the Investor and investor gets information pertaining to the order placed / Fund pay-in of Units as well as fund through SMS & email.
- **Listing Centre Application for online filing compliance** by BSE listed companies by using digital signing with internal workflow to create paper less process within BSE departments.
- **The legacy equity clearing system** was replaced with new, more efficient software.
- **Developed SPAN software for CDX.**
- **Developed RTRMS software for CDX.**



*US Congress Delegation along with BSE management team at the IT Floor of BSE during their visit.*



#### Activities outside BSE

- CLASS & SPARK have been configured to work with BSE CDX Segment with minimal installations required at the user's end.
- Cloud based broker back office has been recently developed and released, 2 members have gone live while a few others are in the UAT stage.
- NBFC software has been developed and made live at MOSL.
- Developed Stamp Duty collection system for BOISL to collect stamp duty for Delhi State.
- Empanelment of Fastrade on DGCX

#### 10 Fixed Deposits

The Exchange has not accepted any fixed deposits and as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

#### 11 Issue of Equity Shares during the Financial Year

Pursuant to the BSE (Corporatisation and Demutualisation) Scheme, 2005, the Exchange is required to allot 10,000 equity shares against each of the membership rights held by Trading Members of erstwhile BSE; however, allotment of such equity shares have been kept in abeyance, on account of suspension on the said membership rights. Accordingly, at the beginning of the financial year, the allotment of 10,000 equity shares of ₹ 1/- each against 16 membership rights held by 16 Trading Members of erstwhile BSE (out of 73,50,000 equity shares against 735 membership right of erstwhile BSE) was kept in abeyance for specific reasons, viz., Trading Member being a notified person, attachment of membership right by the Income Tax Department, legal dispute for the ownership of the membership rights etc.

During the financial year, 10,000 equity shares of ₹ 1/- each against 1 membership right held by 1 Trading Member of erstwhile BSE was allotted pursuant to the Scheme, upon



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. addressing the audience at the 31st Skoch Summit in New Delhi.*

revocation of suspension on such membership rights. The said Trading Member was also given the Corporate Benefits, i.e., prior year dividends and 1,20,000 bonus shares emanating from the allotment of 10,000 equity shares.

The allotment of equity shares pursuant to the Scheme against 15 membership rights held by 15 Trading Members of erstwhile BSE continue to remain in abeyance as at the end of the financial year.

#### 12 Listing of the Exchange's Shares

Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 allows, subject to certain regulatory conditions, an Exchange to list its equity on other exchanges. The Exchange plans on taking the necessary steps to become a publicly traded company through the listing of its shares upon receipt of the necessary regulatory approvals.

#### 13 Amalgamation of United Stock Exchange of India Limited (USE) with BSE Limited

The Board of Directors of the Exchange at its meeting held on May 14, 2014, gave their consent in respect of the scheme of amalgamation of USE with the Company under Section 391 to Section 394 and other applicable provisions of the Companies Act, 1956 (or pursuant to the applicable provisions under the Companies Act 2013 upon enforcement of such provisions), with effect from April 1, 2014, subject to receipt of all requisite statutory and regulatory approvals.

#### 14 Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

As the Company does not fall under any of the industries listed out in the schedule appended to Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, particulars required to be disclosed with respect to conservation of energy and technology absorption in terms of Section 217(1)(e) of the Companies Act, 1956, read with the aforesaid Rules are not applicable to the Company.

Since BSE operates in the Financial Services industry, the operations of the Company are less energy intensive. However, BSE continuously strives to optimize its energy usage and efficiency.



*Dignitaries standing at the lighting of lamp Ceremony during the Launch of BSE's Currency and Interest Rate Derivatives are Shri Balasubramaniam V, Chief Business Officer, BSE Ltd., Dr. K P Krishnan, Additional Secretary, Department of Economic Affairs, Govt. of India, Shri S Ramadorai, Chairman, BSE Ltd., Shri J.D. Seelam, Hon'ble Union Minister of State for Finance (Revenue), Govt. of India, Shri Rajeev Kumar Agarwal, Whole Time Member, SEBI, Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. during the Launch of BSE's currency and interest rate derivatives on 28<sup>th</sup> November, 2013 at BSE Ltd.*



*BSE Management Team with Shri Peter Norman, Minister of Financial Markets, Sweden during his visit to BSE on 10<sup>th</sup> October, 2013.*

The particulars with regard to foreign exchange earnings and outgo appear at Note No. 31 of Audited Standalone Financial Statements.

#### **15 Awards and Recognition**

The Exchange received a number of awards and recognition from national and international industry bodies and media houses.

- India Innovation Award for Big Data Implementation
- EMC Transformer Award, 2013.
- ICICI Lombard & ET Now Risk Manager Award in BFSI Category
- SKOCH Order of Merit for E-Boss for qualifying among India's Best 2013
- Indian Merchant Chamber Award in the Large Enterprise Category for use of Information Technology
- Best Managed Financial Derivatives Exchange in the Asia Pacific by the The Asian Banker, Singapore

Shri Ashishkumar Chauhan, Managing Director & CEO, too received a number of awards and recognitions mentioned hereunder.

- Distinguished Alumnus Award for the year 2014 by Indian Institute of Technology, Bombay.
- British Parliament, British House of Commons, Indo-British Business Forum, UK, London, Transformation Business Leadership for Bombay Stock Exchange, October 2013,
- Zee Business – Transformational Business Leadership for Bombay Stock Exchange, July 2013
- Best CEO in the Financial Markets in the Asia Pacific by the The Asian Banker, Singapore

#### **16 The Companies Act, 2013**

The Companies Act, 2013 (the Act) came into force as on 1<sup>st</sup> April, 2014 (in the manner, to the extent notified by the Ministry of Corporate Affairs). The Act has replaced the Companies Act, 1956 and has brought a new set of compliances for companies.

The new Legislation will facilitate greater transparency, more disclosures and enhanced corporate governance. The Exchange is taking necessary steps for implementation of the provisions of the Act.

#### **17 Corporate Governance**

Pursuant to the Securities Contracts (Regulations) (Stock Exchanges & Clearing Corporations) Regulations, 2012 ("SECC Regulations 2012"), corporate governance norms as specified for listed companies mutatis mutandis applies to a recognised stock exchange.

In accordance with good corporate governance practices and in order to comply with the SECC Regulations 2012, a report on Corporate Governance as at March 31, 2014 forms part of the Annual Report. A Certificate from a Practicing Company Secretary, Mumbai confirming status of compliances of the conditions of Corporate Governance is annexed to this Report.

#### **18 Directors' Responsibility Statement**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the accounts for the financial year ended March 31, 2014, the applicable accounting standards have been followed and there was no material departure from such standards;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Exchange as at the end of the financial year on March 31, 2014 and of the profit of the Exchange for the said financial year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Exchange and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended March 31, 2014 on a 'going concern basis'.

#### **19 BSE Board Structure and Governance**

Pursuant to SECC Regulations 2012 notified by SEBI on June 20, 2012, the Governing Board of every recognised stock exchange shall include:

- (a) Shareholder Directors;
- (b) Public Interest Directors; and
- (c) Managing director.

The number of public interest directors shall not be less than the number of shareholder directors in a recognised stock exchange. No Trading members or their associates and agents shall be on the Governing Board of any recognised stock exchange.

##### **19.1 Managing Director**

Mr. Ashishkumar Chauhan, is the Managing Director and Chief Executive Officer of the Exchange.

### 19.2 Public Interest Directors

There is no change in the status of the Public Interest Directors of BSE. Mr. S Ramadorai, Dr. Sanjiv Misra, Mr. Sudhakar Rao and Mr. S.H. Kapadia continue to remain the Public Interest Directors of BSE.

### 19.3 Shareholder Directors

Mr. Andreas Preuss, retires by rotation at the ensuing Annual General Meeting and is not eligible for re-appointment.

Mr. Keki Mistry, Shareholder Director retired by rotation in the last Annual General Meeting held on 30th July 2013 and was re-appointed by the shareholders subject to SEBI approval. The said SEBI approval is still awaited.

### 20 Corporate Social Responsibility

As per the Companies Act, 2013, all companies having net worth of ₹ 500 Crore or more, or turnover of ₹ 1,000 Crore or more or a net profit of ₹ 5 Crore or more during any financial year will be required to constitute a Corporate Social Responsibility (CSR) Committee of the Board of Directors comprising three or more directors, atleast one of whom will be an Independent Director.

Aligning with the guidelines, a committee was constituted comprising Mr. S. Ramadorai, Mr. Sudhakar Rao and Mr. Ashishkumar Chauhan. The Committee is responsible for formulating and monitoring the CSR Policy of the Company.

### 21 Auditors

The Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), Mumbai, hold office until the conclusion of the ensuing Annual General Meeting and are recommended by the Board for re-appointment for a period of three years to hold the office from the conclusion of the Ninth Annual General Meeting until the conclusion of the Twelfth Annual General Meeting, subject to ratification of shareholders at every Annual General Meeting.

The Auditors have confirmed that, their re-appointment, if made, would be in accordance with the Section 139 of the Companies Act, 2013 and the rules made thereunder and that they are not disqualified in terms of Section 141 of the Act.

### 22 Auditors' Report

The Auditors' Report dated May 14, 2014 on the financial statements of the Exchange for the financial year ended March 31, 2014 does not have reservation, qualification or adverse remarks.

### 23 Acknowledgements

The Board thanks the Government of India, Securities and Exchange Board of India, Reserve Bank of India, the Government of Maharashtra and other State Governments and various government agencies for their continued support, cooperation and advice.

The Board is grateful to the members of various committees constituted during the year. The Board also acknowledges the support extended by trading members, issuers, investors in the capital market, and other market intermediaries and associates. The Board expresses sincere thanks to all its business associates, consultants, bankers, auditors, solicitors and lawyers for their continued partnership and confidence in the Exchange.

The Board wishes to thank all the employees for the exemplary dedication and excellence displayed in discharge of their duties for the Exchange.

Finally, the Board expresses its gratitude to you as shareholders for the confidence reposed in the management of the Exchange.

For and on behalf of the Board

Place: Mumbai  
Date : May 14, 2014

**S. Ramadorai**  
Chairman



*Shri Suresh Oberoi, Bollywood Actor and Mr. Vivek Oberoi, Bollywood Actor along with Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. lighting the auspicious Diwali Diyas during the Diwali Muhurat Trading day on Sunday, 3<sup>rd</sup> November, 2013 at International Convention Hall at BSE Ltd.*



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. presenting a memento to Shri Narendra Modi, Hon'ble Prime Minister of India during his visit to BSE Ltd.*

# Management Discussion & Analysis

## 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The industry we operate in includes listing of securities and facilitation of trading in securities – from pre-trade order management and risk management, through trading of various assets on its electronic trading platforms and post-trade clearing, settlement and record-keeping services.

The Indian exchange space potentially spans many asset classes – equities, equity derivatives, currency derivatives, ETFs, mutual funds, debt, interest rate derivatives, power trading and commodity derivatives.

Designated regulators like SEBI, FMC, CERC etc. regulate Exchanges and other intermediaries in India. India has competing exchanges in most asset classes.

Stock Exchanges are primarily regulated by the Securities and Exchange Board of India (SEBI), with the Reserve Bank of India (RBI) acting as a secondary regulator for certain products. Product classes – equity, equity derivatives, debt products, interest rate derivatives and currency derivatives – are traded on the recognized stock exchanges. Along with the stock exchanges, other Market Infrastructure Institutions (MII) comprise depositories and clearing corporations that conduct the function of holding the traded securities in dematerialized form and providing clearing & settlement services, respectively.

In India, there are 3 clearing corporations that exist in exchange clearing space, promoted by three of the Pan-India stock exchanges and 1 clearing corporation in OTC clearing space. There are two depositories, which operate on an inter-operable basis, BSE and NSE hold equity stakes in depository promoted by each of them. SEBI has set up a committee to discuss the issue of interoperability of Clearing Corporations vis-à-vis establishing a single Clearing Corporation and to submit their recommendation on the functional details for the same.

## 2. OUTLOOK

Despite a number of years of declining equity volumes globally, the outlook for the Indian capital market is still quite positive. If India continues to develop as a resilient growth economy and one of the most attractive emerging markets for investments, then over the medium to long term, investors and higher volume levels will return to the market.

In the long term, given the outlook for continued growth and wealth-creation in India, we continue to believe corporate profits and equity market performance will warrant continued

interest from Indian institutional investors and foreign investors also.

There is significant scope to increase ownership of ETFs and Mutual Funds in India.

The securities market would continue to be driven by introduction of newer products and services for investment and risk mitigation through better technology.

## 3. COMPETITIVE STRENGTHS AND OPPORTUNITIES

### • Strong brand recognition

BSE is Asia's oldest stock exchange, established in 1875, and one of the most recognizable brand names in India with high levels of recognition among investors, intermediaries and the general public. In addition, the S&P BSE SENSEX, an index based on 30 BSE-listed large, well-established and financially sound companies across key sectors of the Indian economy, serves as the primary global barometer for India's financial markets and is comparable in recognition to other global indices such as the S&P 500, the Dow Jones Industrial Average, the FTSE 100, the DAX and the Hang Seng Index.

### • Sound corporate governance and regulatory framework

As a stock exchange, we are subject to a high level of regulatory oversight. We are committed to working with national and international regulators, exchanges, clearing



*Shri Ashishkumar Chauhan, MD&CEO, BSE Ltd. presenting a memento to Shri U.K. Sinha, Chairman, SEBI, during his visit to BSE on 10<sup>th</sup> June 2013.*

corporations, depositories and market participants to ensure an orderly, informed and fair market for the benefit of investors. We are also committed to strong and effective internal governance and regulation and believe that regulatory integrity benefits investors, strengthens our brand and attracts companies seeking to list securities on our markets. In furtherance of these goals, we have a dedicated surveillance department to keep a close, and daily, watch on the price movement of securities, detect market manipulation, monitor abnormal prices and volumes which are not consistent with normal trading pattern and monitor our members' exposure levels to ensure that defaults do not occur.

- **Financial strength and diversified and stable sources of revenue**

Since our inception, we have maintained a strong financial profile and our financial policy seeks to maintain sufficient financial resources and capabilities to finance the growth of our business and ensure financial flexibility while maintaining strong creditworthiness and liquidity.

- **State-of-the-art infrastructure and technology**

We have highly developed electronic systems for entry, trading, clearing and settlement and depository services and we continually seek to improve our core IT capabilities, the reliability and consistency of which help to maintain our competitive position. Our members access our online trading platforms through our trader workstation or computer-to-computer link ("CTCL") using multiple connectivity methods including VSATs, VPN, leased lines and internet. Our new BOLT+ System is a fully automated platform with an order server latency of approximately 200 microseconds which also accommodates high frequency traders and is expected to result in an increase in trading volume. During the Q1-2014, the average number of orders processed on a daily basis was 140 million orders per day and the average number of trades executed was 1.25 million per day.

#### 4. THREATS

- **Industry activity levels decline**

The Exchange's performance is dependent upon the



*Shri Ashishkumar Chauhan, MD&CEO, BSE Ltd. presenting a memento to Shri Andrew Mitchell, Prosperity Director, Foreign & Commonwealth Office, UK during his visit to BSE on 20<sup>th</sup> September, 2013.*



*Shri Ashishkumar Chauhan, MD&CEO, BSE Ltd. presenting a memento to Shri J Ranganayakulu, Executive Director - Legal, SEBI during his visit to BSE on 4<sup>th</sup> October, 2013.*

volume and value of trades executed on its trading platform, the number of new/further listings and the amount of capital raised through such new/further issues, the number of active traders in the market, etc. While BSE efforts can influence these activity levels, many factors that can have an impact on these are outside the control of BSE. In particular, adverse macro-economic developments and political uncertainty may dampen the sentiments of the capital markets and negatively affect our business.

- **FII participation in Indian markets declines**

Post liberalization, Foreign Institutional Investors (FII) have played a dominant role in generating volumes in the Capital Markets. The level of participation of FIIs in the Indian market is influenced by many developments outside the control of BSE. Policy decisions by exchange industry's regulator could impact the attractiveness (to foreign and domestic market participants) of participating in our markets and thereupon influence our business.

- **Regulatory changes impacts our ability to compete**

The competitive landscape for the securities transactions business in India continues to be challenging. Our ability to compete in this environment and ensure that regulations continue to allow competition on a level playing field will be a major factor in ensuring sustained growth and profitability. Regulatory decisions relating to the exchanges ownership structure, the ownership structure of ICCL and CDSL, compensation policies, restrictions on how exchanges distribute their profit and public listing will continue to impact competitiveness. The evolution of the debate on interoperability of Clearing Corporations will have a major impact on the competitive position of the BSE in the future.

As per SEBI regulations, BSE would have to divest its stake in CDSL to 24% by September 2015. In order to enable compliance to the same, BSE plans to divest its stake in CDSL through an open public offer. The Board of CDSL has approved listing of its securities through an IPO in its Board Meeting held on 3<sup>rd</sup> May, 2014.





Shri Ashishkumar Chauhan, MD&CEO, BSE Ltd. welcoming Prof. Rajeev Gowda, IIM-Bangalore & Director RBI with a bouquet of flower to BSE on 5<sup>th</sup> December, 2013.

## 5. KEY STRATEGIES

### • Maintain new product innovation and development

In addition to our ongoing strength in product innovation, we intend to target investors' needs through new 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. This year, we have launched Currency Derivatives (Currency Futures and Options), Interest Rate Futures, New Debt Segment, SME ITP and a Mutual Fund Distributor platform which allows distributors to become direct members of the Mutual Fund Segment.

### • Strengthen our position as the exchange of choice in India and expand our cross-border reach

BSE has recently entered into a strategic partnership with S&P Dow Jones Indices, LLC, USA ("SPDJI") to calculate, disseminate, and license the widely followed suite of BSE Indices. The partnership has culminated in the formation of a new India-based joint venture, Asia Index Pvt. Ltd. which aims at catering to South Asian region as a major operational hub to support clients globally through this JV.

In co-operation with the BRICS Exchanges Alliance, the S&P BSE SENSEX has been listed for trading of derivatives on the leading stock exchanges in Brazil, Russia, Hong Kong and South Africa besides listing Benchmark Indices of those countries' stock exchanges on BSE, thereby enhancing the international dimension of the BSE and simultaneously giving the local investors greater access and exposure to key international markets. Besides, options and futures based on S&P BSE SENSEX are also listed and traded on Eurex and Dubai Gold and Commodities Exchange (DGCX). We believe that the enhanced ease of trading and access that results from such ventures will strengthen our ability to attract cross-border investors and issuers to our exchange.

### • Focus on increasing our market share of derivative products.

We actively evaluate products and asset classes outside our traditional focus areas in order to diversify our revenue

sources. By doing so, we seek to continue to attract market participants and issuers and capture the significant revenue potential that comes with a broader product line, particularly derivative products.

### • Maintain best-in-class platform infrastructure

The Exchange launched trading of the currency derivatives segment on its new trading platform through its BOLT Plus software. The Currency Derivatives launch was followed by the Interest Rate Futures launch on the new trading platform on 28th January, 2014.

BOLT Plus platform is based on T7, the global trading architecture of Deutsche Boerse AG. One of the key features of the new system is a response time of approximately 200 micro seconds which is several times faster than the nearest competition in the domestic market, making it the fastest trading platform in the country today.

The new partnership in the technology sphere has allowed BSE to quickly achieve the highest global standards for speed, reliability and order-handling capacity. It has brought to BSE state-of-the art levels of capacity and latency, already in place at the International Securities Exchange (ISE) and at Eurex Exchange. By aligning BSE, Eurex Exchange and ISE markets on a common trading infrastructure, IT costs for shared customers would be significantly reduced.

The Exchange migrated its Equity Derivatives Segment to the new platform of BOLT Plus on February 8, 2014, and the much anticipated Equity Segment on April 7, 2014.

With its near 200 microseconds response time and a through put capacity of 500,000 orders per second, the new platform is faster than any exchange in India by approximately 10 times or more; the through put capacity is also higher by similar numbers.

This is the largest ever seamless technology transformation in India ever attempted in the exchange space, where more than 900 broker members with more than 1,00,000 users have experienced the new BOLT Plus



Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. addressing the gathering at Dun & Bradstreet's People Leaders Conclave 2014 in Mumbai.

trading system of BSE simultaneously on the same day. By extension, several lakh users have been able to experience the new trading system and its improved efficiency in orders being executed.

More than 50 vendors participated in this mammoth exercise over a period of 6 months to ensure a smooth transition for members and users. Internationally, this is one of the smoothest of all the technology transfers that have taken place. Due to apprehensions of the technology revamp not working out, the exchanges in India have not attempted to undertake technology changes of this magnitude. BSE has been the first to have taken a call to implement this new technology two years ago and today, it has successfully implemented the technology transfer.

### 6. RISKS AND CONCERNS

- Our performance is dependent upon the volume and value of trades executed on the trading platform, the number of active traders in the market and the number of new/further listings and the amount of capital raised through such listings.
- Adverse economic conditions could negatively affect our business, financial condition and results of operations.
- Our industry is highly competitive and we compete globally with a broad range of market participants for listings, clearing, trading and settlement volumes.
- We operate in a business environment that continues to experience significant and rapid technological change.
- We operate in a highly regulated industry and may be subject to censures, fines and other legal proceedings if we fail to comply with our legal and regulatory obligations. Changes in government policies could adversely affect trading volumes of instruments traded on our exchange.
- The continuation or recurrence of systemic events such as the global economic crisis, changes in economic policies and the political situation in India or globally may adversely affect our performance.



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. giving the trophy to the winning young candidate at the Youth Parliament - Anant Vikas held on 24<sup>th</sup> February 2014 at BSE Ltd.*



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd, Shri J.D. Seelam, Hon'ble Union Minister of State for Finance (Revenue), Govt. of India, Dr K P Krishnan, Additional Secretary, Department of Economic Affairs, Govt. of India & Shri Rajeev Kumar Agarwal, Whole Time Member, SEBI ringing the Ceremonial Bell during the Launch of BSE's Currency and Interest Rate Derivatives, 28<sup>th</sup> November, 2013 at BSE.*

### 7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

BSE Limited identifies a risk based internal audit scope and assesses the inherent risk in the processes and activities of the department within the company and ensures that appropriate risk management limits, control mechanisms and mitigation strategies are in place. The Internal Auditors, via, their internal audit reports, make observations relating to the deficiencies/non-compliance of various audit areas and give suggestions/recommendations and control directives like periodic reconciliation, proper authorizations/approvals, processing controls, segregations of duties, maker – checker approach, etc., so as to mitigate the deficiencies and make the process, procedure, systems and functions more robust, accountable, reliable and compliant. The observations made by the internal auditors and the compliances thereof are placed before the Audit Committee.

BSE Limited has further implemented pre-audit of all the major payments made to vendors based on a set criteria. It strives to put in checks and controls like internal approvals, budgetary controls, documentary controls, compliance to statutory requirement, etc.

BSE Limited conducts in-house monitoring of the statutory and regulatory compliances that are important and applicable to the Exchange. We identify and prioritize key compliance issues with the help of an outsourced agency. The compliances and the monitoring thereof are regularly placed before the Audit Committee.

The processes and quality management systems of BSE Limited is ISO 9001:2008 accredited with JAS-ANZ. BSE Limited conducts the audits of the processes as required under ISO 9001:2008 and has successfully completed for the fiscal year 2012-13.

The company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. The Committee reviews audit reports submitted by the internal auditors. Suggestions for improvement are considered and the Committee follows up on the implementation of corrective actions. The Committee also meets the Company's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company.



Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. welcoming Dr. K.P. Krishnan, Additional Secretary, Department of Economic Affairs, during his visit to BSE Ltd. on 16<sup>th</sup> July, 2014.

#### 8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

We have been hiring talent – experienced and new from leading Business Schools since last few years. Our focus is on matching skills and expertise to the roles to enhance employee satisfaction.

The Employee Relations scenario was also satisfactory during the year. We have an internal union representing clerical and sub-staff.

##### Human Capital:

Recognizing the growing importance of talent in driving success of the organisation and changing dynamics of the business, we have built a talent pool of around 300 professionals with ideal mix of experienced and youth.

##### Training & Development:

Knowledge updation of employees is taken care by regularly sending them for various public seminars and in-house training sessions as well. The in-house training is imparted through 100% subsidiary company BSE Institute Limited. The eminent professionals from Capital Market and industry help the employees to upgrade their skills.

#### 9. FINANCIAL PERFORMANCE

(₹ In Lakh)

Particulars	Year Ending Mar 31, 2014	Year Ending Mar 31, 2013	Variance (%)
<b>A. Income</b>			
- Securities Services	14332	15970	-10%
- Investments & Deposits	26219	26956	-3%
- Services to Corporate	5914	5791	2%
- Data Dissemination Fees	2041	2238	-9%
- Training Income	984	951	3%
- Software Income	642	770	-17%
- Other Income	2839	2618	8%
<b>Total Income</b>	<b>52971</b>	<b>55294</b>	<b>-4%</b>

(₹ In Lakh)

Particulars	Year Ending Mar 31, 2014	Year Ending Mar 31, 2013	Variance (%)
<b>B. Expenses</b>			
- Employee Cost	8783	8009	10%
- Computer Technology Related Expenses	6445	7200	-10%
- Administration & Other Expenses	8998	8998	0%
<b>Total Expenses</b>	<b>24226</b>	<b>24207</b>	<b>0%</b>
<b>C. EBITDA</b>	<b>28745</b>	<b>31087</b>	<b>-8%</b>
<b>EBITDA Margin</b>	<b>54%</b>	<b>56%</b>	<b>-4%</b>
Depreciation & Amortization	3235	2831	14%
Interest	38	245	-84%
<b>D. Profit before Prior Period Items, Exceptional Items and Extraordinary items and tax</b>	<b>25472</b>	<b>28011</b>	<b>-9%</b>
Prior Period Items, Exceptional Items & Extraordinary Items	6044	10891	-45%
<b>E. Profit before tax</b>	<b>19428</b>	<b>17120</b>	<b>13%</b>
Provision for taxes	3427	3,745	-8%
<b>F. Profit after tax and before share of Associate</b>	<b>16001</b>	<b>13375</b>	<b>20%</b>
Share Of Minority	-2441	-2485	-2%
Share of Profit/(Loss) of Associate	-41	-33	24%
<b>G. Net Profit After Tax</b>	<b>13519</b>	<b>10857</b>	<b>25%</b>
Net Margin	26%	20%	
<b>Effective Tax Rate</b>	<b>18%</b>	<b>22%</b>	

BSE's Consolidated Total Income has decreased by 4% year-on-year to ₹ 52971 lakhs (FY 2012-13: ₹ 55294 lakhs). This decrease in gross revenues is primarily attributable to 7%



Shri S Raman, Whole Time Member, SEBI putting order entry during Launch of BSE StAR Mutual Fund Distributors Platform along with Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. and Shri Balasubramaniam Venkataramani, Chief Business officer, BSE Ltd. on Thursday, 06<sup>th</sup> March, 2014 at BSE Ltd.

reduction in transaction charges to ₹ 2940 lakhs (FY 2012-13: ₹ 3171 lakhs), 4% reduction in depository income to ₹ 8706 lakhs (FY 2012-13: ₹ 9053 lakhs), 78% reduction in ICCL Auction Fees to ₹ 60 lakhs (FY2012-13 ₹ 272 lakhs) and 27% reduction in income from charges recovery to ₹ 2127 lakhs (FY 2012-13: ₹ 2906 lakhs).

Decrease in transaction Charges by ₹ 231 lakhs to ₹ 2940 Lakhs in FY 2013-14 from ₹ 3171 lakhs in FY 2012-13. The decline in Transaction Charges is on account of decline in Average Daily Turnover in Equity Segment to ₹ 2078 Crores in FY 2013-14 from ₹ 2195 Crores in FY 2012-13.

The Income from Depository Services has decreased by ₹ 347 Lakhs to ₹ 8706 lakhs in FY 2013-14 from ₹ 9053 lakhs in FY 2012-13. The decrease is mainly due to decline of 2% in IPO/ corporate action charges and due to decrease in the average daily billable transactions to 1.42 lakhs for days on which settlements were processed for the year ended March 31, 2014 as against the average of 1.55 lakhs in the previous year ended March 31, 2013.

During FY 2013-14 various initiatives were taken to upgrade technology and communication infrastructure. Again various steps were also taken to control costs such as shifting from CUG VSATS Network to VSATS Shared Hub Network which enabled BSE Limited to recover lower operational cost of ₹ 2127 lakhs in FY 2013-14 as compared to ₹ 2906 lakhs in FY 2012-13

BSE's Consolidated Total Expenses has increased marginally year-on-year to ₹ 24226 lakhs (FY 2012-13: ₹ 24207 lakhs). The increase is mainly due to a 10% increase in Employee cost. Increase in Employee Cost by ₹ 774 lakhs to ₹ 8783 lakhs in FY 2013-14 from ₹ 8009 lakhs in FY2012-13. This increase is normal increase of 10% in the employee cost which was as estimated in the budget projections for FY 2013-14.

The above was set off by a reduction in Computer Technology Related Expenses by 10% from ₹ 7200 lakhs to ₹ 6445 lakhs. This decrease was mainly due to additional costs towards demand raised by DoT Department on VSAT Networks amounting to ₹ 620 lakhs in FY 2012-13 and also due to capitalization of new projects worth ₹ 244 lakhs

A Provision for bad and doubtful debts has been made for ₹ 35 lakhs in FY 2013-14 which is net of reversal of excess



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. and Justice Shri B N Srikrishna, Eminent Jurist and Former Judge, Supreme Court of India and Chairman, Financial Sector Legislative Reforms Commission at the ICSI National Seminar on "Indian Financial Code" recommended by the Financial Sector Legislative Reforms Commission (FSLRC) on 27<sup>th</sup> April, 2013 at BSE Ltd.*

provision written back of ₹ 163 lakhs in CDSL (FY 2012-13: ₹ 306 lakhs). The provision in BSE accounts has been made on the basis of the Debtors Provisioning Policy as approved by the Board.

A Contribution to the Investor's Protection Fund has been made by the BSE Group of an amount of ₹ 1323 lakhs, including ₹ 1291 lakhs by CDSL towards depository IPF as per SECC Guidelines and ₹ 32 lakhs towards BSE IPF.

Decrease in Prior Period expense, Exceptional Item and Extraordinary items by 45% in FY 2013-14 to ₹ 6044 lakhs from ₹ 10891 lakhs is due to substantial reduction in the LEIP Incentive Expense from ₹ 9554 Lakhs in FY 2012-13 to ₹ 6129 Lakhs in FY14. A Prior Period items of ₹ 1027 lakhs was treated in FY 2012-13. However there was no such item in FY 2013-14. During FY 2012-13, BOISL had introduced Voluntary Retirement Scheme (VRS) and made payment thereof amounting to ₹ 237 lakhs.

#### **FINANCIAL POSITION:**

(₹ In Lakh)

Particulars	As at Mar 31, 2014	As at Mar 31, 2013
<b>EQUITIES &amp; LIABILITIES</b>		
Shareholders' Funds	237640	228975
Share Application Money	1	1
Minority Interest	18754	17333
Non-Current Liabilities	7044	28077
Current Liabilities	143657	120097
<b>Total</b>	<b>407096</b>	<b>394483</b>
<b>ASSETS</b>		
Goodwill on Consolidation	8504	8504
Non-Current Assets	135099	72013
Current Assets	263493	313966
<b>Total</b>	<b>407096</b>	<b>394483</b>



*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. and Shri U K Sinha, Chairman, SEBI on the dais during the Launch of Interest Rate Derivatives (BSE-IRF) on 28<sup>th</sup> January, 2014 at BSE Ltd.*



(L to R) Shri Shailesh Vaidya, President, Indian Merchants Chamber; Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd.; Shri Mervyn King, Chairman, The IIRC, UK and Author of the King's Committee Report on Corporate Governance and other dignitaries on the dais during the inaugural session of Asia Business Responsibility Summit 2014, 8<sup>th</sup> January, 2014 at BSE Ltd.

#### A) EQUITY AND LIABILITIES

The paid up equity share capital of the Exchange rose from ₹ 1037 lakhs (representing 103,667,772 shares of the face value of ₹ 1 each), as on March 31, 2013 to ₹ 1038 lakhs (representing 103,797,772 shares of the face value of ₹ 1 each) as on March 31, 2014. The increase is on account of allotment of 130,000 equity shares including bonus to a member of the Exchange. Further, the consolidated net worth of BSE has risen from ₹ 228975 lakhs to ₹ 242589 lakhs.

Total Long-term Liabilities and Current Liabilities decreased by ₹ 2422 lakhs to ₹ 145752 lakhs (FY 2012-13: ₹ 148174 lakhs) as follows –

(₹ In Lakh)

Particulars	FY 2013-14		FY 2012-13	
	Long Term	Current	Long Term	Current
Deposits & Margins from Members	3100	44052	24350	45410
Other Security Deposits Received	2266	-	2267	-
Deposits from Clearing Banks	-	13801	-	15550
Settlement Obligations Payable	-	36458	-	14977
Earmarked Liabilities	-	27839	-	25277
Unsecured Loans	131	-	-	-
Bank Overdraft	-	-	-	87
Trade Payables	549	5835	370	4834
Provision for Dividend & Tax thereon	-	-	-	4949
Others	998	15672	1090	9013
<b>TOTAL</b>	<b>7044</b>	<b>143657</b>	<b>28077</b>	<b>120097</b>

The decrease in total long term liabilities and current liabilities was primarily on account of (a) decrease in deposit and margins from members by ₹ 22608 lakhs but off set by increase in settlement obligation by ₹ 21481 lakhs. (b) decrease in provision for dividend (incl. tax thereon) by ₹ 4949 lakhs. (c) The repayment of bank overdraft of ₹ 87 lakhs was offset by increase in unsecured loan of ₹ 131 lakhs taken by Asia Index Private Limited from Capital IQ Information System(India) Private Limited.

#### B) ASSETS

Non-current Assets and Current Assets has increased by ₹ 12617 lakhs to ₹ 407096 lakhs (FY 2012-13: ₹ 394483 lakhs) as follows –

(₹ In Lakh)

Particulars	FY 2013-14		FY 2012-13	
	Long Term	Current	Long Term	Current
Goodwill	8504	-	8504	-
Fixed Assets incl. Capital Work in Progress	22421	-	21421	-
Investments and Cash & Bank Balances	112523	253056	52732	287472
Loans & Advances	7897	1712	5635	1490
Trade Receivables	-	3438	-	3440
Others	762	5287	729	21564
<b>TOTAL</b>	<b>143603</b>	<b>263493</b>	<b>80517</b>	<b>313966</b>

The increase in non-current and current assets was primarily on account of increase in Investments and Cash & Bank Balances by ₹ 25375 lakhs to ₹ 365579 lakhs (FY 2012-13: ₹ 340204 lakhs)



Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd along with Smt Alka Banerjee, MD, Strategy and Global Equity Indices, S&P Dow Jones Indices inaugurating the Asia Index Pvt. Ltd. on 11<sup>th</sup> floor of the BSE Building on 18<sup>th</sup> July, 2014.

**C) CASH FLOW**

(₹ In Lakh)

Particulars	For the Year ended March 31, 2014	For the Year ended March 31, 2013
<b>Net Cash Generated from / (Used in):</b>		
Operating Activities	15129	(5681)
Investing Activities	(2068)	12725
Financing Activities	(30288)	(19619)
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>(17227)</b>	<b>(12575)</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>17149</b>	<b>34376</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>34376</b>	<b>46951</b>

The Profit before Tax for FY 2013-14 was ₹ 19428 lakhs. Considering depreciation, non-cash items and other non-operating income, the operating loss before working capital changes is ₹ 3056 lakhs. After taking into effect changes in working capital and taxes paid, the net cash generated in Operating Activities during financial year 2013-14 was ₹ 15129 lakhs.

The cash generated from Investing Activities of ₹ 63324 lakhs in financial year 2013-14 was primarily due to maturity of fixed deposit ₹ 41494 lakhs and income from investments ₹ 21830 lakhs. Also, ₹ 61010 lakhs was invested in non-current and current investments and ₹ 4382 lakhs was invested in fixed assets, which has resulted in net cash usage of ₹ 2068 lakhs from investing activities.

Cash used in Financing Activities in the financial year 2013-14

was ₹ 30288 lakhs primarily on account of repayment of member deposit and bank overdraft facility.

**D) SEGMENT-WISE REPORTING**

As per the definition of 'business segment' and 'geographical segment', contained in Accounting Standard-17 "Segment Reporting", in the consolidated results, the Exchange's operations comprise of two segments viz. a) Stock exchange activity i.e. facilitating trading of securities and the activities incidental there to and b) Depository activity i.e. providing depository related services, accordingly following disclosure is made.

(₹ In Lakh)

Particulars	For the Year ended March 31, 2014	For the Year ended March 31, 2013
<b>Segment Revenue</b>		
(a) Stock Exchange Activity		
(i) - Operations	21474	22534
(ii) - Related Activities Treasury	15476	16197
(b) Depository Activity	12071	12338
<b>Total Segment Revenue</b>	<b>49021</b>	<b>51069</b>
<b>Segment Results</b>		
(a) Stock Exchange Activity		
(i) - Operations	28	(3971)
(ii) - Related Activities Treasury	15349	16094
(b) Depository Activity	6986	7196
<b>Total Segment Results</b>	<b>22363</b>	<b>19319</b>

**E) MATERIAL DEVELOPMENTS AFTER BALANCE SHEET DATE**

There are no material developments after the Balance Sheet date.





*Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. interacting with Shri Narendra Modi, Hon'ble Prime Minister of India during his visit to BSE Ltd.*

**STATEMENT UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AS AMENDED AND THE SECURITIES CONTRACTS (REGULATION) (STOCK EXCHANGES AND CLEARING CORPORATIONS) REGULATIONS, 2012, FOR THE PERIOD FROM 01.04.2013 TO 31.03.2014**

Sr. No.	Name	Age (Yrs.)	Date of Joining	Total Remuneration ₹	Designation/Nature of Duties	Educational Qualifications	Experience in years	Previous Employment
1	Mr. Ashishkumar Chauhan	46	22-Sep-09	2,44,88,737	Managing Director & CEO	B Tech (Mechanical, IIT Bombay), PGDBM (IIM Calcutta)	23	President and Group Chief Information Officer (CIO), Reliance Industries Limited, Deputy CEO, BSE Limited, Interim CEO, BSE Limited.
2	Mr. Nehal Vora	40	20-Jul-09	1,06,98,200	Chief Regulatory Officer	B.Com., MMS (Finance)	18	Director - DSP Merrill Lynch Ltd.
3	Mr. V Balasubramaniam	42	24-Sep-09	1,08,95,400	Chief Business Officer	M.Com., ICWA, CFA, CISA, NYIF	23	Vice President - Reliance Industries Group
4	Mr. Kersi Tavadia	51	25-Oct-10	53,79,533	Chief Information Officer	B.Sc, PGDCS, MFM, CISM	31	Chief Technology Office-HSBC Invest Direct Securities, Sr. Vice President & Head-IT-Motilal Oswal Securities
5	Mr. Nayan Mehta	47	19-Jan-12	56,73,895	Chief Financial Officer	B. Com, AICWA, FCA	22	Joint General Manager (Accounts) - Credit Analysis & Research Ltd.

**Notes:**

- 1 Nature of employment : Contractual
- 2 Remuneration as shown above includes Salary, Allowances, Ex-gratia, Contribution to Provident Fund, Performance Linked Bonus and other perquisites.
- 3 None of the employees named above is relative of any Director of the Company
- 4 None of the employees named above hold any equity shares in the Company

For and on behalf of the Board

Place : Mumbai  
Date : May 14, 2014

**S. Ramadorai**  
Chairman

# Report on Corporate Governance

BSE Limited (the Exchange) is a public limited company, the securities of which are not listed on any stock exchange, however pursuant to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 ("SECC Regulations 2012"), Corporate Governance norms as specified for listed companies shall mutatis mutandis apply to a recognised stock exchange.

## 1. Company's philosophy on Corporate Governance

The Exchange believes that Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. It is therefore not merely about enacting regulations and procedures but also about establishing an environment of trust and confidence among various stakeholders. It is about maintaining highest levels of transparency, accountability and equity in all facets of a company's operations, and in all its interactions with its stakeholders including shareholders, employees, trading members, customers, vendors and the regulators.

The Exchange being a company incorporated under the Companies Act, 1956 (the Act) and a premier exchange of the country, has a special nature of functions to perform. While as a public limited company, it has its obligations towards all its stakeholders, as a self-regulatory organisation catering to about 5,000 companies whose securities are listed on the Exchange, it has its own commitments and responsibilities. It is thus required to strike a fine balance between the compliance of various guidelines and circulars issued by SEBI and the expectations of listed companies and millions of investors who view the Exchange as a catalyst for wealth creation for the Nation.

## 2. Board Of Directors

The Exchange is managed exclusively by and under the directions of the Board of Directors. The composition of the Board is governed by applicable laws, rules, regulations and circulars and guidelines issued by SEBI from time to time.

## 3. The Board Composition

The Board consists of 7 Directors, out of which 4 are Public Interest Directors and 2 are Shareholder Directors, besides the Managing Director & CEO.

### A. Chairman

1. Mr. S. Ramadorai (Public Interest Director)

### B. Managing Director & CEO

1. Mr. Ashishkumar Chauhan

## C. Public Interest Directors:

1. Dr. Sanjiv Misra
2. Mr. Sudhakar Rao
3. Mr. S.H. Kapadia

## D. Shareholder Directors:

1. Mr. Keki M. Mistry
2. Mr. Andreas Preuss (Deutsche Boerse AG)
3. Mr. Thomas Lars Bendixen (Alternate Director to Mr. Andreas Preuss) (Deutsche Boerse AG)

## Directors' Profile

### A. Chairman

**Mr. S. Ramadorai**, age 69, holds a Bachelors Degree in Physics from Delhi University, a Bachelor of Engineering degree in Electronics and Telecommunications from the Indian Institute of Science, Bangalore and also a Masters degree in Computer Science from the University of California-UCLA (USA). In 1993, he attended the Sloan School of Management's highly acclaimed Senior Executive Development program.

He is the Vice-Chairman of Tata Consultancy Services Limited, a company he has been associated with, for the past 41 years. He is on the board of various companies and educational institutes including Tata Technologies Limited, CMC Limited, Hindustan Unilever Limited, and MIT Sloan School of Management (EMSAB).

In recognition of his commitment and dedication to the IT industry, he was awarded the Padma Bhushan (India's third highest civilian honour) in January 2006. In April 2009, he was awarded the CBE (Commander of the Order of the British Empire) by Her Majesty Queen Elizabeth II for his contribution to Indo- British economic relations.

In February, 2011 he had been appointed as an Advisor to the Prime Minister in the National Skill Development Council in the rank of Cabinet Minister. However in June 2013, the Council was subsumed into the National Skill Development Agency (NSDA). Currently he is Chairman of NSDA in the rank of Cabinet Minister.

### B. Managing Director & CEO

**Mr. Ashishkumar Chauhan**, age 46, completed his Bachelors of Technology in Mechanical Engineering from Indian Institute of Technology (IIT), Bombay. He also

completed a Post Graduate Diploma in Management from the Indian Institute of Management (IIM), Calcutta. At present, he serves on the Board of Indian Clearing Corporation Limited, Central Depository Services (India) Limited, BSE Institute Limited, BSE Investments Limited, Marketplace Technologies Private Limited, and BFSI Sector Skill Council of India and is a member of the Board of Governors of Indian Institute of Information and Technology (IIIT), Jabalpur. He has served on several government and regulatory committees such as the CBDT, SEBI and FMC among others. He has won several awards, both at national and international level in the year 2013 and 2014 i.e. the Distinguished Alumnus Award for the year 2014 by Indian Institute of Technology, Bombay, the Zee Business Award – Transformational Business Leadership for Bombay Stock Exchange, Award for the best CEO in the Financial Markets in the Asia Pacific by the Asian Banker and Award for Transformation Business Leadership by the Indo-British Business Forum, British Parliament, British House of Commons, UK, London. He was also ranked amongst the top 50 Chief Information Officer (CIO) by several magazines and institutions between 2005 and 2009 including CIO Magazine US, Information Week, US etc.. He was part of the 5 member team that set up NSE. He was institutional in setting equities and derivatives segments of NSE. He worked as the head of Corporate Communications as well as the Group CIO of the Reliance group. Additionally, he also acted as the CEO of a cricket team 'Mumbai Indians' in its formative years.

### C. Public Interest Directors

**Dr. Sanjiv Misra**, age 66, superannuated from the Indian Administrative Service (IAS) in March 2008. An alumnus of St. Stephen's College, Delhi and the Delhi School of Economics, Dr. Misra obtained his M.P.A. degree from the John F. Kennedy School of Government, Harvard University, U.S.A. and Ph.D from the Jawaharlal Nehru University (JNU), New Delhi. He combines a strong academic background with wide policy experience at the highest levels in the federal government. Dr. Misra is a former member of the 13th Finance Commission, a constitutional position with the rank and status of a Minister of State, Union of India. Prior to joining the Finance Commission, Dr. Misra served in the federal government in various key positions, including Secretary to the Government of India, Department of Expenditure and the Department of Disinvestment in the Ministry of Finance. He has traveled extensively and represented India in various international conferences, seminars and negotiations.

Dr. Misra was conferred the prestigious Lucius N Littauer Fellow Award of 1987 at Harvard University in recognition of exceptional intellectual strength and leadership qualities.

He is currently the non-executive Chairman of Axis Bank Limited and an independent Director on the Boards of Hindustan Unilever Limited and Akzo Nobel India Limited.

**Mr. Sudhakar Rao**, age 64, is a retired Indian Administrative Service (IAS) Officer. He holds a Master's degree in Economics from the Delhi School of Economics

and a Master's degree in Public Administration from the Kennedy School of Government, Harvard University. He served the Government of India on various key positions including Deputy Secretary in the Department of Economic Affairs, Ministry of Finance, Director in the Prime Minister's office dealing with policy matters covering social sectors, Joint Secretary in the Ministry of Power and Minister (Economic) in the Embassy of India in Washington. At the state level, he has held various assignments including Chairman and Managing Director of the Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC), Principal Secretary, Finance; Principal Secretary, Home; Principal Secretary to the Chief Minister of Karnataka; and Chief Secretary to the Government of Karnataka. On retirement he was appointed as a Member of the Public Enterprises Selection Board, Government of India from which post he resigned in October, 2010, to pursue other engagements. He was awarded the Rajyotsava Award, under the public service category by the Government of Karnataka on November 1, 2010. He serves on the Board of various Companies such as Indian Oil Corporation Limited, CMC Ltd. and L&T Infrastructure Development Projects Ltd. He is also the Group Advisor, Strategy and Development of the Manipal Education and Medical Group. He is also involved with the work of several 'not for profit' organizations in Bangalore and New Delhi and is, inter alia, the Chairman of the Advisory Group for the Bangalore School of Music and the Chairman of the Advisory Committee for the National Gallery of Modern Art, Bangalore.

**Mr. S.H. Kapadia**, age 66, retired as Chief Justice of India on 29th September 2012. He was elevated to the bench of Supreme Court of India on 18th December, 2003 wherein he dealt with matters under SEBI Act, 1992, Companies Act, 1956, RBI Act, Mergers & Acquisitions, Banking Regulation Act, Taxation, Information Technology and validity of Indian Accounting Standards.

Prior to his role as Chief Justice of India, he also served as Chief Justice of Uttaranchal High Court, Additional and Permanent Judge of the Bombay High Court, Judge of the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992, Judge of Special Court dealing in matters related to Accounts and Finances of Banks and Financial Institutions.

### D. Shareholder Directors

**Mr. Keki Mistry**, age 59, is the Vice Chairman & Chief Executive Officer of HDFC Limited. He is a Fellow Member of The Institute of Chartered Accountants of India. Mr. Mistry joined HDFC Limited in 1981. He was appointed as the Executive Director of HDFC Limited in 1993, as the Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman & Managing Director of HDFC Limited in October 2007 and as the Vice Chairman & Chief Executive Officer, with effect from January 1, 2010.

Mr. Mistry is the Chairman of GRUH Finance Limited. He is the director of Greatship (India) Limited, HCL Technologies Limited, HDFC Asset Management Company Limited, HDFC Bank Limited, HDFC ERGO

General Insurance Company Limited, HDFC Standard Life Insurance Company Limited, Next Gen Publishing Limited, Shrenuj & Company Limited, Sun Pharmaceuticals Industries Limited, The Great Eastern Shipping Company Limited and Torrent Power Limited. Mr. Mistry is also a director of H T Parekh Foundation.

**Mr. Andreas Preuss**, age 57, is a Member of the Executive Board and Deputy CEO of Deutsche Börse in charge of the cash market and derivatives trading and clearing division. He is CEO of the Executive Boards of Eurex Zürich AG and Eurex Frankfurt AG. In October 2012, Andreas Preuss was elected Chairman of the World Federation of Exchanges.

Mr. Preuss joined Deutsche Terminbörse (DTB), the electronic German futures and options exchange and predecessor of Eurex, in 1990, initially as member of the New Products division and then as Customer Service Director. In 1994 Mr. Preuss was appointed a Member of Deutsche Börse AG Group management and in 1998 he became a Member of the Executive Boards of the newly established Eurex companies. In 2000 he became President of Trading Technologies International Inc. in Chicago before accepting the positions of COO, Member

of the Board and (since 2003) Partner for Mako Group, one of the leading market makers in exchange-traded options. Mr. Preuss holds a graduate degree in Business Administration ("Diplom-Kaufmann") from the University of Hamburg.

**Mr. Thomas Bendixen (alternate director to Mr. Andreas Preuss)**, age 52, is a member of the Executive Office of Eurex Frankfurt AG for the areas of strategy and exchange cooperations. Thomas Bendixen represents Deutsche Boerse AG in the working committee of the World Federation of Exchanges. He is also a member of the board of the GMEX Group in the UK.

Prior positions include ISE Inc in New York between 2003-2009 where he was Corporate Initiatives Officer since 2006, OMX Transaction NA where he was CEO between 2000-2002 and Swedgiro AB where he was CEO between 1995 – 2000. During the period 1986-1995 he was corporate legal counsel of OMX AB in Stockholm. Thomas Bendixen holds a Masters (LLM) degree in Law and Economics from the University of Stockholm and completed the Insead International Executive Program in January 2000.

**The name and category of Director on the Board and the number of Directorship and Committee Chairmanship/Memberships held by them in other Companies are given herein below.**

Name of the Director	Category *	No. of Board Meetings during the financial year 2013-14		Whether attended the AGM held on 30 <sup>th</sup> July, 2013	No. of Directorships in other Indian public companies as on March 31, 2014 #	Number of shares held as on 31 <sup>st</sup> March, 2014	Number of Committee positions held in other public companies **	
		Held	Attended				Chairman	Member
Mr. S. Ramadorai	Chairman	6	6	YES	13	NIL	1	5
Mr. Ashishkumar Chauhan	Managing Director & CEO	6	6	YES	4	NIL	NIL	2
Mr. Sudhakar Rao	Public Interest Director	6	5	YES	7	NIL	2	6
Dr. Sanjiv Misra	Public Interest Director	6	5	YES	3	NIL	1	2
Mr. S.H. Kapadia	Public Interest Director	6	4	NO	NIL	NIL	NIL	NIL
Mr. Keki M. Mistry	Shareholder Director	6	3	NO	13	NIL	4	6
Mr. Andreas Preuss	Shareholder Director	—	—	NO	NIL	NIL	NIL	NIL
Mr. Thomas Lars Bendixen	(Alternate to Mr. Andreas Preuss)	6	6	YES	NIL	NIL	NIL	NIL

\* All directors except Mr. Ashishkumar Chauhan, MD and CEO are non-executive Directors

# Excluding directorship in Indian Private Companies, Companies Incorporated outside India, Section 25 Companies and Alternate Directorship.

\*\* Memberships/ Chairmanships of only the Audit Committee and Shareholders/Investors' Grievances Committee of all Public Companies have been considered.

6 (Six) Board meetings were held during the financial year 2013-14. The date on which the said meetings were held are 22<sup>nd</sup> May, 2013; 31<sup>st</sup> July, 2013; 2<sup>nd</sup> September, 2013; 26<sup>th</sup> November, 2013 and 3<sup>rd</sup> February, 2014. and 11<sup>th</sup> March, 2014.

### 4. Code of Conduct and Code of Ethics

The Exchange has a well defined Code of Conduct for its Board of Directors and a Code of Ethics for its Board of Directors and Key Functionaries holding positions of General Manager and above, as stipulated by SEBI.

### 5. Committees of the Board

#### a) Audit Committee

This Committee has been constituted in line with the provisions of Section 292A of the Companies Act, 1956, Regulation 35 of SECC Regulations and Corporate Governance norms (Clause 49 of the Listing Agreement).

The Terms of Reference of the Audit Committee has been amended to bring the same in line with Clause 49 of the listing agreement at the Board meeting held on 31<sup>st</sup> July, 2013.

#### Terms of reference of Audit Committee

The role of the audit committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly, half yearly and annual financial statements before submission to the board for approval
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the

monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems. To ensure compliance of internal control systems
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### Powers of Audit Committee

The Audit Committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### Review of Information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;



4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

The Audit Committee invites such of the executives, as it considers appropriate (particularly the head of Finance Function), representatives of Statutory Auditors and representatives of Internal Auditors to be present at its meeting. The Company Secretary acts as a Secretary to the Audit Committee.

The previous Annual General Meeting of the Company was held on 30<sup>th</sup> July, 2013 and was attended by Dr. Sanjiv Misra, Chairman of the Audit Committee.

**Composition, meeting and attendance during the year:**

Name	Category	No. of Meetings during the financial year 2013-14	
		Held	Attended
Dr. Sanjiv Misra (Chairman)	Non-Executive Public Interest Director (Independent Director)	5	5
Mr. S. Ramadorai	Non-Executive Public Interest Director (Independent Director)	5	5
Mr. Sudhakar Rao	Non-Executive Public Interest Director (Independent Director)	5	5

Five Audit Committee meetings were held during the financial year 2013-14. The date on which the said meetings were held are 21<sup>st</sup> May, 2013; 30<sup>th</sup> July, 2013; 16<sup>th</sup> October, 2013; 26<sup>th</sup> November, 2013 and 3<sup>rd</sup> February, 2014.

**b) Compensation Committee**

The Committee is vested with all the necessary powers and authority to:

- decide on the compensation policy of the Company
- determine the duration of appointment and compensation payable to Exchange's Managing Director (the "MD"), Whole Time Directors ("WTD")
- decide on the policy relating to duration of appointment and policy relating to Compensation payable to Key Management Personnel ("KMP") other than MD and decide on policy relating to evaluation of their performance

**Key Management Personnel –Exchange's perspective:**

1. MD & CEO
2. Chief Operating Officer

3. Chief Regulatory Officer
4. Chief Business Officer
5. Chief Financial Officer
6. Chief Information Officer
7. Any other person appointed as C Level and having substantial responsibilities

**Composition, meeting and attendance during the year:**

Name	Category	No. of Meetings during the financial year 2013-14	
		Held	Attended
Mr. Ramadorai (Chairman)	Non-Executive Public Interest Director	1	1
Mr. Ashishkumar Chauhan	Managing Director & CEO	1	1
Dr. Sanjiv Misra	Non-Executive Public Interest Director	1	1
Mr. Sudhakar Rao	Non-Executive Public Interest Director	1	1
Mr. Keki Mistry <sup>1</sup>	Non-Executive Shareholder Director	NA	NA
Mr. Andreas Preuss <sup>2</sup>	Non-Executive Shareholder Director	NA	NA
Mr. Thomas Bendixen	Alternate Director to Mr. Andreas Preuss	NA	NA

<sup>1</sup> Ceased to be a member w.e.f. 22.05.2013

<sup>2</sup> Ceased to be a member w.e.f. 22.05.2013

During the year 2013-2014, the meeting of the Compensation Committee was held on 30<sup>th</sup> July, 2013.

**Remuneration paid to Non-Executive Directors during the year**

Name of the Non-Executive Director	Sitting fees (Amount in ₹)
Mr. S. Ramadorai	5,10,000
Mr. Sudhakar Rao	4,60,000
Dr. Sanjiv Misra	3,85,000
Mr. S.H. Kapadia	1,10,000
Mr. Keki Mistry	75,000
Mr. Andreas Preuss*	NIL
Mr. Thomas Bendixen*	1,65,000

\* sitting fees paid to Deutsche Boerse AG (DB) for the meetings attended by Mr. Thomas Bendixen (Alternate Director to Mr. Andreas Preuss), as representatives of Deutsche Boerse AG

**Remuneration paid to Managing Director and Chief Executive Officer**

The details of remuneration paid to Managing Director and CEO during the financial year 2013-14 is given in the following table:

Particulars	₹
Basic Salary	78,00,000/-
Allowances & Perquisites	1,09,52,737/-
PF Contribution	9,36,000/-
Variable Pay based on performance paid*	48,00,000/-
<b>Total</b>	<b>24,488,737/-</b>

\* Represents 50% payment at total variable pay as per the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

Stock Option: NIL

**c) Share Allotment and Shareholders'/Investors' Grievance Committee**

This Committee has been constituted for allotment of shares of the Exchange issued / to be issued, from time to time and to look into the redressal of shareholder and investors complaints and is also in line with the prevailing guidelines on corporate governance (i.e. Clause 49 of the Listing Agreement).

The Terms of Reference of the Share Allotment and Shareholders'/Investors' Grievance Committee has been amended to bring the same in line with Clause 49 of the listing agreement at the Board meeting held on 31<sup>st</sup> July, 2013.

**Terms of reference**

1. To allot shares/securities from time to time.
2. To consider all matters pertaining to securities, including but not limited to – offer of securities, allotment of securities, issue of securities, crediting of securities in depository system, listing / de-listing of securities on / from stock exchange(s) in India or abroad, transfer of securities, transmission of securities, demat of securities, remat of securities, issue of duplicate securities certificate, consolidation of securities certificates, split of securities certificate and to do all acts required to be done under the applicable rules, regulations and guidelines, from time to time and to consider matters incidental thereto.
3. To monitor the shareholding pattern and related reports on securities.
4. To approve the opening, operations and closure of bank accounts for payment of interest, dividend and issue / redemption of securities and to authorize officials to open, operate and close the said accounts from time to time.
5. To appoint / change and fix the fees and other charges payable to the Registrar and Transfer Agents (RTA) for handling the work relating to securities and to delegate powers to the RTA as may be deemed fit and to monitor all activities of the RTA.
6. To consider and resolve the matters/grievances of shareholders/ investors in regard to the following:
  - transfer of shares

- non-receipt of dividends
- non-receipt of shares in demat account
- non-receipt of annual report
- any other matter of shareholder / investor grievance

To delegate any of the aforesaid matters to Director(s)/ official(s) and / or the officials of the RTA, as the Committee may deem fit.

**Composition, meeting and attendance during the year:**

Name	Category	No. of Meetings during the financial year 2013-14	
		Held	Attended
Mr. Ramadorai (Chairman)	Non-Executive Public Director	2	2
Mr. Sudhakar Rao	Non-Executive Public Interest Director	2	2
Mr. Keki Mistry	Non-Executive Shareholder Director	2	1
Mr. Ashishkumar Chauhan	Managing Director & CEO	2	2

During the year 2013-2014, meeting of the Share Allotment and Shareholders'/Investors' Grievance Committee were held on 21<sup>st</sup> May, 2013 and 3<sup>rd</sup> February, 2014.

**Name and designation of Compliance officer**

Mr. Nehal Vora  
Chief Regulatory Officer  
BSE Limited  
25th Floor, P.J.Towers,  
Dalal Street,

**Details of Shareholders' complaints received and redressed:**

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	60	59	1

**d) Corporate Social Responsibility Committee**

The Board of Directors at their meeting held on 11th March, 2014, constituted the Corporate Social Responsibility Committee to comply with the requirements of Section 135 of the Companies Act, 2013. The Committee comprises of Mr. S. Ramadorai, Mr. Sudhakar Rao and Mr. Ashishkumar Chauhan.

The role of Corporate Social Responsibility Committee is as follows:

- i. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII.
- ii. recommend the amount of expenditure to be incurred on the activities referred to in clause (i); and
- iii. monitor the Corporate Social Responsibility Policy of the Company from time to time.

- e) In addition to the above, the Exchange also has various other statutory Committees, viz.:

**As per SECC Regulations**

1. Membership Selection Committee
2. Disciplinary Action Committee
3. Investor Grievance Redressal Committee (IGRC)
4. Defaulters' Committee
5. Standing Committee on Technology
6. Investor Services Committee
7. Public Interest Directors' Committee
8. Arbitration Committee
9. Ethics Committee
10. Oversight Committee (Member Regulation)
11. Oversight Committee (Listing Function)
12. Oversight Committee (Trading and Surveillance Function)
13. Advisory Committee
14. Sub-Committee for Monitoring Compliance of suggestions given in SEBI Inspection Report.

**6. General Body Meetings**

Date and time of the General Meetings held during the last three years till 31<sup>st</sup> March, 2014.

Details of General Meeting	Date	Time	Venue
Annual General Meeting (2010 – 11)	29.06.2011	11.00 a.m.	Sir Dinshaw Petit International Convention Hall, 1st Floor, P.J. Towers, Dalal Street, Mumbai 400 001
Meeting of Equity Shareholders (Court Convened Meeting)	21.10.2011	11.00 a.m.	
Annual General Meeting (2011-12)	31.08.2012	11.00 a.m.	
Annual General Meeting (2012-13)	30.07.2013	11.00 a.m.	

**Special Resolutions passed at the previous General Body Meetings (for last three years) were as under:**

**At the Sixth Annual General Meeting held on 29th June, 2011**

- Change in the name of the Company from Bombay Stock Exchange Limited to BSE Limited and consequent changes in Memorandum and Articles of Association and the Rules, Bye-laws and Regulations of the Exchange.
- Creation, offer, issuance and allotment of Equity Shares to HDFC Bank Limited, Singapore Exchange Limited and Deutsche Borse AG under provisions of Section 81 and 81(1A) on a preferential basis.
- Transfer of Clearing and Settlement division of BSE Limited to Indian Clearing Corporation Limited, a wholly owned subsidiary of BSE Limited, pursuant to the provisions of Section 391-394 of the Companies Act, 1956.

**At the Meeting of Equity Shareholders held on 21<sup>st</sup> October, 2011 (Court Convened Meeting)**

Transfer of Clearing and Settlement division of BSE Limited to Indian Clearing Corporation Limited, a wholly owned subsidiary of BSE Limited, pursuant to the provisions of Section 391-394 of the Companies Act, 1956.

**At the Seventh Annual General Meeting held on 31<sup>st</sup> August, 2012**

No special Resolution was passed at the Annual General Meeting held on 31<sup>st</sup> August, 2012.

**At the Eighth Annual General Meeting held on 30<sup>th</sup> July, 2013**

- Appointment of Mr. Ashishkumar Chauhan as Managing Director and CEO of the Exchange and approval of the terms and conditions of his appointment.
- Adoption of new set of Articles of Association of the Company, subject to the approval of SEBI.

**Passing of resolutions by Postal Ballot**

The Companies (Passing of Resolution by Postal Ballot) Rules, 2011 as notified by Central Government are applicable to only listed companies. The Exchange being an unlisted company does not fall under the ambit of these Rules.

However the provisions pertaining to postal ballot stated under Companies Act, 2013 and the rules made thereunder became effective from 1<sup>st</sup> April, 2014 which are applicable to the Company. The company will comply with the same as and when required.

**7. Disclosures**

➤ **Disclosures on materially significant related party transactions**

The Company has not entered into any materially significant related party transactions, during the financial year 2013-14, that may have potential conflict with the interests of the Company at large.

➤ **Penalties or strictures imposed by SEBI or any statutory authority, on any matter related to the capital markets during the last three years**

There have been no instances of penalties or strictures imposed by SEBI or any statutory authority, on any matter related to the capital markets, during the last three years.

➤ **Compliance with the conditions of Corporate Governance**

The Exchange has mutatis mutandis complied with the conditions of corporate governance as stipulated in Listing Agreement.

➤ **Whistle Blower policy**

The Exchange has a Whistle Blower policy, wherein employees are free to report violations of laws, rules, regulations or unethical conduct noticed in the Organization to their immediate superiors or such others persons as may be notified by the management.

➤ **Subsidiary Companies**

The Audit Committee reviews the consolidated financial statements of the Company. The minutes of the Board meetings of the subsidiary companies and the statement of investment made by subsidiary company, are

periodically placed before the Board of Directors of the Company.

➤ **Management Discussion and Analysis**

The Management Discussion and Analysis is covered separately in the Annual Report

**8. The Exchange has adopted the following non- mandatory requirements of Corporate Governance:**

➤ **Remuneration Committee**

The Company has set up a remuneration Committee, details of which have been given earlier in this report.

➤ **Whistle Blower Policy**

The Company has a Whistle Blower Policy, the details of which have been given earlier in this report.

**9. General Shareholder Information**

**(a) Ninth Annual General Meeting**

<b>Day &amp; Date</b>	Friday, 1 <sup>st</sup> August, 2014
<b>Time</b>	11.00 a.m.
<b>Venue</b>	Sir Dinshaw Petit International Convention Hall, 1 <sup>st</sup> Floor, P.J. Towers, Dalal Street, Mumbai – 400 001.
<b>Financial year</b>	31 <sup>st</sup> March, 2014
<b>Book Closure</b>	Saturday 26 <sup>th</sup> July, 2014 to Friday 1 <sup>st</sup> August, 2014 (both days inclusive)
<b>Payment of Dividend</b>	Dividend if declared at the Ninth Annual General Meeting will be paid on or after 7 <sup>th</sup> August, 2014

**(b) Distribution of Shareholding as on 31<sup>st</sup> March, 2014:**

Category	No. of share-holders	Percentage (%)	No. of Shares	Percentage (%)
1 - 5000	6760	88.85	2418445	2.33
5001 - 10000	110	1.45	809854	0.78
10001 - 20000	159	2.09	2128837	2.05
20001 - 30000	67	0.88	1665738	1.60
30001 - 40000	45	0.59	1561857	1.50
40001 - 50000	48	0.63	2176216	2.10
50001 - 100000	234	3.08	16437443	15.84
100001 and Above	185	2.43	76599382	73.80
<b>Total:</b>	<b>7608</b>	<b>100.00</b>	<b>103797772</b>	<b>100.00</b>

**(c) Categories of Shareholders as on 31<sup>st</sup> March, 2014**

Category	No. of share-holders	Percentage (%)	No. of Shares	Percentage (%)
Resident Individuals	6707	88.16	20835550	20.07
Bodies Corporate	610	8.02	37281130	35.92
HUF	255	3.35	560619	0.54
Trust	1	0.01	100	0.00

Category	No. of share-holders	Percentage (%)	No. of Shares	Percentage (%)
Banks/Financial Institutions	3	0.04	7142785	6.88
Non Resident Indians	22	0.29	462492	0.45
Foreign Bodies Corporate	5	0.07	22244404	21.43
Foreign Institutional Investor	3	0.04	9720407	9.36
Insurance Company	1	0.01	5019443	4.84
Venture Capital	1	0.01	530842	0.51
<b>Total</b>	<b>7608</b>	<b>100.00</b>	<b>103797772</b>	<b>100.00</b>

**(d) List of Top 10 Shareholders as on 31st March, 2014**

Sr. No.	Name of Shareholders	No. of Shares	Percentage (%)
1	Deutsche Boerse AG	5098886	4.91
2	Singapore Exchange Limited	5098886	4.91
3	Life Insurance Corporation of India	5019443	4.84
4	State Bank of India	5019443	4.84
5	GKFF Ventures	4913863	4.73
6	Acacia Banyan Partners Limited	4015544	3.87
7	Atticus Mauritius Ltd	4015544	3.87
8	Caldwell India Holdings INC	4015544	3.87
9	Quantum (M) Limited	4015544	3.87
10	Bajaj Holdings and Investment Ltd	3006796	2.90

**(e) Dematerialization of shares**

Bifurcation of the category of shares in physical and electronic mode as on March 31, 2014 is given below:

Category	Number of holders	No. of Shares	Percentage (%)
PHYSICAL	10	715251	0.69
NSDL	4112	73796198	71.10
CDSL	3486	29286323	28.21
<b>Total:</b>	<b>7608</b>	<b>103797772</b>	<b>100.00</b>

**(f) Registrar and Transfer Agent**

Karvy Computershare Private Limited is the Registrar and Transfer Agent of the Exchange and can be contacted at the following address:

Karvy Computershare Private Limited,  
Plot No. 17 to 24, Vithalrao Nagar,  
Madhapur, Hyderabad 500 081  
E-Mail: einward.ris@karvy.com  
Telephone Nos.: +91-040- 4465 5000

**(g) Share Transfer**

99.31% of Equity Shares of the company are in electronic form. Transfer of these shares is done through depositories with no involvement of the company. As regards, transfer of shares held in physical form, the transfer deeds can be lodged with the Registrar and Share Transfer Agent at the address mentioned above and the company processes the transfers within the prescribed time limit.

**(h) Means of communications with Shareholders**

The Exchange disseminates all material information to its Shareholders through its **website: [www.bseindia.com](http://www.bseindia.com)**

The Exchange's website: [www.bseindia.com](http://www.bseindia.com) contains links to all important events and material information of the Exchange.

**Annual Report**

Annual Report containing, *inter-alia*, Audited Accounts, Auditors' Report, Directors' Report and other material and related matters/ information is circulated to the shareholders and others entitled thereto. The Corporate Governance Report annexed to Directors' Report forms

part of the Annual Report.

**(i) Address for Correspondence**

Shareholders are requested to intimate all changes pertaining to their bank details, electronic clearing services mandate, nominations, power of attorney, change of name, change of address, e-mails, etc., only to their DPs and not to the RTA or the Exchange. Once such intimations are taken on record by the DPs, they would then be reflected in the records of the Exchange. Similarly, in case the mailing address mentioned in the Notice given along with the Annual Report is without the PIN Code, Shareholders are requested to inform their PIN Code immediately to the DPs.

Any query on Annual Report may be addressed to Ms. Neena Jindal, Company Secretary at the following address:

BSE Limited  
Floor 25, P.J.Towers, Dalal Street  
Mumbai - 400 001.  
Tel. 022-22728756  
Fax 022-22721003  
E-mail: bse.shareholders@bseindia.com

**Note:**

In this Report:

- 'The Company' or 'the Exchange' or 'BSE' has been used to denote BSE Limited.
- 'Members' has been used to denote shareholders of BSE Limited.
- 'Members' of erstwhile BSE would mean Trading Members of BSE Limited.

**Certificate on Corporate Governance**

To  
The Members of  
**BSE Limited**

We have examined all relevant records of BSE Limited (the Company) for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the Listed Companies for the financial year ended 31st March 2014. In terms of Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the disclosure requirements and corporate governance norms as specified for listed companies have become mutatis mutandis applicable to a recognised Stock Exchange. We have obtained all the information and explanations to the best of our knowledge and belief, which were necessary for the purpose of this certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with disclosure requirements and corporate governance norms as specified for Listed Companies.

We further state that this certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Pramod S. Shah & Associates**  
Practising Company Secretaries

**Pramod S. Shah**  
Partner

Place: Mumbai  
Date: May 14, 2014

Membership No. 334  
Certificate of Practice No. 3804

# Independent Auditors' Report

## **TO THE BOARD OF DIRECTORS OF**

### **BSE LIMITED**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **BSE LIMITED** ( the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Consolidated Financial Statements**

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and

presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

#### **Emphasis of Matter**

We draw attention to Note 31 to the Statement which refers to the requirement laid out in the notification issued by The Securities and Exchange Board of India ("SEBI") dated June 20, 2012 that requires every stock exchange to credit twenty five percent of its profits every year to the Fund of a recognised clearing corporation(s), which clears and settles trades executed on that stock exchange. The Company has sought certain clarifications/guiding principles from SEBI regarding the norms for sourcing including transfer of profits by stock exchanges to the above mentioned fund and the methodology to be adopted. Pending receipt of clarifications/guiding principles from SEBI in the matter, no transfer of profits has been recorded in the books of account as at March 31, 2014.

Our opinion is not qualified in respect of this matter.

**Other Matters**

(a) We did not audit the financial statements of one subsidiary and two jointly controlled entities, whose financial statements reflect total assets of ₹ 7,575 lakh as at 31<sup>st</sup> March, 2014 (₹ 7,516 lakh as at 31<sup>st</sup> March, 2013), total revenues of ₹ 2,202 lakh (₹ 2,116 lakh for the year ended 31<sup>st</sup> March, 2013) and net cash flows amounting to ₹ 2,108 lakh (₹ 547 lakh for the year ended 31<sup>st</sup> March, 2013) for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 41 lakh for the year ended 31<sup>st</sup> March, 2014 (₹ 33 lakh for the year ended 31<sup>st</sup> March, 2013), as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary,

jointly controlled entity and associate, is based solely on the reports of the other auditors.

(b) The consolidated financial statements include the unaudited financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 13 lakh as at 31<sup>st</sup> March, 2014, total revenue of ₹ NIL and net cash flows amounting to ₹ 10 lakh for the year ended on that date, as considered in the consolidated financial statements.

Our opinion is not qualified in respect of these matters.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

(Firm Registration No. 117366W/W-100018)

Place : Mumbai  
Date : May 14, 2014

**N. Venkatram**  
Partner  
(Membership No. 71387)



**CONSOLIDATED BALANCE SHEET AS AT MARCH 31 , 2014**

PARTICULARS	Note No.	As at March 31, 2014	As at March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>A. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	<b>2</b>	<b>1,038</b>	1,037
(b) Reserves and Surplus	<b>3</b>	<b>2,36,602</b>	2,27,938
		<b>2,37,640</b>	2,28,975
<b>2 Share Application Money Pending Allotment</b>		<b>1</b>	1
<b>3 Minority Interest</b>		<b>18,754</b>	17,333
<b>4 Non-current liabilities</b>			
(a) Deferred Tax Liabilities (net)	<b>4</b>	<b>954</b>	553
(b) Long-term borrowings	<b>5</b>	<b>131</b>	-
(c) Other Long-term Liabilities	<b>6</b>	<b>2,817</b>	3,137
(d) Deposits from Members	<b>36</b>	<b>3,100</b>	24,350
(e) Long-term provisions	<b>7</b>	<b>42</b>	37
		<b>7,044</b>	28,077
<b>5 Current liabilities</b>			
(a) Short-term Borrowings	<b>8</b>	<b>-</b>	87
(b) Trade Payables	<b>9</b>	<b>5,835</b>	4,834
(c) Other Current Liabilities	<b>10</b>	<b>1,32,000</b>	1,09,168
(d) Short-term Provisions	<b>11</b>	<b>5,822</b>	6,008
		<b>1,43,657</b>	1,20,097
<b>TOTAL</b>		<b>4,07,096</b>	3,94,483
<b>B. ASSETS</b>			
<b>1 Goodwill on Consolidation</b>		<b>8,504</b>	8,504
<b>2 Non-current Assets</b>			
(a) Fixed Assets	<b>12</b>		
(i) Tangible Assets		<b>8,511</b>	8,802
(ii) Intangible Assets		<b>2,019</b>	2,065
(iii) Capital Work-in-progress		<b>3,387</b>	2,050
		<b>13,917</b>	12,917
(b) Non-Current Investments	<b>13</b>	<b>1,12,523</b>	52,732
(c) Deferred Tax Assets (net)	<b>14</b>	<b>469</b>	541
(d) Long-term Loans and Advances	<b>15</b>	<b>7,897</b>	5,635
(e) Other Non-current Assets	<b>16</b>	<b>293</b>	188
		<b>1,21,182</b>	59,096
<b>3 Current Assets</b>			
(a) Investments	<b>17</b>	<b>1,06,110</b>	82,629
(b) Trade Receivables	<b>18</b>	<b>3,438</b>	3,440
(c) Cash and Bank Balances	<b>19</b>	<b>1,46,946</b>	2,04,843
(d) Short-term Loans and Advances	<b>20</b>	<b>1,712</b>	1,490
(e) Other Current Assets	<b>21</b>	<b>5,287</b>	21,564
		<b>2,63,493</b>	3,13,966
<b>TOTAL</b>		<b>4,07,096</b>	3,94,483
See accompanying notes forming part of financial statements	<b>1-41</b>		

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**N. Venkatram**  
Partner

Place : Mumbai  
Date : May 14, 2014

For and on behalf of the Board of Directors

**S. Ramadorai**  
Chairman

**Nayan Mehta**  
Chief Financial Officer

**Ashishkumar Chauhan**  
Managing Director & CEO

**Neena Jindal**  
Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

PARTICULARS	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>A. CONTINUING OPERATIONS</b>			
<b>1</b> Revenue from Operations: Income from Securities Services	<b>22</b>	<b>14,332</b>	15,970
Services to Corporates	<b>23</b>	<b>5,914</b>	5,791
Data Dissemination Fees		<b>2,041</b>	2,238
<b>Revenue from Operations</b>		<b>22,287</b>	23,999
<b>2</b> <b>Income From Investments and Deposits</b>	<b>24</b>	<b>26,219</b>	26,956
<b>3</b> <b>Other Income</b>	<b>25</b>	<b>4,465</b>	4,339
<b>4</b> <b>TOTAL REVENUE (1+2+3)</b>		<b>52,971</b>	55,294
<b>5</b> <b>Expenses</b>			
Employee Benefits Expense	<b>26</b>	<b>8,783</b>	8,009
Finance Cost - Interest Expense		<b>38</b>	245
Depreciation and Amortisation Expense	<b>12</b>	<b>3,235</b>	2,831
Administration and Other Expenses	<b>27</b>	<b>15,443</b>	16,198
Prior Period Items		-	1,027
<b>TOTAL EXPENSES</b>		<b>27,499</b>	28,310
<b>6</b> <b>Profit Before Exceptional and Extraordinary Items and Tax (4 - 5)</b>		<b>25,472</b>	26,984
<b>7</b> Exceptional Items	<b>39</b>	<b>6,129</b>	9,791
<b>8</b> <b>Profit Before Extraordinary Items and Tax (6 - 7)</b>		<b>19,343</b>	17,193
<b>9</b> Extraordinary Items		<b>(85)</b>	73
<b>10</b> <b>Profit Before Tax (8 - 9)</b>		<b>19,428</b>	17,120
<b>11</b> <b>Tax Expense:</b>			
Current Tax		<b>3,161</b>	3,979
MAT Credit Entitlement		<b>(215)</b>	-
Current tax for earlier years		<b>8</b>	(7)
Deferred Tax		<b>473</b>	(227)
		<b>3,427</b>	3,745
<b>12</b> <b>Profit After Tax From Continuing Operations (10-11)</b>		<b>16,001</b>	13,375
<b>13</b> <b>Profit After Tax From Discontinuing Operations</b>		-	-
<b>14</b> <b>Profit After Tax (12+13)</b>		<b>16,001</b>	13,375
Share of Minority		<b>(2,441)</b>	(2,485)
Share of Loss of Associate		<b>(41)</b>	(33)
<b>15</b> <b>Profit after Tax, Minority Interest and Share of Loss of Associate</b>		<b>13,519</b>	10,857
<b>16</b> <b>Earning per equity share:</b>			
Basic and Diluted EPS before Extraordinary Item		<b>12.68</b>	10.34
Basic and Diluted EPS after Extraordinary Item		<b>12.75</b>	10.25
Par Value Of Share (₹)		<b>1</b>	1
Weighted Average Number Of Shares (Nos.)		<b>10,57,47,772</b>	10,57,47,772
See accompanying notes forming part of financial statements	<b>1-41</b>		

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants**N. Venkatram**  
PartnerPlace : Mumbai  
Date : May 14, 2014

For and on behalf of the Board of Directors

**S. Ramadorai**  
Chairman**Nayan Mehta**  
Chief Financial Officer**Ashishkumar Chauhan**  
Managing Director & CEO**Neena Jindal**  
Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	19,428	17,120
<b>Adjustments for:</b>		
Depreciation and amortised expense	3,235	2,831
Finance cost	38	245
Unrealised Loss on Foreign Exchange	6	-
Prior Period Item	-	1,027
Penalties/ Contribution received towards Settlement Guarantee Fund	50	44
Proceeds from Defaulter assets realisation	45	-
Amortisation of Discount and Premium (net)	156	414
Extraordinary items	(85)	73
Profit on sale of investment	(2,251)	(2,625)
Interest income	(20,812)	(22,156)
Dividend Income	(3,312)	(2,589)
Loss on sales of Fixed Assets (net)	233	22
Provision for Diminution in Value of Current Investments	68	112
Provision for Compensated Absence	108	123
Provision for Trade Receivables	35	306
Provision for Diminution in Value of Long-term Investments	2	-
Operating Cash Flow before working capital changes	(3,056)	(5,053)
<b>Adjustments for (increase)/decrease in :</b>		
Trade Receivables	(39)	(309)
Loan and Advances	420	(281)
Other assets	29	(116)
Trade payable	1,001	154
Other Liabilities	22,246	6,457
Operating Cash Flow after adjusting working capital changes	23,657	5,905
Taxes Paid	(5,472)	(6,533)
<b>Net Cash generated from /(Used in) Operation</b>	<b>15,129</b>	<b>(5,681)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Fixed Assets</b>		
Acquisition of Fixed assets (Including capital work-in-progress)	(4,557)	(3,998)
Proceeds from disposal of fixed assets	175	35
<b>Investments</b>		
Purchase of Long term Investments	(1,07,160)	(42,547)
Proceeds from Long Term Investments	75,011	40,519
Net Decrease / (Increase) in Current Investments	(28,861)	(12,624)
<b>Fixed Deposits with Banks</b>		
Net Decrease / (Increase) in Fixed Deposits with Banks	41,494	5,555
<b>Interest income</b>	<b>18,518</b>	<b>23,196</b>
<b>Dividend Income</b>	<b>3,312</b>	<b>2,589</b>
<b>Net cash generated from/(used in) Investment Activities</b>	<b>(2,068)</b>	<b>12,725</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from sale of equity share of subsidiary of CDSL	100	-
Proceeds from Long term borrowing	131	-
Repayment of Short term borrowings from banks	(87)	(30,518)
Finance Cost	(38)	(245)
(Decrease) / Increase in trading member and other deposits	(24,325)	19,352
Dividend and Tax on Dividend paid	(4,949)	(7,374)
Dividend and tax on dividend paid related to Minority	(1,120)	(834)
<b>Net cash used in Financing Activities</b>	<b>(30,288)</b>	<b>(19,619)</b>
<b>Net Decrease in Cash And Cash Equivalents</b>	<b>(17,227)</b>	<b>(12,575)</b>
<b>Cash and Cash Equivalents at the end of Year:</b>		
In Current Accounts	11,893	8,625
In Deposit Accounts (original maturity of less than three months)	5,256	25,751
	17,149	34,376
<b>Cash and Cash Equivalents at the beginning of Year:</b>	<b>34,376</b>	<b>46,951</b>
<b>Change in Cash and Cash Equivalents</b>	<b>(17,227)</b>	<b>(12,575)</b>
<b>Cash and Cash Equivalents at the end of Year:</b>	<b>17,149</b>	<b>34,376</b>
Add: Earmarked Balance in Current Account	371	34
Add: Restricted Balance in Current Account	532	473
Add: Fixed Deposits with Banks (maturity period over three month) (Including Earmarked)	1,28,894	1,69,960
<b>Cash and Bank balances as per note no. "19"</b>	<b>1,46,946</b>	<b>2,04,843</b>

**Note to Cash Flow Statement:**

- The above cash flow statement has been prepared under the "Indirect Method" as set out in the accounting standard -3 on cash flow statements notified under the companies (Accounting Standards) Rules, 2006 (as amended).
- Cash flow does not include cash and cash equivalent held by the Company for various Earmarked Liabilities excluding Settlement Guarantee Fund. These cash and cash equivalent of earmarked liabilities are held in segregated accounts.
- 1,20,000 Shares are allotted as bonus shares by capitalisation of free reserve and hence not included in Cash Flow Statement.

See accompanying notes forming part of financial statements

In terms of our report attached of even date.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**N. Venkatram**  
Partner

Place : Mumbai  
Date : May 14, 2014

For and on behalf of the Board of Directors

**S. Ramadorai**  
Chairman

**Nayan Mehta**  
Chief Financial Officer

**Ashishkumar Chauhan**  
Managing Director & CEO

**Neena Jindal**  
Company Secretary

Notes annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2014 and Consolidated Statement of Profit and Loss for the Year ended March 31, 2014.

### General Information

BSE Ltd. (formerly known as Bombay Stock Exchange Ltd.) was established in 1875 and is Asia's first Stock Exchange and one of India's leading exchange groups. Over the past 139 years, BSE has provided an capital-raising platform and provided a platform for trading in equity, debt instruments, derivatives, mutual funds. It also has a platform for trading in equities of small-and-medium enterprises (SME). Pursuant to the BSE (Corporatisation and Demutualization) Scheme, 2005 (the Scheme) notified by Securities and Exchange Board of India ("SEBI") on May 20, 2005, The Stock Exchange (BSE) completed Demutualization and Corporatisation in May, 2007 bringing about separation of ownership and management.

### 1. Significant Accounting Policies

#### 1.1 Basis of preparation:

The Consolidated Financial Statements of BSE Ltd (Formerly known as Bombay Stock Exchange Limited) ("the Exchange/ the company"), its subsidiaries, jointly controlled entity and associate (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (India GAAP) to comply with the Accounting Standards notified under the companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

#### 1.2 Principles of Consolidation:

The financial statements of the subsidiary companies, joint ventures and associate companies used in consolidation are drawn up to the same reporting date as that of the Company i.e. year ended March 31, 2014.

a) The Consolidated Financial Statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.
- ii. Interest in jointly controlled entities is reported using proportionate consolidation.
- iii. The Consolidated Financial Statements include the share of profit/(loss) of associates companies, which are accounted under the 'Equity method' as per which the share of profit/(loss) of the associate company has been added/deducted to the cost of investment. An associate is an enterprise in which the Company has significant influence and which is neither a subsidiary nor a joint venture.
- iv. The excess of cost to the Company of its investments in subsidiary companies over its share in the net worth of the subsidiary companies at the date on which the investments in the subsidiary companies are made is recognised as 'Goodwill', being an asset in the consolidated financial statements and is tested for impairment on an annual basis. Alternatively, where the share in the net worth of the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

b) Particulars of subsidiaries, joint ventures and associate :

Name of the Company	Country of Incorporation	Percentage of Voting Power as at March 31, 2014	Percentage of Voting Power as at March 31, 2013
<b>(I) Subsidiary Companies-</b>			
- <b>Direct</b>			
a) Indian Clearing Corporation Limited (ICCL)	India	100	100
b) Marketplace Technologies Private Limited (MPTL)	India	100	100
c) BSE Institute Limited (BIL)	India	100	100
d) Central Depository Services (India) Limited (CDSL)	India	54.20	54.20
e) BSE Investments Limited*(w.e.f. March 28, 2014)	India	100	-
* Based on Unaudited Results			

## Note 1

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)..

Name of the Company	Country of Incorporation	Percentage of Voting Power as at March 31, 2014	Percentage of Voting Power as at March 31, 2013
<b>- Indirect</b>			
a) Marketplace Tech Infra Services Private Limited	India	100	100
b) CDSL Ventures Limited	India	54.20	54.20
c) Central Insurance Repository Limited	India	54.20	54.20
d) BFSI Sector Skill Council of India Limited (Being a Section 25 company under the Companies Act, 1956, the same has not been considered for consolidation.	India	48.78	100
<b>(II) Joint Ventures</b>			
a) BOI Shareholding Limited (BOISL)	India	49	49
b) Asia Index Private Limited (w.e.f. November 22, 2013)	India	50	-
<b>(III) Associate</b>			
Institutional Investor Advisory Services India Limited (IIASIL)	India	30	30

**1.3 Use of Estimates:**

The preparation of the financial statements requires the Management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods. Estimates include provisions for doubtful debts and advances, employee benefit plans, provision for income taxes and provision for diminution in the value of investments.

**1.4 Revenue Recognition:**

Revenue in respect of services rendered is recognised when the service is rendered and there is a reasonable certainty of ultimate realisation. Dividend income on investments is recognised when the unconditional right to receive dividend is established. Discount or premium on debt securities / discounted Money Market Instruments is accrued over the period of remaining maturity.

**1.5 Fixed Assets:****1.5.1 Tangible Assets:**

Fixed Assets are stated at cost, less accumulated depreciation. Cost includes cost of acquisition and other incidental expenses incurred until the asset is ready to put to use for its intended purpose. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for its intended use.

**1.5.2 Intangible Assets:**

- (i) Cost of development and production of internally developed or purchased software, used for the purpose of operations, is capitalised.
- (ii) Any expense on software for support, maintenance, upgrades etc., payable periodically is charged to the Statement of Profit and Loss.

**1.6 Depreciation/Amortisation:****1.6.1 Tangible Assets:**

Depreciation on fixed assets is provided on the 'Written Down Value' basis at the rates prescribed under Schedule XIV of the Companies Act, 1956 for the number of days the assets have been ready to put to use for their intended purposes.

**1.6.2 Intangible Assets:**

Intangible assets consisting of computer software are being amortised at 40% on the 'Written Down Value' basis for the number of days the assets have been ready to put to use for their intended purposes.

**1.7 Impairment of Assets:**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is an indication of impairment based on the internal and external factors.

An asset is treated as impaired when its carrying cost exceeds the recoverable amount. An impairment loss, if any, is charged to the Statement of Profit and Loss in the period in which the asset is identified as impaired. Reversal of impairment loss recognised in prior years is recorded when there is an indication that impairment losses recognised for the assets no longer exist or have decreased.

#### 1.8 Investments:

Long-term investments are stated at cost. Provision for diminution is made to recognize a decline other than temporary, in the value of such investments. Current investments are valued at the lower of cost and fair value. Front-end discount/incentive earned in respect of direct subscription is adjusted towards the cost of investment. Income on investments is accounted for on accrual basis.

Premium paid/discount received at the time of acquisition of Government / Debt securities is amortised over the residual period of its maturity.

#### 1.9 Employee Benefits:

Employee benefits are accrued in accordance with Accounting Standard-15 (Revised) "Employee Benefits".

##### 1.9.1 Provident Fund – Defined Contribution Plan

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contribution along with interest thereon is paid on cessation of services. Both the employee and the Group make monthly contributions to the Bombay Stock Exchange Employees' Provident Fund, a trust set up and administered by the Exchange. The Group is liable for any shortfall in the fund assets based on the minimum rate of return specified by the Government, which is debited to the Statement of Profit and Loss as and when services are rendered by the employees.

##### 1.9.2 Compensated Absences – Other Long-term Employee Benefits

The leave balance is classified as long-term and short-term, based on the best estimates after considering the past trends. The short-term leave encashment liability has been measured on actual components eligible for leave encashment and expected short-term leave to be availed is valued at total cost to the Exchange. Long-term leave has been valued on actuarial basis as at the year end.

##### 1.9.3 Gratuity – Defined Benefit Plan

The Group provides for gratuity, a defined benefit plan, in respect of employees. The gratuity plan provides a lump sum payment vested to employees at the time of retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of his employment. Liability with regards to Gratuity is determined based on an actuarial valuation as per the projected unit credit method as at the Balance Sheet date and is charged to the Statement of Profit and Loss. The Group makes annual contribution to Gratuity Fund administered by it.

Actuarial gains and losses are accounted in the Statement of Profit and Loss.

#### 1.10 Leases :

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

#### 1.11 Provision for Current and Deferred Tax:

Provision for Current Tax is made on the basis of the estimated taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax, resulting from "timing differences" between the book and the taxable profits for the period is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty, except for carried forwards losses and unabsorbed depreciation which are recognised based on virtual certainty that the difference will reverse in future.



## Note 2

## SHARE CAPITAL

**1.12 Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in Notes to Accounts, while contingent assets are neither recognised nor disclosed in the financial statements.

**1.13 Foreign Currency Transactions:**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. All foreign currency current assets/liabilities are translated at the rates prevailing on the date of the Balance Sheet. Foreign Exchange rate differences arising on settlement(s) / conversion(s) are recognised in the Statement of Profit and Loss.

**1.14 Earnings per Share:**

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

**1.15 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**1.16 Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**1.17 Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## Note 2

## SHARE CAPITAL

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Authorised</b> 50,00,00,000 (50,00,00,000 as at March 31, 2013) Equity Shares of ₹ 1/- each	5,000	5,000
<b>Issued</b> 10,57,47,772 (10,57,47,772 as at March 31, 2013) Equity Shares of ₹ 1/- each	1,057	1,057
<b>Subscribed and Paid-up</b> 10,37,97,772 (10,36,67,772 as at March 31, 2013) Equity Shares of ₹ 1/- each fully paid-up. Of the above 9,58,13,328 (9,56,93,328 as at March 31, 2013) shares are allotted as bonus shares by capitalisation of free reserves.	1,038	1,037
<b>TOTAL</b>	<b>1,038</b>	<b>1,037</b>

Reconciliation of the number of shares outstanding at the beginning & at the end of the reporting year

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
No. of shares at the beginning of the year	10,36,67,772	10,35,37,772
Additions during the year (*)	1,30,000	1,30,000
No. of shares at the end of the year	10,37,97,772	10,36,67,772

## Note 2

## SHARE CAPITAL (CONTD.)..

Aggregate number and class of shares allotted as fully paid up by way of bonus shares.

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
2008-09	9,44,93,328	9,44,93,328
2009-10 (*)	8,40,000	8,40,000
2010-11 (*)	1,20,000	1,20,000
2011-12 (*)	1,20,000	1,20,000
2012-13 (*)	1,20,000	1,20,000
2013-14 (*)	1,20,000	-
	9,58,13,328	9,56,93,328

(\*) Represent allotment of shares held in abeyance

**Notes:**

- (a) The Company has only one class of shares referred to as equity shares having a par value of ₹ 1/-. Each holder of equity shares is entitled to one vote per share.
- (b) Pursuant to the BSE (Corporatisation & Demutualisation) Scheme, 2005, (the Scheme) the Exchange had allotted 10,000 equity shares of ₹ 1/- each to each of those card based Members of the erstwhile Bombay Stock Exchange Limited whose names appeared on the Register of Members under Rule 64 of in accordance with Rules, Bye-laws and Regulations, on the Record Date fixed for the purpose.
- (c) Out of the total 9,55,50,000 equity shares of ₹ 1/- (including 8,82,00,200 bonus shares of ₹ 1/- each) issuable to the card based Members, the Exchange has allotted 9,36,00,000 equity shares (9,34,70,000 equity shares as on March 31, 2013) upon implementation of the BSE (Corporatisation and Demutualisation) Scheme, 2005 (the Scheme). The allotment of 19,50,000 equity shares (20,80,000 equity shares as on March 31, 2013) of ₹ 1/- each have been kept in abeyance for specific reasons pursuant to the provisions of the Scheme. However, all corporate benefits as declared from time to time, including dividend and bonus are accrued to all the 9,55,50,000 equity shares, as per the provisions of the Scheme.
- (d) As a part of the demutualisation process, the Exchange in order to fulfill its obligations under the Scheme and the Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006 (the SEBI Regulations) dated 13th November, 2006, and further amendments thereto on 23rd December, 2008, had issued shares to Deutsche Boerse AG (DBAG) and Singapore Exchange Limited (SGX). The Exchange has further agreed to issue additional shares to DBAG and SGX so as to maintain their holding percentage.
- (e) (i) The holders of equity shares are entitled to dividends, if any, proposed by the board of directors and approved by the shareholder at the Annual General Meeting.
- (e) (ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of preferential amount. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Note 3

## RESERVES AND SURPLUS

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Capital Reserve</b>	66,179	66,179
<b>Securities Premium Account :</b>		
Opening Balance	39,391	39,392
Less: Issue of Bonus Shares*	(1)	(1)
	39,390	39,391
<b>Other Reserves</b>		
<b>General Reserve :</b>		
Opening Balance	69,375	68,768
Add: Transferred from Statement of Profit and Loss	1,088	607
	70,463	69,375

## Note 3

## RESERVES AND SURPLUS (CONTD.)..

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Settlement Guarantee Fund</b>		
Opening Balance	81	22
Add : Transferred from Statement of Profit and Loss	19	15
Add : Proceeds from Defaulter assets realisation	45	-
Add : Penalties / contribution received from members	50	44
	195	81
<b>Settlement Guarantee Fund (Currency Derivatives Segment)</b>		
Opening Balance -	-	-
Add : Corpus transferred from Statement of Profit & Loss	250	-
Add : Transferred from Statement of Profit & Loss	13	-
	263	-
<b>Settlement Guarantee Fund (Debts Segment)</b>		
Opening Balance -	-	-
Add : Corpus transferred from Statement of Profit & Loss	100	-
Add : Transferred from Statement of Profit & Loss	5	-
	105	-
<b>Statement of Profit and Loss</b>		
Balance brought forward from previous year	52,912	47,626
Add : Rebate on Dividend Distribution Tax	-	-
Add : Profit for the year	13,519	10,857
Amount available for appropriation	66,431	58,483
Appropriations		
- Corpus transferred to Settlement Guarantee Fund (Currency Derivatives Segment)	(250)	-
- Corpus transferred to Settlement Guarantee Fund (Debts Segment)	(100)	-
- General Reserve	(1,088)	(607)
- Transferred to Settlement Guarantee Fund	(37)	(15)
- Dividend	(4,230)	(4,230)
- Tax on Dividend	(719)	(719)
	60,007	52,912
<b>TOTAL</b>	<b>2,36,602</b>	<b>2,27,938</b>

\* Represents allotment of shares held in abeyance.

**Notes:****Capital Reserve**

Pursuant to the Scheme, the balance in Contribution by Members, Forfeiture of Members Application Money, technology Reserve, Stock Exchange building, Seth Chenille Motile Library, Charity, Income and Expenditure Account as at 19th August, 2005 as appearing in BSE are transferred to Capital Reserve being reserves which shall not be used for purposes other than the operation of the Exchange.

**Settlement Guarantee Fund:**

Every member of Indian Clearing Corporation Limited (ICCL), a wholly owned subsidiary contributes a fixed sum at the time of commencement of business and there after a percentage of the gross turnover as prescribed from time to time. The Fund is represented by earmarked investments and the income earned on these investments is credited to the Statement of Profit and Loss and then appropriated to the Fund (net of applicable taxes).

ICCL has commenced clearing and settlement operations for Currency Derivative and contributed ₹ 250 lakhs for constitution of Settlement Guarantee Fund of Currency Derivative segment, from the opening balance in the Statement of Profit and Loss. Further ICCL has commenced clearing and settlement operations for Dedicated Debt Segment and contributed ₹ 100 lakhs for constitution of Settlement Guarantee Fund of Debt Segment, from the opening balance in the Statement of Profit and Loss.

**Note 4**

**DEFERRED TAX LIABILITIES (NET)**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Deferred Tax Liabilities:</b>		
Depreciation	1,240	813
<b>TOTAL (A)</b>	1,240	813
<b>Deferred Tax Assets:</b>		
Expenses allowed on payment basis	151	187
Provision for Trade Receivable	114	52
Provisions for non-performing assets	4	4
Others	17	17
<b>TOTAL (B)</b>	286	260
<b>Net Deferred Tax Liability (A-B)</b>	954	553

**Note 5**

**LONG-TERM BORROWING**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Unsecured Loan	131	-
<b>TOTAL</b>	131	-

The Asia Index Private Limited (Joint Venture of BSE) has entered into Inter-company credit facility agreement with Capital IQ Information System(India) Private Limited to borrow loan of INR 5 Crores from time to time upto November 21,2016. Interest is charged at SBI base rate (prevalent at end of previous quarter)+2% and is to be paid on quarterly basis. The principal amount shall be payable within 5 days after expiry of agreement.

**Note 6**

**OTHER LONG-TERM LIABILITIES**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Other Liabilities	2	-
Other Liabilities (Consideration payable towards purchase of Investments)	-	500
Security Deposits received	2,266	2,267
Trade Payable		
- Payable to Service Provider	347	274
- Accrued Employee benefit expenses	202	96
<b>TOTAL</b>	2,817	3,137

## Note 7

## LONG-TERM PROVISIONS

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Others</b>		
Gratuity Liability (net)	42	37
<b>TOTAL</b>	42	37

## Note 8

## SHORT TERM BORROWINGS

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Bank Overdraft (Secured against term deposit)	-	87
<b>TOTAL</b>	-	87

## Note 9

## TRADE PAYABLES

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Payable to service providers	4,096	3,627
Accrued employee benefit Expenses	1,687	1,186
Add: Share in Joint Ventures	52	21
<b>TOTAL</b>	5,835	4,834

**Note:**

On the basis of the information available with the Group, there are no suppliers registered under the Micro, Small, and Medium Enterprises Development Act, 2006. Hence, the information as required by the Act is not given.

## Note 10

## OTHER CURRENT LIABILITIES

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Owned</b>		
Deposits Received from Trading Member	6,444	5,097
Other Deposits and Margin Received from Member	37,608	40,313
Deposit - Others	743	710
Deposit from Clearing Bank	13,801	15,550
Income Received in Advance	2,005	2,113
Advance from Customers	710	565
Settlement Obligation payable	36,458	14,977
Statutory remittances	1,520	1,251
Other Liabilities (refer notes below)	2,106	1,797
Investor Education and Protection Fund - Unpaid Dividend (Not Due)	28	19
Contribution Payable to Depository Investor Protection Fund	2,618	1,327
Add: Share in Joint Ventures	120	172

## Note 10

## OTHER CURRENT LIABILITIES (CONTD.)..

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Earmarked</b>		
From Companies - 1% of their Public Issue (*)	11,540	10,200
Defaulters' Liabilities (*)	6,059	5,604
Less: Receivable from Defaulters	(9)	(9)
	6,050	5,595
Investors' Protection - Derivatives (*)	877	801
Withheld Liabilities (*)	3,661	3,336
Others (refer note no. 5 below)		
(i) Deposit from Clearing banks	2,500	2,500
(ii) Deposit from Members	1,885	1,165
(iii) Others	1,326	1,680
<b>TOTAL</b>	<b>1,32,000</b>	<b>1,09,168</b>
(*) Investments and Deposits have been earmarked against these liabilities.		

## Note:

## 1. Other Liabilities includes Investors' Services Fund (ISF):

As per SEBI directive, from 1996-97, BSE decided to set aside 20% of the Annual listing fees received to an Investors' Services Account. The Exchange has charged all direct expenses incurred towards Investors Services to this Account and has also charged on a pro-rata basis other relevant revenue expenses. The balance in the Account as on March 31, 2014 is ₹ 497 Lakh (As at March 31, 2013 is ₹ 324 Lakh) which is shown as under and the same is forming part of other liabilities.

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Annual Listing Fees for the Year	3,201	3,026
20% of the above (Amount to be contributed)	640	605
Expenses incurred on behalf of ISF	467	464
Expenses recoverable (Subject to maximum of the contribution)	467	464

## 2. Other liabilities includes dividend for earlier years in respect of shares held in abeyance as referred to in note 2(c), amounting to ₹ 504 lakh (As at March 31, 2013 ₹ 454 lakh)

## 3. Investor Education and Awareness Programme :

During the year, out of the penalty collected on account of late transfer of securities by Depository Participants to beneficial owner accounts, ₹ 40.66 Lakh (As at March 31, 2013 ₹ 0.22 Lakh) utilized for conducting various investor education and awareness programme. Balance of ₹ 0.77 Lakh (As at March 31, 2013 ₹ 30.60 Lakh) is to be utilised for the said program has been disclosed in "Other Current Liabilities".

## 4. Beneficial Owner's Protection Fund :

As advised by SEBI, Central Depository Services (India) Limited (CDSL), a subsidiary company had set up a Trust called "CDSL Beneficial Owner's Protection Fund"(BOPF) with the object of indemnification of losses suffered by Beneficial Owners. As per the rules of the said Fund, corpus is constituted mainly out of (a) penalties collected from Depository Participants (DPs) and (b) amount funded by the

**Note 10****OTHER CURRENT LIABILITIES (CONTD.)..**

Depository Company from time to time based on certain percentage of annual issuer fees and interest earned on security deposit from DPs. Details of the Fund account disclosed in "Other Current Liabilities" are given below :

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Opening Balance	3	88
Add :		
Penalties levied (net)	5	3
Other Contributions	-	-
Less : Funded	-	88
<b>Closing Balance</b>	<b>8</b>	<b>3</b>

5. Others earmarked includes funds received from other exchange.

**Note 11****SHORT TERM PROVISIONS**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Compensated Absences	482	483
Provision for gratuity	11	20
Income Taxes Provisions (Net of advance Tax)	335	384
Others (Refer Note)	-	128
Proposed Dividend	4,230	4,230
Tax on Dividend	719	719
Wealth Tax	2	2
Add: Share in Joint Ventures	43	42
<b>TOTAL</b>	<b>5,822</b>	<b>6,008</b>

**Note:**

The Group had made a provision towards the additional Property Tax demanded by Brihanmumbai Municipal Corporation.



## Note 12

## STATEMENT OF FIXED ASSETS FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

₹ In Lakh

Sr. No.	Particulars of Assets	Cost As at April 01, 2013	Additions During the year	Deductions/ Adjustments	Cost As at March 31, 2014	Depreciation upto March 31, 2013	Depreciation/ Amortisation for the year	Deductions / Adjustments	Depreciation upto March 31, 2014	Net Assets March 31, 2014	Net Assets March 31, 2013
		A	B	C	D = A + B - C	E	F	G	H = E + F - G	I = D - H	J = A - E
	<b>Tangible Assets :</b>										
1	Freehold Land (Previous Year)	1,010 (1,010)	- -	- -	1,010 (1,010)	- -	- -	- -	- -	1,010 (1,010)	1,010 (1,010)
2	Buildings (Previous Year)	4,619 (4,576)	136 (95)	6 (52)	4,749 (4,619)	2,762 (2,665)	112 (114)	- (17)	2,874 (2,762)	1,875 (1,857)	1,857 (1,911)
3	Plant & Machinery (Previous Year)	2,682 (2,529)	6 (155)	- (2)	2,688 (2,682)	1,709 (1,570)	138 (140)	- (1)	1,847 (1,709)	841 (973)	973 (959)
4	Electrical Installations (Previous Year)	2,109 (1,481)	47 (629)	16 (1)	2,140 (2,109)	1,090 (980)	209 (111)	12 (1)	1,287 (1,090)	853 (1,019)	1,019 (501)
5	Computers										
	(a) Hardware And Networking Equipment - Owned (Previous Year)	32,842 (32,231)	1,485 (934)	5,174 (323)	29,153 (32,842)	30,241 (28,973)	1,319 (1,577)	4,937 (309)	26,623 (30,241)	2,530 (2,601)	2,601 (3,258)
	(b) Hardware And Networking Equipment - Lease (Previous Year)	- -	304 -	- -	304 -	- -	68 -	- -	68 -	236 -	- -
6	Furniture, Fixtures And Office Equipments (Previous Year)	4,475 (4,191)	113 (479)	590 (195)	3,998 (4,475)	3,254 (3,094)	262 (279)	524 (119)	2,992 (3,254)	1,006 (1,221)	1,221 (1,098)
7	Motor Vehicles (Previous Year)	136 (95)	42 (67)	42 (26)	136 (136)	30 (30)	20 (20)	35 (20)	15 (30)	121 (106)	106 (64)
	Add : Share in Joint Ventures (Previous Year)	88 (87)	35 (1)	17 -	106 (88)	73 (70)	9 (3)	15 -	67 (73)	39 (15)	15 (17)
	<b>Sub Total (A)</b>	<b>47,961</b>	<b>2,168</b>	<b>5,845</b>	<b>44,284</b>	<b>39,159</b>	<b>2,137</b>	<b>5,523</b>	<b>35,773</b>	<b>8,511</b>	<b>8,802</b>
	<b>Intangible Assets (other than internally generated) :</b>										
8	Software (Previous Year)	7,109 (5,510)	1,052 (1,607)	17 (8)	8,144 (7,109)	5,057 (4,485)	1,091 (582)	17 (10)	6,131 (5,057)	2,013 (2,052)	2,052 (1,025)
	Add : Share in Joint Venture (Previous Year)	45 (37)	- (8)	- -	45 (45)	32 (27)	7 (5)	- -	39 (32)	6 (13)	13 (9)
	<b>Sub Total (B)</b>	<b>7,154</b>	<b>1,052</b>	<b>17</b>	<b>8,189</b>	<b>5,089</b>	<b>1,098</b>	<b>17</b>	<b>6,170</b>	<b>2,019</b>	<b>2,065</b>
	<b>Grand Total (A+B)</b>	<b>55,115</b>	<b>3,220</b>	<b>5,862</b>	<b>52,473</b>	<b>44,248</b>	<b>3,235</b>	<b>5,540</b>	<b>41,943</b>	<b>10,530</b>	<b>10,867</b>
9	Capital work in progress									<b>3,387</b>	2,050
	Previous Year	51,747	3,975	(607)	55,115	41,894	2,831	(477)	44,248	10,867	-

## Note 13

## NON CURRENT INVESTMENTS

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Non current Investments (At Cost, unless otherwise Specified):</b> (Fully Paid-up, Unless otherwise Stated)		
<b>Trade Investment</b>		
<b>Investments in Equity Instruments</b>		
<b>Own Funds</b>		
- 30,875 Shares of Calcutta Stock Exchange Limited of ₹ 1/- each	618	618
- 22,50,00,000 Shares of United Stock Exchange Limited of ₹ 1/- each	2,250	2,250
- 21,87,015 Shares of National Power Exchange Limited of ₹ 10/- each	219	219
- 1,05,00,000 shares of BFSI Sector Skill Council of India Limited of ₹ 1/- each (Refer note below)	105	5
	<b>3,192</b>	<b>3,092</b>
<b>Equity Accounted Associate - At Carrying Value</b>		
- Investment in Institutional Investor Advisory Services India Limited		
Cost of Investment	400	400
Add: Share of Post Acquisition Profit / (Loss)	(116)	(74)
	<b>284</b>	<b>326</b>
<b>Non - Trade Investment</b>		
<b>Investments in Equity Instruments</b>		
<b>Own Funds</b>		
- 5,000 Shares of Equity Shares of Belapur Railway Station Commercial Company Limited ₹ 10/- each	1	1
<b>Non - Trade Investment</b>		
<b>Investments in Debentures &amp; Bonds</b>		
<b>(a) Own Funds</b>		
- Bonds and Non-Convertible Debentures (Quoted)	1,06,785	47,043
<b>(b) Earmarked Funds</b>		
- Bonds and Non-Convertible Debentures (Quoted)	1,517	1,524
<b>Investments in Mutual Funds (Quoted)</b>		
<b>Own Funds</b>		
- Units of Dividend Oriented Debt Schemes of Mutual Funds (Quoted)	150	150
- Units of Growth Oriented Debt Schemes of Mutual Funds (Quoted)	700	700
Less : Provision for Diminution in value of Long Term Investment	(106)	(104)
<b>TOTAL</b>	<b>1,12,523</b>	<b>52,732</b>
Aggregate Amount of Quoted Investments	1,09,152	49,417
Market Value of Quoted Investments	1,08,134	49,538
Book Value of Unquoted Investments	3,371	3,315

**Note :** BFSI Sector Skill Council of India Limited being a section 25 Company under the companies Act, 1956 and the same has not been considered for consolidation.

**Note 14**

**DEFERRED TAX ASSETS (NET)**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Deferred Tax Assets:</b>		
Depreciation	120	152
Provision for employee benefits	193	162
Provision for doubtful debts/advances	95	151
Others	5	6
Add : Share in Joint Venture (net)	56	70
<b>Net Deferred Tax Assets</b>	<b>469</b>	<b>541</b>

**Note 15**

**LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Deposit with Public Bodies and Others	300	232
Advance To Staff	128	158
Capital advances	39	74
Income Taxes Paid in Advance (Net of Provisions)	7,108	5,050
MAT Credit entitlement - Unsecured, considered good	215	-
Prepaid Expenses	99	113
Add: Share in Joint Ventures	8	8
<b>TOTAL</b>	<b>7,897</b>	<b>5,635</b>

**Note 16**

**OTHER NON CURRENT ASSETS**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Others</b>		
Gratuity asset (net)	293	188
<b>TOTAL</b>	<b>293</b>	<b>188</b>

**Note 17**

**INVESTMENTS**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Non Trade</b>		
<b>A) Current Investments (At lower of cost &amp; fair value)</b>		
<b>Investments in Debentures &amp; Bonds &amp; CDS</b>		
- Bonds and Non-Convertible Debentures (Quoted)	6,480	-
- Investment in Certificates of Deposit (Quoted)	17,982	-

## Note 17

## INVESTMENTS (CONTD.)..

PARTICULARS	As at March 31, 2014 ₹ In Lakh	As at March 31, 2013 ₹ In Lakh
<b>Investments in Mutual Funds</b>		
<b>(a) Own Funds</b>		
- Units of Dividend Oriented Debt Schemes of Mutual Funds (Quoted)	29,688	3,640
- Units of Dividend Oriented Debt Schemes of Mutual Funds (Unquoted)	2,444	4,230
- Units of Growth Oriented Debt Schemes of Mutual Funds (Quoted)	979	650
Add: Share in Joint venture	196	-
	<b>33,307</b>	<b>8,520</b>
<b>(b) Earmarked Funds</b>		
- Units of Dividend Oriented Debt Schemes of Mutual Funds (Quoted)	1,547	78
- Units of Dividend Oriented Debt Schemes of Mutual Funds (Quoted) Settlement Guarantee Fund	191	-
- Units of Growth Oriented Debt Schemes of Mutual Funds (Quoted)	525	75
	<b>2,263</b>	<b>153</b>
<b>B) Current portion of Long Term Investments</b> (At Cost, unless otherwise Specified)		
<b>Investments in Debentures &amp; Bonds</b>		
<b>Own Funds</b>		
- Bonds & Non Convertible Debentures (Quoted)	16,227	48,730
<b>Investments in Mutual Funds</b>		
<b>Own Funds</b>		
- Units of Growth Oriented Debt Schemes of Mutual Funds (Quoted)	29,851	24,676
- Units of Dividend Oriented Debt Schemes of Mutual Funds (Quoted)	-	550
	<b>29,851</b>	<b>25,226</b>
<b>TOTAL</b>	<b>1,06,110</b>	<b>82,629</b>
Aggregate Amount of Quoted Investments	1,03,666	78,399
Market Value of Quoted Investments	1,04,470	78,903
Book Value of Unquoted Investments	2,444	4,230

## Note 18

## TRADE RECEIVABLES

PARTICULARS	As at March 31, 2014 ₹ In Lakh	As at March 31, 2013 ₹ In Lakh
<b>Sundry Debtors</b>		
<b>1. Secured and Considered Good</b>		
- Outstanding for a period exceeding six months (from due date for payment)	111	94
- Other Debts	1,403	1,101
	<b>1,514</b>	<b>1,195</b>
<b>2. Unsecured and Considered Good</b>		
- Outstanding for a period exceeding six months (from due date for payment)	244	536
- Other Debts	1,592	1,696
	<b>1,836</b>	<b>2,232</b>

**Note 18**

**TRADE RECEIVABLES (CONTD.)..**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>3. Unsecured and Considered Doubtful</b>		
- Outstanding for a period exceeding six months (from due date for payment)	877	841
- Other Debts	1	13
Less: Provision for Doubtful Debts	(878)	(854)
	-	-
Add: Share in Joint Ventures	88	13
<b>TOTAL</b>	<b>3,438</b>	<b>3,440</b>

**Note 19**

**CASH AND BANK BALANCES**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>1. Cash on Hand</b>	-	-
<b>2. Cheques on Hand</b>	66	71
<b>3. Balances with Banks</b>		
<b>Owned</b>		
- In Current Accounts	12,128	8,750
- In Deposit Accounts	1,09,600	1,71,882
	1,21,728	1,80,632
<b>Earmarked</b>		
- In Current Accounts	371	34
- In Deposit Accounts	23,227	22,936
	23,598	22,970
<b>Earmarked - Settlement Guarantee Fund</b>		
- In Deposit Accounts	368	-
	368	-
Add: Share in Joint Ventures	1,186	1,170
<b>TOTAL</b>	<b>1,46,946</b>	<b>2,04,843</b>

**Note:**

Balances in Deposit Account with Banks (owned) includes ₹ 4,053 Lakh (As at March 31, 2013 ₹ 18,556 Lakh), which have a remaining maturity of more than 12 months.

## Note 20

## SHORT TERM LOANS AND ADVANCES

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>1. Unsecured and Considered Good</b>		
- Advances to Staff	47	51
- Prepaid Expenses	666	361
- Balances with Government Authorities		
CENVAT Credit Receivable	605	773
- Others		
Advances Recoverable in Cash or in Kind or for value to be received	215	217
- Receivable from Selling Shareholder	170	85
Add: Share in Joint Ventures	9	3
	<b>1,712</b>	<b>1,490</b>
<b>2. Unsecured and Considered Doubtful</b>	<b>771</b>	<b>771</b>
Less: Provision for Doubtful Advances	(771)	(771)
	-	-
<b>TOTAL</b>	<b>1,712</b>	<b>1,490</b>

## Note 21

## OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Receivable from Mutual Funds (Refer note below)</b>		
- Owned	-	18,289
- Earmarked	-	64
	-	18,353
<b>Accrued Interest - Owned</b>		
- On Deposits	742	321
- On Investments	4,319	2,590
	<b>5,061</b>	<b>2,911</b>
<b>Accrued Interest - Earmarked</b>		
- On Deposits	70	17
	<b>70</b>	<b>17</b>
<b>Accrued Interest - Earmarked - SGF</b>		
- On Deposits	3	-
	<b>3</b>	<b>-</b>
Add: Share in Joint Ventures	153	283
<b>TOTAL</b>	<b>5,287</b>	<b>21,564</b>

**Note:** Receivable from Mutual funds on account of redemption made as on March 28, 2013.

**Note 22**

**INCOME FROM TRADING MEMBERS**

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Transaction Charges	2,940	3,171
Income from Depository Services	8,706	9,053
Auction Charges	60	272
Charges Recovered	2,114	2,891
Annual Subscription & Admission Fees	156	162
Processing Fees	223	306
Clearing and Settlement Services	120	100
Charges Recovered - Earmarked	13	15
<b>TOTAL</b>	<b>14,332</b>	<b>15,970</b>

**Note 23**

**INCOME FROM SERVICES TO CORPORATES**

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Listing Fees	4,838	4,261
Book Building Software Charges	744	750
Company Reinstatement Fees	142	713
Other Fees	190	67
<b>TOTAL</b>	<b>5,914</b>	<b>5,791</b>

**Note 24**

**INCOME FROM INVESTMENTS AND DEPOSITS**

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>A. Own Funds</b>		
<b>Income From Long-term Investments:</b>		
Interest income	9,139	7,305
Dividend Income	6	3
Profit on Sale / Redemption	-	194
<b>Income From Current Investments:</b>		
Interest Income	518	-
Dividend Income	3,268	2,583
Profit on Sale / Redemption	2,213	2,431
<b>Interest Income on application money</b>	<b>232</b>	<b>-</b>
<b>Interest From Fixed Deposits &amp; Term Deposits</b>	<b>10,642</b>	<b>14,326</b>
Add : Share in Joint Venture	170	111
<b>TOTAL (A)</b>	<b>26,188</b>	<b>26,953</b>
<b>B. Earmarked Funds</b>		
Dividend Income From Current Investments	9	3
Interest From Fixed Deposits & Term Deposits	22	-
<b>TOTAL (B)</b>	<b>31</b>	<b>3</b>
<b>TOTAL (A+B)</b>	<b>26,219</b>	<b>26,956</b>



## Note 25

## OTHER INCOME

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Rent and Infrastructure Charges	1,760	1,699
Training Institute	984	951
Income from software services	642	770
Website Income	208	169
Miscellaneous Income	330	334
Add : Share in Joint Ventures	541	416
<b>TOTAL</b>	<b>4,465</b>	<b>4,339</b>
<b>Notes:</b>		
PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Miscellaneous Income include Foreign Exchange Gain/Loss	30	34

## Note 26

## EMPLOYEE BENEFITS EXPENSE

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Salaries, Allowances and Bonus	7,776	6,889
Contribution to Provident and Other Funds	233	306
Staff Welfare Expenses	496	510
Compensated Absences	108	123
Add : Share in Joint Ventures	170	181
<b>TOTAL</b>	<b>8,783</b>	<b>8,009</b>

**Note 27**

**ADMINISTRATION AND OTHER EXPENSES**

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Advertising and Marketing Expenses	456	462
Amortisation of Preliminary Expenses	3	-
Bad debts written off	316	111
Building Repairs and Maintenance Expenses	543	487
Charity and Donations	20	22
Clearing House Expenses	61	63
Computer Technology Related Expenses (Refer Note below)	6,445	7,200
Contribution to Depository Investor Protection Fund(Refer Note 30)	1,291	1,327
Contribution to Investors' Protection Fund	32	30
Contribution to SEBI	533	514
Directors' Fees	25	24
Electricity Charges (Net of Recoveries)	1,145	1,061
Insurance	170	181
Legal Fees	410	533
Loss on sale of Fixed Assets	232	-
Professional Fees	752	613
Postage and Telephone Expenses	410	462
Printing and Stationery	156	125
Property Taxes (Net of Recoveries)	169	226
Diminution in Value of Long term Investments	2	-
Diminution in Value of Current Investments	68	112
Provision for Trade Receivables	35	306
Rebate on Transaction Charges	94	362
Rent	384	327
Repairs to Other Assets	139	125
Travelling Expenses	376	409
Miscellaneous Expenses	1,042	1,018
Add : Share in Joint Ventures	134	98
<b>TOTAL</b>	<b>15,443</b>	<b>16,198</b>

**Notes:**

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Computer Technology Related Expenses include Repairs and Maintenance on Computers	4,102	4,185
Auditors' Remuneration included in Miscellaneous Expenses:		
Audit Fees	88	73
Tax Audit Fees	10	9
Other Services	1	2
<b>TOTAL</b>	<b>99</b>	<b>84</b>

## Note 28 to 41

(CONTD.)..

## 28. Contingent Liabilities not provided for in respect of:

Sr. No.	PARTICULARS	As at March 31, 2014	As at March 31, 2013
		₹ In Lakh	₹ In Lakh
a)	Claims against the Group not acknowledged as debts in respect of :		
	i) Income Tax matters	1,586	1,221
	ii) Service Tax matters	2,298	2,292
	iii) Department of telecommunication license matters (Refer Note below)	401	117
	iv) Other matters (Including ₹ 10,383 Lakh (₹ 10,565 Lakh for the year ended March 31, 2013) which in the opinion of the Management are remote)	11,063	11,425
b)	Guarantees given by the Group to the loan provider: Aggregate loans outstanding from employees of the Group as on date. The employees have mortgaged their flats/ properties with the loan provider.	104	126
c)	Guarantee given by the bank on behalf of the Group	204	201

**Note:** During the Previous year 2012-13 the Exchange has received notices from Department of Telecommunication (DoT), Government of India to pay a revised VSAT Network License Fees, Royalty etc. aggregating ₹ 636 Lakh against which amount of ₹ 235 Lakh has been paid and expensed during the previous year. In respect of the balance of ₹ 401 lakh the Management has filed a reply, after legal consultations, with DoT challenging the claim stating that the demand notices are based on an incorrect interpretation of the existing guidelines/orders. Hence no provision for the same is made in the accounts and the amount has been considered as a Contingent Liability.

29. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 4,833 Lakh as on March 31, 2014 (₹ 4,737 Lakh as on March 31, 2013).

30. As per the notification issued by The Securities and Exchange Board of India ("SEBI") has issued Depositories and Participants (Amendment) Regulations, 2012 on September 11, 2012. According to these Regulations depositories are required to establish and maintain an Investor Protection Fund for the protection of interest of beneficial owners and every depository is required to credit twenty five percent of its profits every year to the Investor Protection Fund.

Central Depository Services (India) Limited (CDSL), a subsidiary company, has sought clarification from SEBI on whether the amount of contribution to IPF is to be calculated at twenty five percent of the operating profits of CDSL before tax and available after making such contribution, from its depository business. Pending clarification from SEBI, the Company has calculated IPF contribution of ₹ 1,291 lakh for the year ended March 31, 2014 (₹ 1,327 Lakh for the year ended March 31, 2013), being twenty five percent of the profits before tax, available after making such contribution. If the contribution is calculated at twenty five percent of the operating profits before tax and available after making such contribution, the amount of contribution would be ₹ 674 lakh for the year ended March 31, 2014.

31. The Securities Contracts (Regulation) (SECC) Regulations, 2012 dated June 20, 2012 requires every recognised stock exchange to credit twenty five percent of its annual profits every year to a fund to guarantee settlement of trades of the recognised clearing corporation(s) which clears and settles trades executed on that stock exchange. Exchange has sought certain clarifications/guiding principles from SEBI regarding the norms for sourcing including transfer of profits by stock exchanges to the above mentioned fund and the methodology to be adopted. Pending receipt of clarifications/guiding principles from SEBI in the matter, no transfer of profits has been recorded till date in the books of account.

32. As per the Accounting Standard-18 "Related Party Disclosures" the related parties of the Exchange are as follows:

## a) Entities under control:

NAME
The Stock Exchange Investors' Protection Fund
The Stock Exchange Education & Research Services
The Stock Exchange Foundation
The Stock Exchange Charities
Seth K. R. P. Shroff Stock Exchange Sarvajanik Fund
Shri Phiroze Jeejeebhoy Memorial Trust

## b) Transactions with the Entities under control:

NAME	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>EXPENDITURE</b>			
The Stock Exchange Investors' Protection Fund	Contribution to IPF (a proportion of listing fee)	32	30
<b>ASSETS</b>			
The Stock Exchange Investors' Protection Fund	Receivable	111	29

## c) Associate

Name : Institutional Investor Advisory Services India Limited

NAME	PARTICULARS	As at March 31, 2014	As at March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>ASSETS (At Cost)</b>	Investments	400	400
<b>LIABILITIES</b>	Deposit	15	15

NAME	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>INCOME</b>			
Institutional Investor Advisory Services India Ltd	Rent and Maintenance Charges	29	27
	Administrative and Other Expenses (Recoveries)	4	2

## d) Key Management Personnel (KMP) and their Relatives :

NAME	RELATION
Shri Madhu Kannan	Managing Director and Chief Executive Officer (up to May 2012)
Shri Ashishkumar Chauhan	Managing Director and Chief Executive Officer (from Nov 2012 onwards)
Mrs. S. A. Chauhan	Relative of KMP

## Transactions with Key Management Personnel and their Relatives:

PARTICULARS	For the Year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>EXPENDITURE</b>		
Shri Madhu Kannan		
Salaries, Allowances and Bonus	-	50
Shri Ashishkumar Chauhan		
Salaries, Allowances and Bonus	245	120

Note 28 to 41

(CONTD.)..

PARTICULARS	PARTICULARS	As at March 31, 2014	As at March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>LIABILITIES:</b>			
Mrs. S. A. Chauhan	Payable towards shares in subsidiary company purchased in October 2009	500	700
	Payment made during the year	200	NA

**33. Lease****a) Finance Lease**

- i) Assets acquired on finance lease mainly comprise computer equipments.
- ii) The Minimum lease rentals as at March 31, 2014 and the present value as at March 31, 2013 of minimum lease payments in respect of assets acquired under finance lease are as follows:

Sr. No.	PARTICULARS	Minimum Lease Payments		Present value of Minimum Lease Payments	
		As on March 31, 2014	As on March 31, 2013	As on March 31, 2014	As on March 31, 2013
		₹ In Lakh	₹ In Lakh	₹ In Lakh	₹ In Lakh
1	Payable not later than 1 Year	75	-	67	-
2	Payable later than 1 Year and not later than 5 Years	224	-	163	-
	<b>Total</b>	<b>299</b>	<b>-</b>	<b>230</b>	<b>-</b>
	Less : Future Finance Charges	69			
	Present Value of Minimum Lease Payments	<b>230</b>			

- iii) Contingent rent recognised/(adjusted) in the statement of profit and loss in respect of finance lease: ₹ Nil (Previous year : ₹ Nil)

**b) Operating Lease : Future minimum rentals payable under operating leases are as follows:**

Sr. No.	PARTICULARS	Minimum Lease Payments	
		As at March 31, 2014	As at March 31, 2013
		₹ In Lakh	₹ In Lakh
1	Payable not later than 1 Year	45	1
2	Payable later than 1 Year and not later than 5 Years	164	-
	<b>Total</b>	<b>209</b>	<b>1</b>

**34. Segment Reporting:**

The group operates in 2 reportable business segments viz: Stock Exchange Operations and Depository Services.

PARTICULARS	For the Year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Segment Revenue</b>		
(a) Stock Exchange Activity:		
(i) Operation	21,474	22,534
(ii) Related Activity (Treasury)	15,476	16,197
(b) Depository Activity	12,071	12,338
<b>Total</b>	<b>49,021</b>	<b>51,069</b>
Less : Inter Segment Revenue	-	-
<b>Total Segment Revenue</b>	<b>49,021</b>	<b>51,069</b>
<b>Segment Results before exceptional item</b>		
(a) Stock Exchange Activity:		
(i) Operation	6,157	5,820
(ii) Related Activity (Treasury)	15,349	16,094
(b) Depository Activity	6,986	7,196
<b>Total</b>	<b>28,492</b>	<b>29,110</b>
Less : Exceptional Item	6,129	9,791
<b>Segment Results after exceptional item</b>		
(a) Stock Exchange Activity:		
(i) Operation	28	(3,971)
(ii) Related Activity (Treasury)	15,349	16,094
(b) Depository Activity	6,986	7,196
<b>Total Segment Results</b>	<b>22,363</b>	<b>19,319</b>
Add : Unallocated Corporate Income	3,950	4,225
Less : Unallocated Corporate Expenses	6,970	6,351
Less : Extraordinary Items	(85)	73
<b>Profit before taxation</b>	<b>19,428</b>	<b>17,120</b>
Less : Provision for taxation	3,427	3,745
<b>Profit after taxation</b>	<b>16,001</b>	<b>13,375</b>

PARTICULARS	For the Year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Segment Assets</b>		
(a) Stock Exchange Activity:		
(i) Operation	1,42,628	1,42,218
(ii) Related Activity (Treasury)	1,90,577	1,84,187
(b) Depository Activity	43,540	39,877
<b>Total Segment Assets</b>	<b>3,76,745</b>	<b>3,66,282</b>
Unallocated Assets	30,351	28,201
<b>Total Assets</b>	<b>4,07,096</b>	<b>3,94,483</b>

Note 28 to 41

(CONTD.)..

PARTICULARS	For the Year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Segment Liabilities</b>		
(a) Stock Exchange Activity		
(i) Operation	1,35,928	1,35,895
(ii) Related Activity (Treasury)	500	700
(b) Depository Activity	6,259	4,937
<b>Total Segment Liabilities</b>	<b>1,42,687</b>	<b>1,41,532</b>
Unallocated Liabilities	26,768	23,975
<b>Total Liabilities</b>	<b>1,69,455</b>	<b>1,65,507</b>

**35. Earnings Per Share:**

PARTICULARS	For the Year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Profit After Tax (₹ in Lakh)	13,519	10,857
Less : Transfer to Settlement Guarantee Fund	(37)	(15)
Profit After Tax available for Equity Shareholders	13,482	10,842
Weighted Average Number of Equity Shares for Basic and Diluted Earnings Per Share (in Nos.)	10,57,47,772	10,57,47,772
<b>Basic and Diluted EPS before Extraordinary Item (₹)</b>	<b>12.68</b>	<b>10.34</b>
<b>Basic and Diluted EPS after Extraordinary Item (₹)</b>	<b>12.75</b>	<b>10.25</b>

36. The Exchange offers Deposit Based Membership. Trading Members are required to deposit a specified amount with the Exchange which is included in Deposits from Members. As at March 31, 2014 the deposit amount of ₹ 3,100 lakh (₹ 24,350 lakh as at March 31, 2013) have a lock in period of more than a year and have been disclosed as Non Current Liabilities. Current portion of deposits from Trading Members amounting to ₹ 6,444 lakh (₹ 5,097 lakh as at March 31, 2013) have been disclosed as Other Current Liabilities.

**37. Minority Interest Reconciliation**

PARTICULARS	As on March 31, 2014	As on March 31, 2013
	₹ In Lakh	₹ In Lakh
Opening Balance as on April 01, 2013	17,333	15,532
Add: Share of profit	2,441	2,485
Less : Share in Dividend and dividend distribution tax	(1,120)	(834)
Add: issue/transfer of Equity Share in CDSL Subsidiary	100	150
<b>Closing Balance as on March 31, 2014</b>	<b>18,754</b>	<b>17,333</b>

## 38. Disclosure as required under Accounting Standard –15 on “Employee Benefits” is as under:

## Defined Benefit Plan – Gratuity:

I. ASSUMPTIONS AS AT	March 31, 2014	March 31, 2013
Mortality	Published rates under the Indian Assured Lives Mortality (2006-08) Ult table and LIC (1994-96)	
Discount Rate	8.00- 9.35%	8.00 - 8.20%
Salary Escalation rate(p.a)	4.00- 8.50%	4.00 - 8.00%
Expected rate of return on plan assets	8.50- 9.25%	7.95 - 9.25%
Withdrawal rate		
- 21 to 44 years	2.50%	2.50%
- 45 to 60 years	1.00%	1.00%
Average Future working life (years)	9.43 – 13.19	11.71 – 15.38

## Amount to be recognised in the Balance Sheet and Movement in Net Liability / (Assets)

II. PARTICULARS	March 31, 2014	March 31, 2013
	₹ In Lakh	₹ In Lakh
Present Value of Funded Obligations	1922	2,029
Fair Value of Plan Assets	(2,216)	(2,162)
Amount not recognized as an asset (limit in para 59(b)) under AS 15 (R)	41	9
Net Liability / (Asset)	(253)	(124)

## Expenses Recognised in Statement of Profit and Loss

III. PARTICULARS	March 31, 2014	March 31, 2013
	₹ In Lakh	₹ In Lakh
Current Service Cost	142	151
Interest on Defined Benefit Obligations	170	175
Expected Return on Plan Assets	(182)	(163)
Net Actuarial Losses / (Gains) Recognised during the year	(253)	(146)
Effect of Limit in para 59(b) under AS 15 (R)	31	9
Total Gratuity expenses included in “Employee Benefit Expense”	(92)	26
Actual Return on Plan Assets	107	175



**Reconciliation of Benefit Obligation**

IV. PARTICULARS	March 31, 2014	March 31, 2013
	₹ In Lakh	₹ In Lakh
Opening Defined Benefit Obligation	2,029	1,964
Current Service Cost	142	151
Interest Cost	170	175
Actuarial Loss / (Gain)	(330)	(124)
Liability's settled on transfer	-	(32)
Liability on acquisition	-	-
Benefits Paid	(89)	(105)
Closing Defined Benefit Obligation	1922	2,029

**Reconciliation of Fair Value of Plan Assets of Funded Schemes :**

V. PARTICULARS	March 31, 2014	March 31, 2013
	₹ In Lakh	₹ In Lakh
Opening Fair Value of Plan Assets	2,162	1,983
Expected Return on Plan Assets	182	163
Actuarial Gain / (Loss)	(71)	18
Contributions by Employer	32	104
Benefits Paid	(89)	(106)
Closing Fair Value of Plan Assets	2,216	2,162

**Description of Plan Assets**

VI. PARTICULARS	March 31, 2014	March 31, 2013
	₹ In Lakh	₹ In Lakh
Government of India Securities	44%	46%
Corporate Bonds	36%	36%
Special Deposit Schemes	0%	3%
Insurer Managed Funds	11%	9%
Others	9%	6%

**Experience Adjustments:**

VII. PARTICULARS	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
	₹ In Lakh	₹ In Lakh	₹ In Lakh	₹ In Lakh	₹ In Lakh
Defined Benefit Obligations	1,922	2,029	1,964	1,952	1,767
Plan Assets	2,216	2,162	1,983	1,823	1,439
Surplus / (Deficit)	294	133	19	(129)	(328)
Experience Adjustments on Plan Liabilities	(113)	(133)	(187)	(128)	271
Experience Adjustments on Plan Assets	(71)	21	50	(42)	(73)

**Other Details:**

The discount rate is based on the prevailing market yields of Indian Government Securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future salary increase considered in the actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is certified by the actuary and relied upon by the Auditors.

Expected rate of return on Plan Assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal / external factors, a best estimate of the contribution is not determinable.

**Defined Contribution Plan:**

- Amount recognised as an expense and included under the head "Contribution to Provident and Other Funds" of Statement of Profit and Loss is ₹ 334 lakh (₹ 318 lakh for March 31, 2013).
39. a) Pursuant to SEBI Circular CIR / DNPD / 5 / 2011 dated June 2, 2011 (BSE Notice no-20110602-18, dated June 02, 2011), permitting stock exchanges to introduce Liquidity Enhancement Schemes (LES) for illiquid securities in their equity derivatives segment, the Exchange has launched a series of Liquidity Enhancement Incentive Programmes (LEIPS) to enhance liquidity in BSE's Futures & Options Segment. The programme was launched on 28th September, 2011 and an expense of ₹ 6,129 lakh has been incurred towards the same for the year ended March 31, 2014 (₹ 9,554 lakh for the year ended March 31, 2013). Considering the special nature of this expense and its impact on the profit of the Exchange, the same has been recognised as an exceptional item.
- b) During the previous year 2012-13, the Joint Venture of the Group had implemented a Voluntary Retirement Scheme 2012 in the month of June, 2012 for its 25 employees. The group's share of expenses on account of the same amounting to ₹ 237 lakhs for year ended March 31, 2013 is treated as an exceptional item.
40. The Board of Directors of the Exchange at its meeting held on May 14, 2014, gave their consent in respect of the scheme of amalgamation of United Stock Exchange (USE) with the Company under Section 391 and Section 394 and other applicable provisions of the Companies Act, 1956 ( or pursuant to the applicable provisions under the Companies act 2013 upon enforcement of such provisions), with effect from April 1, 2014, subject to receipt of all requisite statutory and regulatory approvals.
41. Previous year figure's have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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For and on behalf of the Board of Directors

**S. Ramadorai**  
Chairman

**Ashishkumar Chauhan**  
Managing Director & CEO

Place : Mumbai  
Date : May 14, 2014

**Nayan Mehta**  
Chief Financial Officer

**Neena Jindal**  
Company Secretary

# Independent Auditors' Report

## TO THE MEMBERS OF

## BSE LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **BSE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies

used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Emphasis of Matter

We draw attention to Note 26 to the financial statement which refers to the requirement laid out in the notification issued by The Securities and Exchange Board of India ("SEBI") dated June 20, 2012 that requires every stock exchange to credit twenty five percent of its profits every year to the Fund of a recognised clearing corporation(s), which clears and settles trades executed on that stock exchange. The Company has sought certain clarifications/guiding principles from SEBI regarding the norms for sourcing including transfer of profits by stock exchanges to the above mentioned fund and the methodology to be adopted. Pending receipt of clarifications/guiding principles from SEBI in the matter, no transfer of profits has been recorded in the books of account as at March 31, 2014.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("CARO" / "the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations

which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs).
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**N. Venkatram**  
Partner

Place: Mumbai

Date : May 14, 2014

(Membership No.71387)

#### **ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result/transactions etc., clauses (ii), (viii), (x), (xii), (xiii), (xiv), (xvi), (xix), (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. During the course of our audit, we have not observed any major weakness in such internal controls. The activities of the Company do not involve purchases of inventory and sale of goods.
- (v) To the best of our knowledge and according to the information and explanations given to us, there are no contracts or arrangements particulars of which needed to be entered in the Register maintained pursuant of 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits from the public during the period covered by our audit report. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any court or any other Tribunal in this regard in the case of the Company.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Securities Transaction Tax and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of the Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Securities Transaction Tax and other material statutory dues in arrears as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.
  - (c) According to information and explanation given to us, there are no dues of Income-tax, Wealth Tax, Service Tax, Cess which have not been deposited on account of any dispute.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. According to the information and explanations given to us, the Company has not borrowed

any sum from financial institutions or borrowed any sum by issue of debentures.

- (x) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from financial institutions are not, *prima facie*, prejudicial to the interests of the Company.
- (xi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long- term investment.
- (xii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to

parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

Place: Mumbai  
Date : May 14, 2014

**N. Venkatram**  
Partner  
(Membership No.71387)

**BALANCE SHEET AS AT MARCH 31, 2014**

PARTICULARS	Note No.	As at March 31, 2014	As at March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>A. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	1,038	1,037
(b) Reserves and Surplus	3	2,07,478	2,04,458
		2,08,516	2,05,495
<b>2 Share Application Money Pending Allotment</b>		1	1
<b>3 Non-Current Liabilities</b>			
(a) Deferred Tax Liabilities (net)	4	903	527
(b) Other Long-term Liabilities	5	635	974
(c) Deposits from Trading Members	32	3,100	24,350
		4,638	25,851
<b>4 Current Liabilities</b>			
(a) Trade Payables	6	4,447	3,816
(b) Other Current Liabilities	7	36,145	31,947
(c) Short-term Provisions	8	5,498	5,626
		46,090	41,389
<b>TOTAL</b>		2,59,245	2,72,736
<b>B. ASSETS</b>			
<b>1 Non-current Assets</b>			
(a) Fixed Assets	9		
(i) Tangible Assets		7,022	7,888
(ii) Intangible Assets		1,965	1,661
(iii) Capital Work-in-progress		3,368	1,919
		12,355	11,468
(b) Non-current Investments	10	1,35,944	1,05,973
(c) Long-term Loans and Advances	11	6,065	4,142
(d) Other Non-current Assets	12	290	185
		1,42,299	1,10,300
<b>2 Current Assets</b>			
(a) Investments	13	28,405	24,629
(b) Trade Receivables	14	2,401	2,340
(c) Cash and Bank Balances	15	68,895	1,19,934
(d) Short-term Loans and Advances	16	1,201	1,380
(e) Other Current Assets	17	3,689	2,685
		1,04,591	1,50,968
<b>TOTAL</b>		2,59,245	2,72,736
See accompanying notes forming part of financial statements	1-36		

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**N. Venkatram**  
Partner

Place : Mumbai  
Date : May 14, 2014

For and on behalf of the Board of Directors

**S. Ramadorai**  
Chairman

**Nayan Mehta**  
Chief Financial Officer

**Ashishkumar Chauhan**  
Managing Director & CEO

**Neena Jindal**  
Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

PARTICULARS	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>A. CONTINUING OPERATIONS</b>			
<b>1 Revenue From Operations: Income From</b>			
Trading Members	18	5,403	6,496
Services to Corporates	19	5,914	5,791
Data Dissemination Fees		2,041	2,240
<b>Revenue From Operations</b>		<b>13,358</b>	<b>14,527</b>
<b>2 Income From Investments and Deposits</b>	<b>20</b>	<b>16,892</b>	<b>16,670</b>
<b>3 Other Income</b>	<b>21</b>	<b>3,033</b>	<b>2,694</b>
<b>4 Total Revenue (1+2+3)</b>		<b>33,283</b>	<b>33,891</b>
<b>5 Expenses</b>			
Employee Benefits Expense	22	5,162	4,450
Finance Costs - Interest Expense		17	73
Depreciation and Amortisation Expense	9	2,657	2,450
Administration and Other Expenses	23	11,424	12,788
Prior Period Items (net)		-	1,027
<b>Total Expenses</b>		<b>19,260</b>	<b>20,788</b>
<b>6 Profit Before Exceptional And Extraordinary Items And Tax (4 - 5)</b>		<b>14,023</b>	<b>13,103</b>
<b>7 Exceptional Items</b>	<b>34</b>	<b>6,129</b>	<b>9,554</b>
<b>8 Profit Before Extraordinary Items And Tax (6 - 7)</b>		<b>7,894</b>	<b>3,549</b>
<b>9 Extraordinary Items</b>		<b>-</b>	<b>-</b>
<b>10 Profit Before Tax (8 - 9)</b>		<b>7,894</b>	<b>3,549</b>
<b>11 Tax Expense:</b>			
Current Tax		249	568
MAT Credit Entitlement		(209)	-
Deferred Tax		377	26
		<b>417</b>	<b>594</b>
<b>12 Profit After Tax From Continuing Operations (10-11)</b>		<b>7,477</b>	<b>2,955</b>
<b>13 Profit/(Loss) After Tax From Discontinuing Operations</b>		<b>-</b>	<b>-</b>
<b>14 Profit For The Year (12+13)</b>		<b>7,477</b>	<b>2,955</b>
<b>15 Earning Per Equity Share:</b>			
Basic and Diluted		7.07	2.79
Par Value Of Share (₹)		1	1
Weighted Average Number Of Shares (Nos.)		10,57,47,772	10,57,47,772
See accompanying notes forming part of financial statements	1-36		

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants**N. Venkatram**  
PartnerPlace : Mumbai  
Date : May 14, 2014

For and on behalf of the Board of Directors

**S. Ramadorai**  
Chairman**Nayan Mehta**  
Chief Financial Officer**Ashishkumar Chauhan**  
Managing Director & CEO**Neena Jindal**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	7,894	3,549
<b>Adjustments for:</b>		
Depreciation and Amortisation Expenses	2,657	2,450
Unrealised loss on Foreign Exchange	6	-
Loss on sale of Fixed Assets	242	8
Finance cost	17	73
Profit on sale of investment	(25)	(311)
Amortisation of Discount and Premium (net)	203	414
Interest income	(12,932)	(15,205)
Dividend Income	(4,138)	(1,568)
Provision for Diminution in Value of Long term Investments	2	104
Diminution in Value of Current Investments	(1)	1
Provision for Compensated Absence	67	56
Prior Period items	-	1,027
Provision for Trade Receivables	182	153
	(13,720)	(12,798)
Operating Cash Flow before working capital changes	(5,826)	(9,249)
<b>Adjustments for (increase)/decrease in :</b>		
Trade Receivables	(249)	570
Loans and Advances	771	(414)
Others assets	(105)	(55)
Trade Payable	631	(949)
Other Liabilities	(227)	(251)
Operating Cash Flow after adjusting working capital changes	821	(1,099)
Taxes Paid	(2,091)	(2,277)
<b>Net Cash Used in Operation</b>	<b>(7,096)</b>	<b>(12,625)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Fixed Assets</b>		
Acquisition of Fixed assets (including capital work in progress)	(3,857)	(3,228)
Proceeds from disposal of fixed assets	71	11
<b>Investments</b>		
Investment in Subsidiary and Joint Venture	(11)	(30,400)
Purchase of Other Long Term Investments	(45,561)	(17,514)
Proceeds from other Long Term Investments	22,650	19,173
Net (increase)/ Decrease in Current Investments :	(9,561)	8,581
<b>Fixed Deposits with Banks</b>		
Net Decrease / (Increase) in Fixed Deposits with Banks :	43,746	35,607
<b>Interest income</b>	<b>11,481</b>	<b>15,417</b>
<b>Dividend Income</b>	<b>4,138</b>	<b>1,568</b>
<b>Net cash generated from Investment Activities</b>	<b>23,096</b>	<b>29,215</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance Cost	(17)	(73)
Decrease in Trading members and Others Deposits	(19,780)	(935)
Dividend and Tax paid thereon	(4,456)	(7,236)
<b>Net cash used in Financing Activities</b>	<b>(24,253)</b>	<b>(8,244)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(8,253)</b>	<b>8,346</b>
<b>Cash and Cash Equivalents at the end of Year :</b>		
In Current Accounts	439	5,592
In Deposits Accounts (original maturity of less than three months)	-	3,100
	439	8,692
<b>Cash and Cash Equivalents at the beginning of Year :</b>	<b>8,692</b>	<b>346</b>
<b>Change in Cash and Cash Equivalents</b>	<b>(8,253)</b>	<b>8,346</b>
<b>Cash and Cash Equivalents at the end of Year :</b>	<b>439</b>	<b>8,692</b>
Add: Earmarked Balance in Current Account	140	3
Add: Restricted Balance in Current Account	532	473
Add: Fixed Deposits with Banks (maturity period over three month) (including Earmarked)	67,784	1,10,766
<b>Cash and Bank balances as per note no. "15"</b>	<b>68,895</b>	<b>1,19,934</b>

**Note to Cash Flow Statement:**

- The above cash flow statement has been prepared under the "Indirect Method" as set out in the accounting standard -3 on cash flow statements notified under the companies (Accounting Standards) Rules, 2006 (as amended).
- Cash flow does not include cash and cash equivalent held by the Company for various Earmarked Liabilities. These cash and cash equivalent of earmarked liabilities are held in segregated accounts.
- 1,20,000 Shares are allotted as bonus shares by capitalisation of free reserve and hence not included in Cash Flow Statement.

**See accompanying notes forming part of financial statements**

In terms of our report attached of even date.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**N. Venkatram**  
Partner

Place : Mumbai  
Date : May 14, 2014

For and on behalf of the Board of Directors

**S. Ramadorai**  
Chairman

**Nayan Mehta**  
Chief Financial Officer

**Ashishkumar Chauhan**  
Managing Director & CEO

**Neena Jindal**  
Company Secretary

**Notes annexed to and forming part of the Balance Sheet as at March 31, 2014 and Statement of Profit and Loss for the Year ended March 31, 2014.**

#### **General Information**

BSE Ltd. (formerly known as Bombay Stock Exchange Ltd.) was established in 1875 and is Asia's first Stock Exchange and one of India's leading exchange groups. Over the past 139 years, BSE has provided a capital-raising platform and provided a platform for trading in equity, debt instruments, derivatives, mutual funds. It also has a platform for trading in equities of small-and-medium enterprises (SME). Pursuant to the BSE (Corporatisation and Demutualization) Scheme, 2005 (the Scheme) notified by Securities and Exchange Board of India ("SEBI") on May 20, 2005, The Stock Exchange (BSE) completed Demutualization and Corporatisation in May, 2007 bringing about separation of ownership and management.

#### **1. Significant Accounting Policies**

##### **1.1 Basis of preparation of financial statements:**

The financial statements have been prepared on an accrual basis under the historical cost convention, in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards (AS) notified by the Central Government under The Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15 / 2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

##### **1.2 Use of Estimates:**

The preparation of the financial statements requires the Management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods. Estimates include provisions for doubtful debts and advances, employee benefit plans, provision for income taxes and provision for diminution in the value of investments.

##### **1.3 Revenue Recognition:**

Revenue in respect of services rendered is recognised when the service is rendered and there is a reasonable certainty of ultimate realisation. Dividend income on investments is recognised when the unconditional right to receive dividend is established. Discount or premium on debt securities / discounted Money Market Instruments is accrued over the period of remaining maturity.

##### **1.4 Fixed Assets:**

###### **1.4.1 Tangible Assets:**

Fixed Assets are stated at cost, less accumulated depreciation. Cost includes cost of acquisition and other incidental expenses incurred until the asset is ready to put to use for its intended purpose. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for its intended use.

###### **1.4.2 Intangible Assets:**

- (i) Cost of development and production of internally developed or purchased software, used for the purpose of operations, is capitalised.
- (ii) Any expense on software for support, maintenance, upgrades etc., payable periodically is charged to the Statement of Profit and Loss.

##### **1.5 Depreciation/Amortisation:**

###### **1.5.1 Tangible Assets:**

Depreciation on fixed assets is provided on the 'Written Down Value' basis at the rates prescribed under Schedule XIV of the Companies Act, 1956 for the number of days the assets have been ready to put to use for their intended purposes.

###### **1.5.2 Intangible Assets:**

Intangible assets consisting of computer software are being amortised at 40% on the 'Written Down Value' basis for the number of days the assets have been ready to put to use for their intended purposes.

##### **1.6 Impairment of Assets:**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is an indication of impairment based on the internal and external factors.

An asset is treated as impaired when its carrying cost exceeds the recoverable amount. An impairment loss, if any, is charged to the Statement of Profit and Loss in the period in which the asset is identified as impaired. Reversal of impairment loss recognised in prior years is recorded when there is an indication that impairment losses recognised for the assets no longer exist or have decreased.

## Note 1

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)..

**1.7 Investments:**

Long-term investments are stated at cost. Provision for diminution is made to recognize a decline other than temporary, in the value of such investments. Current investments are valued at the lower of cost and fair value. Front-end discount/incentive earned in respect of direct subscription is adjusted towards the cost of investment. Income on investments is accounted for on accrual basis.

Premium paid/discount received at the time of acquisition of government / Debt securities is amortised over the residual period of its maturity.

**1.8 Employee Benefits:**

Employee benefits are accrued in accordance with Accounting Standard-15 (Revised) "Employee Benefits"

**1.8.1 Provident Fund – Defined Contribution Plan**

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contribution along with interest thereon is paid on cessation of services. Both the employee and the Exchange make monthly contributions to the Bombay Stock Exchange Employees' Provident Fund, a trust set up and administered by the Exchange. The Exchange is liable for any shortfall in the fund assets based on the minimum rate of return specified by the Government, which is debited to the Statement of Profit and Loss as and when services are rendered by the employees.

**1.8.2 Compensated Absences – other long-term employee benefits**

The leave balance is classified as long-term and short-term, based on the best estimates after considering the past trends. The short-term leave encashment liability has been measured on actual components eligible for leave encashment and expected short-term leave to be availed is valued at total cost to the Exchange. Long-term leave has been valued on actuarial basis as at the year end.

**1.8.3 Gratuity – Defined Benefit Plan**

The Exchange provides for gratuity, a defined benefit plan, in respect of employees. The gratuity plan provides a lump sum payment vested to employees at the time of retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of his employment. Liability with regards to Gratuity is determined based on an actuarial valuation as per the projected unit credit method as at the Balance Sheet date and is charged to the Statement of Profit and Loss. The Exchange makes annual contribution to Gratuity Fund administered by it.

Actuarial gains and losses are accounted in the Statement of Profit and Loss.

**1.9 Leases :**

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

**1.10 Provision for Current and Deferred Tax:**

Provision for Current Tax is made on the basis of the estimated taxable income for the current accounting year in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax, resulting from "timing differences" between the book and the taxable profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty, except for carried forwards losses and unabsorbed depreciation which are recognised based on virtual certainty that the difference will reverse in future.

**1.11 Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in Notes to Accounts, while contingent assets are neither recognised nor disclosed in the financial statements.

## Note 1

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)..

**1.12 Foreign Currency Transactions:**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. All foreign currency current assets/liabilities are translated at the rates prevailing on the date of the Balance Sheet. Foreign Exchange rate differences arising on settlement(s) / conversion(s) are recognised in the Statement of Profit and Loss.

**1.13 Earnings per Share:**

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

**1.14 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**1.15 Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**1.16 Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## Note 2

## SHARE CAPITAL

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Authorised</b>		
50,00,00,000 (50,00,00,000 as at March 31, 2013) Equity Shares of ₹ 1/- each	5,000	5,000
<b>Issued</b>		
10,57,47,772 (10,57,47,772 as at March 31, 2013) Equity Shares of ₹ 1/- each	1,057	1,057
<b>Subscribed and Paid-up</b>		
10,37,97,772 (10,36,67,772 as at March 31, 2013) Equity Shares of ₹ 1/- Each fully paid-up. Of the above 9,58,13,328 (9,56,93,328 as at March 31, 2013) shares are allotted as bonus shares by capitalisation of free reserves.	1,038	1,037
<b>TOTAL</b>	<b>1,038</b>	<b>1,037</b>

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year

PARTICULARS	As at March 31, 2014	As at March 31, 2013
No. of shares at the beginning of the year	10,36,67,772	10,35,37,772
Additions during the year (*)	1,30,000	1,30,000
No. of shares at the end of the year	10,37,97,772	10,36,67,772

## Note 2

## SHARE CAPITAL (CONTD.)..

Aggregate number and class of shares allotted as fully paid up by way of bonus shares.

PARTICULARS	As at March 31, 2014	As at March 31, 2013
2008-09	9,44,93,328	9,44,93,328
2009-10 (*)	8,40,000	8,40,000
2010-11 (*)	1,20,000	1,20,000
2011-12 (*)	1,20,000	1,20,000
2012-13 (*)	1,20,000	1,20,000
2013-14 (*)	1,20,000	-
	9,58,13,328	9,56,93,328

(\*) Represent allotment of shares held in abeyance including bonus entitlements on such shares.

**Notes:**

- (a) The Exchange has only one class of shares referred to as equity shares having a par value of ₹ 1/-. Each holder of equity shares is entitled to one vote per share.
- (b) Pursuant to the BSE (Corporatisation & Demutualisation) Scheme, 2005, (the Scheme) the Exchange had allotted 10,000 equity shares of ₹ 1/- each to each of those card based Members of the erstwhile Bombay Stock Exchange Limited whose names appeared on the Register of Members under Rule 64 in accordance with Rules, Bye-laws and Regulations, on the Record Date fixed for the purpose.
- (c) Out of the total 9,55,50,000 equity shares of ₹ 1/- (including 8,82,00,200 bonus shares of ₹ 1/- each) issuable to the card based Members, the Exchange has allotted 9,36,00,000 equity shares (9,34,70,000 equity shares as on March 31, 2013) upon implementation of the BSE (Corporatisation and Demutualisation) Scheme, 2005 ("The Scheme"). The allotment of 19,50,000 equity shares (20,80,000 equity shares as on March 31, 2013) of ₹ 1/- each have been kept in abeyance for specific reasons pursuant to the provisions of the Scheme. However, all corporate benefits as declared from time to time, including dividend and bonus are accrued to all the 9,55,50,000 equity shares, as per the provisions of the Scheme.
- (d) As a part of the demutualisation process, the Exchange in order to fulfill its obligations under the Scheme and the Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006 (the SEBI Regulations) dated 13th November, 2006, and further amendments thereto on 23<sup>rd</sup> December, 2008, had issued shares to Deutsche Boerse AG (DBAG) and Singapore Exchange Limited (SGX). The Exchange has further agreed to issue additional shares to DBAG and SGX so as to maintain their holding percentage.
- (e) (i) The holders of equity shares are entitled to dividends, if any, proposed by the board of directors and approved by the shareholder at the Annual General Meeting.
- (e) (ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of preferential amount. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Note 3

## RESERVES AND SURPLUS

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Capital Reserve</b>	<b>66,179</b>	66,179
<b>Securities Premium Account :</b>		
Opening Balance	39,391	39,392
Less: Issue of Bonus Shares*	(1)	(1)
	<b>39,390</b>	39,391
<b>Other Reserves</b>		
<b>General Reserve :</b>		
Opening Balance	68,667	68,371
Add: Transferred from Statement of Profit and Loss	748	296
	<b>69,415</b>	68,667
<b>Statement of Profit &amp; Loss:</b>		
Balance brought forward from previous year	30,221	32,373
Add: Rebate of Dividend Distribution Tax	493	138
Add: Profit for the year	7,477	2,955
Amount available for appropriation	<b>38,191</b>	35,466
Appropriations		
- General Reserve	(748)	(296)
- Dividend	(4,230)	(4,230)
- Tax on Dividend	(719)	(719)
	<b>32,494</b>	30,221
<b>TOTAL</b>	<b>2,07,478</b>	2,04,458

\* Represents allotment of shares held in abeyance.

**Notes:****Capital Reserve**

Pursuant to the BSE (Corporatisation & Demutualisation) Scheme, 2005, (the Scheme) the balance in Contribution by Members, Forfeiture of Members Application Money, Technology Reserve, Stock Exchange building, Seth Chunnilal Motilal Library, Charity, Income and Expenditure Account as at 19th August, 2005 as appearing in the Exchange are transferred to Capital Reserve being reserves which shall not be used for purposes other than the operation of the Exchange.

## Note 4

## DEFERRED TAX LIABILITIES (NET)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Deferred Tax Liabilities:</b>		
Depreciation	1,151	757
<b>TOTAL (A)</b>	<b>1,151</b>	757
<b>Deferred Tax Assets:</b>		
Expenses allowed on payment basis	117	161
Provision for Trade Receivable	114	52
Others	17	17
<b>TOTAL (B)</b>	<b>248</b>	230
<b>Net Deferred Tax Liability (A-B)</b>	<b>903</b>	527

## Note 5

## OTHER LONG-TERM LIABILITIES

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Other Liabilities (Consideration payable towards purchase of Investments)	-	500
Security Deposits (for premises)	104	104
Trade Payable		
- Payable to Service Provider	339	274
- Accrued Employee benefit expenses	192	96
<b>TOTAL</b>	<b>635</b>	<b>974</b>

## Note 6

## TRADE PAYABLES

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Payable to service providers	3,430	3,109
Accrued employee benefit Expenses	1,017	707
<b>TOTAL</b>	<b>4,447</b>	<b>3,816</b>

## Note :

On the basis of the information available with the Exchange, there are no suppliers registered under the Micro, Small, and Medium Enterprises Development Act, 2006. Hence, the information as required by the Act is not given.

## Note 7

## OTHER CURRENT LIABILITIES

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Owned :</b>		
Deposits Received from Trading Members	6,444	5,097
Others Deposits Received from Members	708	647
Deposits - Others	787	725
Income Received in Advance	1,630	1,844
Advance from Customers	103	57
Statutory Remittances	1,396	1,150
Due to Subsidiaries	350	133
Other Liabilities (Refer Note below)	1,879	1,341
Investor Education and Protection Fund - Unpaid Dividend (Not Due)	28	19
<b>TOTAL (A)</b>	<b>13,325</b>	<b>11,013</b>
<b>Earmarked :</b>		
From Companies - 1% of their Public Issue (*)	11,540	10,200
Defaulters' Liabilities (*)	5,936	5,604
Less: Receivable from Defaulters	(9)	(9)
	5,927	5,595
Withheld Liabilities (*)	3,661	3,336
Investors' Protection - Derivatives (*)	877	801
Others	815	1,002
<b>TOTAL (B)</b>	<b>22,820</b>	<b>20,934</b>
<b>TOTAL (A+B)</b>	<b>36,145</b>	<b>31,947</b>
(*) Investments and Deposits have been earmarked against these liabilities.		

**Note 7**
**OTHER CURRENT LIABILITIES (CONTD.)..**

**Note:** Other Liabilities includes :

**a) Investors' Services Fund (ISF):**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Annual Listing Fees Received for the Year	3,201	3,026
20% of the above (Amount to be Contributed Annually)	640	605
Expenses incurred on behalf of ISF	467	464
Expenses Recoverable (Subject to maximum of the contribution)	467	464

As per SEBI directive, from 1996-97, BSE decided to set aside 20% of the Annual listing fees received to an Investors' Services Account. The Exchange has charged all direct expenses incurred towards Investors Services to this Account and has also charged on a pro-rata basis other relevant expenses. The balance in the Account as on March 31, 2014 is ₹ 497 Lakh (As at March 31, 2013 is ₹ 324 Lakh) which is shown as under and the same is forming part of Other Liabilities.

**b) Other Liabilities includes dividend for earlier years in respect of shares held in abeyance as referred to in Note 2(c) , amounting to ₹ 504 lakh (As at March 31, 2013 ₹ 454 lakh).**

**Note 8**
**SHORT TERM PROVISIONS**

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Compensated Absences	302	302
Income Taxes Provisions (Net of advance Tax)	247	247
Others (Refer note below)	-	128
Proposed Dividend	4,230	4,230
Tax on Dividend	719	719
<b>TOTAL</b>	<b>5,498</b>	<b>5,626</b>

**Note:**

The Exchange had made a provision towards the additional Property Tax demands by Brihanmumbai Municipal Corporation which has been disclosed as Others.



₹ In Lakh

Sr. No.	Particulars of Assets	Cost As at April 01, 2013	Additions During the year	Deductions/ Adjustments	Cost As at March 31, 2014	Depreciation upto March 31, 2013	Depreciation/ Amortisation for the year	Deductions/ Adjustments	Depreciation upto March 31, 2014	Net Assets March 31, 2014	Net Assets March 31, 2013
		A	B	C	D = A + B - C	E	F	G	H = E + F - G	I = D - H	J = A - E
	<b>Tangible Assets :</b>										
1	Freehold Land	1,010	-	-	1,010	-	-	-	-	1,010	1,010
	(Previous year)	(1,010)	-	-	(1,010)	-	-	-	-	(1,010)	(1,010)
2	Buildings	3,730	135	6	3,859	2,378	69	-	2,447	1,412	1,352
	(Previous year)	(3,657)	(73)	-	(3,730)	(2,310)	(68)	-	(2,378)	(1,352)	(1,347)
3	Plant and Equipments	2,682	6	-	2,688	1,709	138	-	1,847	841	973
	(Previous year)	(2,529)	(155)	(2)	(2,682)	(1,570)	(140)	(1)	(1,709)	(973)	(959)
4	Electrical Installations	2,109	47	16	2,140	1,090	209	12	1,287	853	1,019
	(Previous year)	(1,481)	(629)	(1)	(2,109)	(980)	(111)	(1)	(1,090)	(1,019)	(501)
5	Computers										
	(a) Hardware and Networking Equipments - Owned	30,913	679	4,775	26,817	28,267	1,138	4,539	24,866	1,951	2,646
	(Previous year)	(29,854)	(1,113)	(54)	(30,913)	(26,891)	(1,418)	(42)	(28,267)	(2,646)	(2,963)
	(b) Hardware and Networking Equipments - On Lease	-	304	-	304	-	68	-	68	236	-
	(Previous year)	-	-	-	-	-	-	-	-	-	-
6	Furniture, fixtures and Office Equipments	3,620	62	552	3,130	2,733	164	486	2,411	719	887
	(Previous year)	(3,401)	(219)		(3,620)	(2,555)	(178)	-	(2,733)	(887)	(846)
7	Motor Vehicles	13	-	13	-	12	-	12	-	-	1
	(Previous year)	(18)		(5)	(13)	(15)	(1)	(4)	(12)	(1)	(3)
	<b>Sub Total</b>	44,077	1,233	5,362	39,948	36,189	1,786	5,049	32,926	7,022	7,888
	<b>Intangible Assets</b> (other than internally generated) :										
8	Software	5,201	1,175	5	6,371	3,540	871	5	4,406	1,965	1,661
	(Previous year)	(4,062)	(1,147)	(8)	(5,201)	(3,009)	(534)	(3)	(3,540)	(1,661)	(1,053)
	<b>Total</b>	49,278	2,408	5,367	46,319	39,729	2,657	5,054	37,332	8,987	9,549
9	Capital work in Progress									3,368	1,919
	<b>Previous Year</b>	46,012	3,336	70	49,278	37,330	2,450	51	39,729	9,549	

## Note 10

## NON CURRENT INVESTMENTS

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Non current Investments (At Cost, unless otherwise Specified):</b> (Fully Paid-up, Unless Otherwise Stated)		
<b>Trade Investment</b>		
<b>Investments in Equity Instruments (Unquoted)</b>		
<b>Own Funds</b>		
- 30,875 Shares of Calcutta Stock Exchange Limited of ₹ 1/- each	618	618
- 22,50,00,000 Shares of United Stock Exchange Limited of ₹ 1/- each	2,250	2,250
- 21,87,015 Shares of National Power Exchange Limited of ₹ 10/- each	219	219
- 1,00,00,000 Shares of BFSI Sector Skill Council of India of ₹ 1/- each	100	-
	<b>3,187</b>	<b>3,087</b>
<b>Joint Ventures</b>		
- 98,000 Shares of BOI Shareholding Limited of ₹ 100/- each	98	98
- 5,000 Shares of Asia Index Private Limited of ₹ 10/- each	1	-
<b>Associate</b>		
- 30,00,750 Shares of Institutional Investor Advisory Services India Limited of ₹ 10/- each	400	400
<b>Subsidiaries</b>		
- 3,54,00,00,000 (3,54,00,00,000 as at March 31, 2013) Shares of Indian Clearing Corporation Limited of ₹ 1/- each	35,400	35,400
- 2,00,00,000 Shares of Marketplace Technologies Private Limited of ₹ 1/- each	4,250	4,250
- 50,00,00,000 Shares of BSE Institute Limited of ₹ 1/- each	5,000	5,000
- 5,66,34,600 Shares of Central Depository Services (India) Limited of ₹ 10/- each	12,795	12,795
- 1,00,000 Shares of BSE Investments Limited of ₹ 10/- each	10	-
	<b>57,455</b>	<b>57,445</b>
Less : Provision for Diminution in value of Long Term Investment	<b>(106)</b>	<b>(104)</b>
	<b>61,035</b>	<b>60,926</b>
<b>Non - Trade Investment</b>		
<b>Investments in Debentures &amp; Bonds</b>		
<b>(a) Own Funds</b>		
- Bonds and Non-Convertible Debentures (Quoted)	73,242	43,373
<b>(b) Earmarked Funds</b>		
- Bonds and Non-Convertible Debentures (Quoted)	1,517	1,524
	<b>74,759</b>	<b>44,897</b>
<b>Investments in Mutual Funds</b>		
<b>Own Funds</b>		
- Units of Dividend Oriented Debt Schemes of Mutual Funds (Quoted)	150	150
<b>TOTAL</b>	<b>1,35,944</b>	<b>1,05,973</b>
Aggregate Amount of Quoted Investments	<b>74,909</b>	<b>45,047</b>
Market Value of Quoted Investments	<b>73,773</b>	<b>45,166</b>
Book Value of Unquoted Investments	<b>61,035</b>	<b>60,926</b>

## Note 10

## NON CURRENT INVESTMENTS (CONTD.)..

Sr. No.	SCHEME NAME	Balance as on March 31, 2014		Balance as on March 31, 2013	
		Units	₹ In Lakh	Units	₹ In Lakh
<b>A.</b>	<b>NON CURRENT INVESTMENTS</b>				
<b>(a)</b>	<b>Own Funds</b>				
	<b>Bonds &amp; Non Convertible Debentures (Quoted)</b>				
1	8.40 % Housing Development Finance Corporation Limited, December 2014	-	-	500	4,916
2	7.95 % Housing Development Finance Corporation Limited, April 2014	-	-	200	2,000
3	9.85 % Housing Development Finance Corporation Limited, June 2015	250	2,502	-	-
4	9.18 % Housing Development Finance Corporation Limited, February 2018	250	2,436	-	-
5	9.75 % Housing Development Finance Corporation Limited, December 2016	297	2,957	-	-
6	8.51 % HUDCO Limited, January 2024	2,50,000	2,500	-	-
7	8.29 % HUDCO Limited, March 2024	1,00,000	1,000	-	-
8	10.00% ICICI Bank Ltd., November 2017	7,551	755	7,551	755
9	8.25 % ICICI Home Finance Co. Ltd., May 2014	-	-	250	2,496
10	9.97% Infrastructure Leasing Financial Services Ltd., September 2016	1,00,000	1,001	-	-
11	11.25% Infrastructure Leasing Financial Services Ltd., August 2016	1,00,000	1,026	-	-
12	9.95% Infrastructure Leasing Financial Services Ltd., February 2019	1,00,000	1,000	-	-
13	7.95% Infrastructure Development Finance Company Ltd., May 2014	-	-	250	2,500
14	6.72% Indian Railway Finance Corporation Ltd (Tax Free), December 2020	7,500	7,474	7,500	7,470
15	7.55% Indian Railway Finance Corporation Ltd (Tax Free), November 2021	500	500	500	500
16	8.00% Indian Railway Finance Corporation Ltd (Tax Free), February 2022	6,31,898	6,483	6,31,898	6,503
17	7.19% Indian Railway Finance Corporation Ltd (Tax Free), December 2022	200	2,000	200	2,000
18	8.23% Indian Railway Finance Corporation Ltd (Tax Free), February 2024	1,50,000	1,500	-	-
19	8.35% Indian Railway Finance Corporation Ltd (Tax Free), November 2023	200	2,000	-	-
20	8.64% LIC Housing Finance Ltd, May 2016	200	1,955	-	-
21	9.30% LIC Housing Finance Ltd, October 2016	250	2,487	-	-
22	9.40% LIC Housing Finance Ltd, February 2016	250	2,486	-	-
23	10.18% LIC Housing Finance Ltd, September 2016	100	1,002	-	-

## Note 10

## NON CURRENT INVESTMENTS (CONTD.)..

Sr. No.	SCHEME NAME	Balance as on March 31, 2014		Balance as on March 31, 2013	
		Units	₹ In Lakh	Units	₹ In Lakh
24	10.60% LIC Housing Finance Ltd, September 2016	250	2,544	-	-
25	8.20% National Highway Authority of India Ltd (Tax Free), January 2022	61,810	618	61,180	618
26	8.27% National Highway Authority of India Ltd (Tax Free), February 2024	2,50,000	2,500	-	-
27	8.26% National Housing Bank (Tax Free), January 2024	18,050	903	-	-
28	8.41% NTPC Ltd (Tax Free), December 2023	79,162	792	-	-
29	7.19 % Power Finance Corporation Ltd. (Tax Free), January 2023	1,00,000	1,000	1,00,000	1,000
30	7.60 % Power Finance Corporation Ltd., December 2015	100	991	100	986
31	8.20 % Power Finance Corporation Ltd. (Tax Free), February 2022	10,05,982	10,429	8,21,195	8,717
32	8.90 % Power Grid Corporation Ltd., February 2016	40	502	40	504
33	9.20 % Power Grid Corporation Ltd., March 2016	160	2,019	160	2,029
34	8.01 % Rural Electrification Corporation Ltd. (Tax Free), August 2023	250	2,501	-	-
35	8.01 % Rural Electrification Corporation Ltd. (Tax Free), September 2023	5,00,000	5,000	-	-
36	9.30 % State Bank of India, March 2021	3,791	379	3,791	379
	<b>TOTAL</b>		<b>73,242</b>		<b>43,373</b>
<b>Units of Dividend Oriented Debt Schemes of Mutual Funds (Quoted)</b>					
1	HDFC Debt Fund for Cancer Cure - 100% Dividend Donation, March 2017	15,00,000	150	15,00,000	150
	<b>TOTAL</b>		<b>150</b>		<b>150</b>
<b>(b) Earmarked Funds</b>					
<b>Bonds &amp; Non Convertible Debentures (Quoted)</b>					
1	9.25% Vijaya Bank Ltd., August 2016	150	1,517	150	1,524
	<b>TOTAL</b>		<b>1,517</b>		<b>1,524</b>

## Note 11

## LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Deposit with Public Bodies and Others	297	227
Income Taxes Paid in Advance (Net of Provisions)	5,338	3,663
MAT Credit entitlement - Unsecured, considered good	209	-
Advance To Staff	126	144
Prepaid Expenses	95	108
<b>TOTAL</b>	<b>6,065</b>	<b>4,142</b>

## Note 12

## OTHER NON CURRENT ASSETS

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Others</b>		
Gratuity asset (net)	290	185
<b>TOTAL</b>	<b>290</b>	<b>185</b>

## Note 13

## INVESTMENTS

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>(Non Trade)</b>		
<b>A) Current Investments (At lower of cost and fair value)</b>		
<b>Investments in Debentures and Bonds/CD</b>		
<b>Own Funds</b>		
- Certificate of Deposits (Quoted)	2,987	-
- Bonds and Non Convertible Debentures (Quoted)	6,480	-
<b>Investments in Mutual Funds</b>		
<b>(a) Own Funds</b>		
- Investment in Mutual Fund	-	
- Units of Dividend Oriented Debt Schemes of Mutual Funds (Quoted)	2,464	1,833
	<b>2,464</b>	<b>1,833</b>
<b>(b) Earmarked Funds</b>		
- Units of Dividend Oriented Debt Schemes of Mutual Funds (Quoted)	947	-
- Units of Growth Oriented Debt Schemes of Mutual Funds (Quoted)	75	75
	<b>1,022</b>	<b>75</b>
<b>B) Current Portion of Long Term Investments</b>		
(At Cost, unless otherwise Specified)		
<b>Investments in Debentures and Bonds</b>		
<b>Own Funds</b>		
- Bonds and Non-Convertible Debentures (Quoted)	15,452	22,221
<b>Investments in Mutual Funds</b>		
<b>Own Funds</b>		
- Units of Dividend Oriented Debt Schemes of Mutual Funds (Quoted)	-	500
	<b>-</b>	<b>500</b>
<b>TOTAL</b>	<b>28,405</b>	<b>24,629</b>
Aggregate Amount of Quoted Investments	<b>28,405</b>	24,629
Market Value of Quoted Investments	<b>28,470</b>	24,628

## Note 13

## INVESTMENTS (CONTD.)..

Sr. No.	SCHEME NAME	Balance as on March 31, 2014		Balance as on March 31, 2013	
		Units	₹ In Lakh	Units	₹ In Lakh
<b>B</b>	<b>CURRENT INVESTMENTS</b>				
	<b>Investment in Mutual Funds</b>				
<b>(a)</b>	<b>Own Funds</b>				
	<b>Certificate of Deposit (Quoted)</b>				
1	IndusInd Bank Ltd., April 2014	3,000	2,987	-	-
	<b>TOTAL</b>		2,987		-
	<b>Bonds &amp; Non Convertible Debentures (Quoted)</b>				
1	9.75% Infrastructure Development Finance Company Ltd., July 2014	200	1,999	-	-
2	9.37% LIC Housing Finance Ltd, November 2014	250	2,491	-	-
3	8.85% Power Finance Corporation Ltd., October 2014	200	1,990	-	-
	<b>TOTAL</b>		6,480		-
	<b>Units Of Dividend Oriented Debt Schemes Of Mutual Funds (Quoted)</b>				
1	ICICI Prudential Liquid - Super IP - Dividend	-	-	5,00,255	500
2	ICICI Prudential Liquid - Super IP - Dividend - ISF	4,62,248	462	2,85,571	286
3	Reliance Liquidity Fund - Monthly Dividend Reinvestment	-	-	209	2
4	UTI Short Term Income Fund - IP - Dividend	-	-	48,32,760	520
5	DWS Short Maturity Fund - Prem Plus - Weekly Dividend	-	-	50,70,602	525
6	SBI Magnum Insta Cash - Cash Plan	1,19,500	2,002	-	-
7	L&T Liquid Fund - Daily Dividend	30	-	-	-
	<b>TOTAL</b>		2,464		1,833
<b>(b)</b>	<b>Earmarked Funds</b>				
	<b>Units Of Dividend Oriented Debt Schemes Of Mutual Funds (Quoted)</b>				
1	SBI Magnum Insta Cash - Cash Plan	56,542	947	-	-
	<b>TOTAL</b>		947		-
	<b>Units Of Growth Oriented Debt Schemes Of Mutual Funds (Quoted)</b>				
1	ICICI Prudential FRF - Plan C - Growth	71,460	75	71,460	75
	<b>TOTAL</b>		75		75
	<b>Current Portion of Long Term Investments</b> (At Cost, unless otherwise specified)				
	<b>Own Funds</b>				
	<b>Investments in Debentures &amp; Bonds</b>				
	<b>Bonds &amp; Non Convertible Debentures (Quoted)</b>				
1	7.95 % Housing Development Finance Corporation Limited, April 2014	200	2,000	-	-
2	8.40 % Housing Development Finance Corporation Limited, December 2014	500	4,966	-	-
3	8.25 % ICICI Home Finance Co. Ltd., May 2014	250	2,500	-	-
4	11.35% IDBI Bank Ltd., December 2013	-	-	450	4,580
5	7.95% Infrastructure Development Finance Company Ltd., May 2014	250	2,500	200	2,035

## Note 13

## INVESTMENTS (CONTD.)..

Sr. No.	SCHEME NAME	Balance as on March 31, 2014		Balance as on March 31, 2013	
		Units	₹ In Lakh	Units	₹ In Lakh
6	9.20% Infrastructure Development Finance Company Ltd., February 2015	200	1,989	-	-
7	9.80% LIC Housing Finance Ltd., January 2015	100	999	-	-
8	9.39% LIC Housing Finance Ltd., February 2015	50	498	-	-
9	9.45 % Rural Electrification Corporation Ltd., April 2013	-	-	500	5,001
10	11.50% Rural Electrification Corporation Ltd., November 2013	-	-	500	5,080
11	9.25% IDBI Bank Ltd., March 2014	-	-	250	2,526
12	6.85 % India Infrastructure Finance Company Ltd ( Tax Free), January 2014	-	-	1,000	1,000
13	6.85 % India Infrastructure Finance Company Ltd ( Tax Free), March 2014	-	-	2,000	1,999
	<b>TOTAL</b>		<b>15,452</b>		<b>22,221</b>
<b>Investments in Mutual Funds</b>					
<b>Units Of Dividend Oriented Debt Schemes Of Mutual Funds (Quoted)</b>					
1	IDFC FMP - 366 Days - Series 74 - Dividend	-	-	50,00,000	500
	<b>TOTAL</b>		-		500

## Note 14

## TRADE RECEIVABLES

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>1. Secured and Considered Good</b>		
- Outstanding for a period exceeding six months (from due date for payment)	109	84
- Other Debts	1,154	816
	<b>1,263</b>	900
<b>2. Unsecured and Considered Good</b>		
- Outstanding for a period exceeding six months (from due date for payment)	239	488
- Other Debts	899	952
	<b>1,138</b>	1,440
<b>3. Unsecured and Considered Doubtful</b>		
- Outstanding for a period exceeding six months (from due date for payment)	580	386
- Other Debts	1	13
Less: Provision for Doubtful Debts	(581)	(399)
	-	-
<b>TOTAL</b>	<b>2,401</b>	<b>2,340</b>

## Note 15

## CASH AND BANK BALANCES

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Cash and Cash Equivalents</b>		
<b>1. Cash on Hand</b>	-	-
<b>2. Balances with Banks</b>		
<b>Owned</b>		
- In Current Accounts	971	6,065
- In Deposit Accounts	48,295	95,141
	49,266	1,01,206
<b>Earmarked</b>		
- In Current Accounts	140	3
- In Deposit Accounts	19,489	18,725
	19,629	18,728
<b>TOTAL</b>	68,895	1,19,934

**Notes:**

Balances in Deposit Account with Banks (Owned) includes ₹ 754 Lakh (As at March 31, 2013 ₹ 4,234 Lakh), which have a remaining maturity of more than 12 months.

## Note 16

## SHORT TERM LOANS AND ADVANCES

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>1. Unsecured and Considered Good</b>		
- Advances to Staff	33	38
- Due from Subsidiaries	91	180
- Prepaid Expenses	310	222
- Balances with Government Authorities		
CENVAT Credit Receivable	437	654
- Others		
Advances Recoverable in Cash or in Kind or for value to be received	160	201
- Receivable from Selling Shareholders	170	85
	1,201	1,380
<b>2. Unsecured and Considered Doubtful</b>	771	771
Less: Provision for Doubtful Advances	(771)	(771)
	-	-
<b>TOTAL</b>	1,201	1,380



## Note 17

## OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
Receivable from Mutual funds (Refer note below)	-	501
<b>Accrued Interest</b>		
<b>Owned</b>		
- On Deposits	65	44
- On Investments	3,554	2,124
	3,619	2,168
<b>Earmarked</b>		
- On Deposits	70	16
	70	16
<b>TOTAL</b>	3,689	2,685

Note: Receivable from Mutual funds on account of redemption made as on March 28, 2013.

## Note 18

## INCOME FROM TRADING MEMBERS

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Transaction Charges	2,940	3,171
Charges Recovered	2,084	2,857
Annual Subscription and Admission Fees	156	162
Processing Fees	223	306
<b>TOTAL</b>	5,403	6,496

## Note 19

## INCOME FROM SERVICES TO CORPORATES

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Listing Fees	4,838	4,261
Book Building Software Charges	744	750
Company Reinstatement Fees	142	713
Other Fees	190	67
<b>TOTAL</b>	5,914	5,791

## Note 20

## INCOME FROM INVESTMENTS AND DEPOSITS

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Income From Long Term Investments:</b>		
Interest Income	6,348	5,228
Dividend Income From Subsidiary	2,904	850
Dividend Income From Others	104	52
Profit/ (Loss) on Sale / Redemption	-	193
<b>Income From Current Investments:</b>		
Interest Income	330	-
Dividend Income	1,130	666
Profit on Sale / Redemption	25	118
<b>Interest From Fixed Deposits and Term Deposits</b>	<b>5,972</b>	<b>9,563</b>
<b>Interest Income on Application Money</b>	<b>79</b>	<b>-</b>
<b>TOTAL</b>	<b>16,892</b>	<b>16,670</b>

## Note 21

## OTHER INCOME

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Rent and Infrastructure Charges	2,370	2,152
Website Income	208	169
Miscellaneous Income	455	373
<b>TOTAL</b>	<b>3,033</b>	<b>2,694</b>

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Miscellaneous Income include Foreign Exchange Gain/Loss	30	34

## Note 22

## EMPLOYEE BENEFITS EXPENSE

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Salaries, Allowances and Bonus	4,622	3,815
Contribution to Provident and Other Funds	101	171
Staff Welfare Expenses	372	408
Compensated Absences	67	56
<b>TOTAL</b>	<b>5,162</b>	<b>4,450</b>

## Note 23

## ADMINISTRATION AND OTHER EXPENSES

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Advertising & Marketing Expenses	308	279
Building Repairs & Maintenance Expenses	463	416
Charity and Donations	17	22
Clearing House Expenses	588	634
Computer Technology Related Expenses (Refer note below)	5,701	6,952
Contribution to Investors' Protection Fund	32	30
Contribution to SEBI	522	503
Directors' Fees	6	9
Electricity Charges (Net of Recoveries)	1,004	929
Insurance	55	75
Legal Fees	362	221
Professional Fees	374	521
Loss on sale of Fixed Assets	242	8
Postage and Telephone Expenses	113	113
Printing and Stationery	100	63
Property Taxes (Net of Recoveries)	106	186
Diminution in Value of Current Investments	(1)	1
Provision for Diminution in Value of Long term Investment	2	104
Provision for Trade Receivables	182	153
Rebate on Transaction Charges	94	362
Rent	249	207
Repairs to Other Assets	139	121
Travelling Expenses	177	228
Miscellaneous Expenses (Refer note below)	589	651
<b>TOTAL</b>	<b>11,424</b>	<b>12,788</b>

## Notes:

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Computer Technology Related Expenses include Repairs and Maintenance on Computers	3,042	3,485
Auditors' Remuneration included in Miscellaneous Expenses:		
Audit Fees	67	56
Tax Audit Fees	7	6
Other Services	1	1
<b>TOTAL</b>	<b>75</b>	<b>63</b>
Net of Service Tax Credit availed ₹ 13 lakh (₹ 11 lakh as at March 31, 2013)		

**24. Contingent Liabilities not provided for in respect of:**

Sr. No.	PARTICULARS	As at March 31, 2014	As at March 31, 2013
		₹ In Lakh	₹ In Lakh
a)	Claims against the Exchange not acknowledged as debts in respect of :		
i)	Income tax matters	1,465	1,153
ii)	Service tax matters	36	36
iii)	Department of telecommunication license matters (Refer Note below)	401	117
iv)	Other matters (Including ₹ 10,383 Lakh (₹ 10,565 Lakh for the year ended March 31, 2013) which in the opinion of the Management are remote)	11,016	11,367
b)	Guarantees given by the Exchange to the loan provider: Aggregate loans outstanding from employees of the Exchange as on date. The employees have mortgaged their flats/ properties with the loan provider.	104	126
c)	Guarantee given by the bank on behalf of the Exchange	204	201

**Note:** During the Previous year 2012-13, the Exchange has received notices from Department of Telecommunication (DoT), Government of India to pay a revised VSAT Network License Fees, Royalty etc. aggregating ₹ 636 Lakh against which amount of ₹ 235 Lakh has been paid and expensed during the previous year. In respect of the balance of ₹ 401 lakh the Management has filed a reply, after legal consultations, with DoT challenging the claim stating that the demand notices are based on an incorrect interpretation of the existing guidelines/orders. Hence no provision for the same is made in the accounts and the amount has been considered as a Contingent Liability.

25. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 4,287 lakh as on March 31, 2014 (₹ 4,526 lakh as on March 31, 2013).
26. The Securities Contracts (Regulation) (SECC) Regulations, 2012 dated June 20, 2012 requires every recognised stock exchange to credit twenty five percent of its annual profits every year to a fund to guarantee settlement of trades of the recognised clearing corporation(s) which clears and settles trades executed on that stock exchange. Exchange has sought certain clarifications/guiding principles from SEBI regarding the norms for sourcing including transfer of profits by stock exchanges to the above mentioned fund and the methodology to be adopted. Pending receipt of clarifications/guiding principles from SEBI in the matter, no transfer of profits has been recorded till date in the books of account.
27. As per the definitions of 'business segment' and 'geographical segment', contained in Accounting Standard – 17 (AS-17) "Segment Reporting", the Management is of the opinion that as the Company's operations comprise only facilitating trading in securities and the activities incidental thereto, there is neither more than one business segment nor more than one reportable geographical segment and therefore following disclosure is made.

PARTICULARS	For the Year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Segment Revenue</b>		
Stock Exchange Activity :		
(a) Operation	16,147	18,196
(b) Related Activity (Treasury)	14,586	13,341
<b>Total</b>	<b>30,733</b>	<b>31,537</b>
Less : Inter Segment Revenue	-	-
<b>Total Segment Revenue</b>	<b>30,733</b>	<b>31,537</b>
<b>Segment Results before exceptional item</b>		
Stock Exchange Activity :		
(a) Operation	840	985
(b) Related Activity (Treasury)	14,476	13,254
<b>Total</b>	<b>15,316</b>	<b>14,239</b>

## Note 24 to 36

(CONTD.)..

PARTICULARS	For the Year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Less : Exceptional Item	6,129	9,554
<b>Segment Results after exceptional item</b>		
Stock Exchange Activity :		
(a) Operation	(5,289)	(8,569)
(b) Related Activity (Treasury)	14,476	13,254
<b>Total Segment Results</b>	9,187	4,685
Add : Unallocated Corporate Income	2,550	2,354
Less : Unallocated Corporate Expenses	3,843	3,490
<b>Profit before taxation</b>	7,894	3,549
Less : Provision for taxation	417	594
<b>Profit after taxation</b>	7,477	2,955
PARTICULARS	As at March 31, 2014	As at March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>Segment Assets</b>		
Stock Exchange Activity :		
(a) Operation	46,904	63,809
(b) Related Activity (Treasury)	2,00,181	1,98,776
<b>Total Segment Assets</b>	2,47,085	2,62,585
Unallocated Assets	12,160	10,151
<b>Total Assets</b>	2,59,245	2,72,736
<b>Segment Liabilities</b>		
Stock Exchange Activity :		
(a) Operation	42,706	59,515
(b) Related Activity (Treasury)	500	700
<b>Total Segment Liabilities</b>	43,206	60,215
Unallocated Liabilities	7,522	7,025
<b>Total Liabilities</b>	50,728	67,240

28. As per the Accounting Standard-18 "Related Party Disclosures" the related parties of the Exchange are as follows:

a) **Subsidiaries:**

NAME
Indian Clearing Corporation Limited
Marketplace Technologies Private Limited
BSE Institute Limited
Central Depository Services (India) Limited
BSE Investments Limited (w.e.f March 28, 2014)

b) **Indirect Subsidiaries:**

NAME
Marketplace Tech Infra Services Private Limited
CDSL Ventures Limited
Central Insurance Repository Limited

## Transactions with the Subsidiaries:

NAME	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>INCOME</b>			
Indian Clearing Corporation Limited	Rent and Infrastructure Charges	38	27
	Miscellaneous Income	165	100
	Dividend Income	1,721	-
	Other Employee cost Recovery	1	2
	Administrative and Other Expenses (Recoveries)	694	236
Marketplace Technologies Private Limited	Charges Recovered	3	3
BSE Institute Limited	Salaries, Allowances and Bonus (Recoveries)	78	52
	Other Employee cost Recovery	1	10
	Rent and Infrastructure Charges	274	149
	Dividend Income	50	-
	Miscellaneous Income	10	9
	Administrative and Other Expenses (Recoveries)	129	29
Central Depository Services (India) Limited	Administrative and Other Expenses (Recoveries)	61	97
	Charges Recovered	84	252
	Dividend Income	1,133	850
	Rent and Infrastructure Charges	277	277
	Miscellaneous Income	6	3
<b>EXPENDITURE</b>			
Indian Clearing Corporation Limited	Clearing House Services Charges	588	634
Marketplace Technologies Private Limited	Computer Technology Related Expenses (net of recovery)	1,162	1,125
	Purchase of Capital Assets	463	196
	Capital Work in Progress	68	-
Central Depository Services (India) Limited	Building Repair and Maintenance	5	4

## Note 24 to 36

(CONTD.)..

NAME	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>ASSETS</b>			
Indian Clearing Corporation Limited	Investments	35,400	35,400
Marketplace Technologies Private Limited	Investments	4,250	4,250
BSE Institute Limited	Investments	5,000	5,000
	Receivable	74	165
BSE Investments Limited	Investments	10	-
	Receivable	3	-
BFSI Sector Skill Council of India	Investments	100	-
Central Depository Services (India) Limited	Investments	12,795	12,795
	Receivable	17	15
<b>LIABILITIES</b>			
Indian Clearing Corporation Limited	Payable (Net)	62	18
Marketplace Technologies Private Limited	Payable	288	129
Central Depository Services (India) Limited	Other Deposits Received	73	73

## c) Entities under control:

NAME
The Stock Exchange Investors' Protection Fund
The Stock Exchange Education & Research Services
The Stock Exchange Foundation
The Stock Exchange Charities
Seth K. R. P. Shroff Stock Exchange Sarvajanic Fund
Shri Phiroze Jeejeebhoy Memorial Trust

## Transactions with the Entities under control:

NAME	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>EXPENDITURE</b>			
The Stock Exchange Investors' Protection Fund	Contribution to IPF (a proportion of listing fee)	32	30

## Note 24 to 36

(CONTD.)..

NAME	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>ASSETS</b>			
The Stock Exchange Investors' Protection Fund	Receivable	111	29

## d) Joint Venture:

NAME
BOI Shareholding Limited
Asia Index Private Limited

## Transactions with the Joint Venture:

NAME	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>INCOME</b>			
BOI Shareholding Limited	Dividend Income	98	49
	Administrative and Other Expenses (Recoveries)	33	31
Asia Index Private Limited	Salaries, Allowances and Bonus (Recoveries)	14	-
	Rent and Infrastructure Charges	20	-
	Administrative and Other Expenses (Recoveries)	2	-

NAME	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>ASSETS</b>			
BOI Shareholding Limited	Investments	98	98
	Receivable	2	3
Asia Index Private Limited	Investments	1	-
	Payable	17	-
	Deposit	12	-

## e) Associate

Name: Institutional Investor Advisory Services India Limited

NAME	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>ASSETS (At Cost)</b>	Investments	400	400
<b>LIABILITIES</b>	Deposit	15	15



Note 24 to 36

(CONTD.)..

NAME	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>INCOME</b>			
Institutional Investor Advisory Services India Limited	Rent and Maintenance Charge	29	27
	Administrative and Other Expenses (Recoveries)	4	2

f) **Key Management Personnel (KMP) and their relatives :**

NAME	RELATION
Shri Madhu Kannan	Managing Director and Chief Executive Officer ( up to May 2012)
Shri Ashishkumar Chauhan	Managing Director and Chief Executive Officer ( from Nov 2012 onwards)
Mrs. S. A. Chauhan	Relative of KMP

Transactions with Key Management Personnel and their relatives:

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
<b>EXPENDITURE</b>		
Shri Madhu Kannan		
Salaries, Allowances and Bonus	-	50
Shri Ashishkumar Chauhan		
Salaries, Allowances and Bonus	245	120

PARTICULARS	PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹ In Lakh	₹ In Lakh
<b>LIABILITIES:</b>			
Mrs. S. A. Chauhan	Payable towards shares in subsidiary company purchased in October 2009	500	700
	Payment made during the year	200	NA

- g) Details of the Exchange's interest in its Joint Venture, having Joint Control, as per the requirement of Accounting Standard (AS) - 27 on "Financial Reporting of Interests in Joint Ventures", are as under:

SR. No.	PARTICULARS	BOI Shareholding Limited (BOISL) – 49.00% Asia Index Private Limited (AIPL) – 50.00% (Incorporated and Registered in India)		
		For the year ended March 31, 2014		For the year ended March 31, 2013
		₹ In Lakh		₹ In Lakh
	% Shares Held	50.00% (AIPL)	49.00% (BOISL)	49.00% (BOISL)
(a)	Assets	187	1,560	1,577
(b)	Liabilities	212	364	440
(c)	Income	41	729	586
(d)	Expenses	67	311	544
(e)	Other Matters – Contingent Liability	Nil	Nil	Nil

## 29. Finance Lease

- i) Assets acquired on finance lease mainly comprise computer equipments.
- ii) The Minimum lease rentals as at March 31, 2014 and the present value as at March 31, 2013 of minimum lease payments in respect of assets acquired under finance lease are as follows:

Sr. No.	PARTICULARS	Minimum Lease Payments		Present value of Minimum Lease Payments	
		As on March 31, 2014	As on March 31, 2013	As on March 31, 2014	As on March 31, 2013
		₹ In Lakh	₹ In Lakh	₹ In Lakh	₹ In Lakh
1	Payable not later than 1 Year	75	-	67	-
2	Payable later than 1 Year and not later than 5 Years	224	-	163	-
3	Payable later than 5 Years	-	-	-	-
	<b>Total</b>	<b>299</b>	<b>-</b>	<b>230</b>	<b>-</b>
	Less : Future Finance Charges	69			
	<b>Present Value of Minimum Lease Payments</b>	<b>230</b>			

- iii) Contingent rent recognised/(adjusted) in the Statement of Profit and Loss in respect of finance lease: ₹ Nil (Previous year : ₹ Nil)

## 30. Earnings Per Share:

PARTICULARS	For the Year ended March 31, 2014	For the year ended March 31, 2013
Profit After Tax (₹ in Lakh)	7,477	2,955
Weighted Average Number of Equity Shares for Basic and Diluted Earnings Per Share (In Nos.)	10,57,47,772	10,57,47,772
<b>Basic and Diluted EPS (in ₹)</b>	<b>7.07</b>	<b>2.79</b>

**31. Earnings / Expenditure in Foreign Currency :****a. Earnings:**

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Data feed	1,592	1,743
Website	173	129
Other	8	-
<b>Total</b>	<b>1,773</b>	<b>1,872</b>

**b. CIF Value of Imports:**

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Equipments	112	-
<b>Total</b>	<b>112</b>	<b>-</b>

**c. Expenses:**

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹ In Lakh	₹ In Lakh
Computer technology related expenses	2	26
Annual Subscription Charges	169	94
Traveling Expenses	40	47
Legal and Professional Fees	121	210
Seminar & Sponsorship Expenses	-	2
Sitting Fees	1	-
Purchase of software	99	-
<b>Total</b>	<b>432</b>	<b>379</b>

32. The Exchange offers Deposit Based Membership. Trading Members are required to deposit a specified amount with the Exchange which is included in Deposits from Members. As at March 31, 2014 the deposit amount of ₹ 3,100 lakh (₹ 24,350 lakh as at March 31, 2013) have a lock in period of more than a year and have been disclosed as Non Current Liabilities. Current portion of deposits from Trading Members amounting to ₹ 6,444 lakh (₹ 5,097 lakh as at March 31, 2013) have been disclosed as Other Current Liabilities.

**33. Disclosure as required under Accounting Standard –15 on “Employee Benefits” is as under:****Defined Benefit Plan – Gratuity:**

YEAR OF ACCOUNTING	March 31, 2014	March 31, 2013
<b>I. Summary of Membership Data</b>		
Number of Employees	430	436
Total Monthly Salary (₹ in Lakh)	144	145
Average Age (In Years)	42.12	41.53
Average Past Service (In Years)	13.77	13.34

II. ASSUMPTIONS AS AT	March 31, 2014	March 31, 2013
	₹ In Lakh	₹ In Lakh
Mortality	Published rates under the Indian Assured Lives Mortality (2006-08) Ult table.	
Discount Rate	9.20%	8.05%
Salary Escalation rate(p.a)	7.00%	7.50%
Expected rate of return on plan assets	8.50%	8.50%
Withdrawal rate		
- 21 to 44 years	2.5%	2.5%
- 45 to 60 years	1%	1%
Average Future working life (years)	10.52	11.71

**Amount to be recognised in the Balance Sheet and Movement in Net Liability / (Assets):**

III. PARTICULARS	March 31, 2014	March 31, 2013
	₹ In Lakh	₹ In Lakh
Present Value of Funded Obligations	1,646	1,776
Fair Value of Plan Assets	(1,976)	(1,969)
Amount not recognized as an asset (limit in para 59(b)) under AS 15 (R)	40	8
Net Liability / (Asset)	(290)	(185)

**Expenses recognised in Statement of Profit and Loss:**

IV. PARTICULARS	March 31, 2014	March 31, 2013
	₹ In Lakh	₹ In Lakh
Current Service Cost	105	120
Interest on Defined Benefit Obligations	148	154
Expected Return on Plan Assets	(163)	(153)
Net Actuarial Losses / (Gains) Recognised during the year	(226)	(151)
Effect of Limit in para 59(b) under AS 15 (R)	31	8
<b>Total Gratuity expenses included in "Employee Benefit Expense"</b>	<b>(105)</b>	<b>(22)</b>
Actual Return on Plan Assets	93	171

**Reconciliation of Benefit Obligation:**

V. PARTICULARS	March 31, 2014	March 31, 2013
	₹ In Lakh	₹ In Lakh
Opening Defined Benefit Obligation	1,776	1,722
Current Service Cost	105	120
Interest Cost	148	154
Actuarial Loss / (Gain)	(297)	(133)
Liabilities settled on transfer	-	(32)
Benefits Paid	(86)	(55)
Closing Defined Benefit Obligation	1,646	1,776

**Reconciliation of Fair Value of Plan Assets:**

VI. PARTICULARS	March 31, 2014	March 31, 2013
	₹ In Lakh	₹ In Lakh
Opening Fair Value of Plan Assets	1,969	1,853
Expected Return on Plan Assets	163	153
Actuarial Gain / (Loss)	(70)	18
Contributions by Employer	-	-
Benefits Paid	(86)	(55)
Closing Fair Value of Plan Assets	1,976	1,969

**Composition of Plan Assets:**

VII. PARTICULARS	March 31, 2014	March 31, 2013
	₹ In Lakh	₹ In Lakh
Government of India Securities	49%	51%
Corporate Bonds	41%	39%
Special Deposit Schemes	0%	3%
Others	10%	7%

**Experience Adjustments:**

VIII. PARTICULARS	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
	₹ In Lakh	₹ In Lakh	₹ In Lakh	₹ In Lakh	₹ In Lakh
Defined Benefit Obligations	1,646	1,776	1,722	1,767	1,767
Plan Assets	1,976	1,969	1,853	1,750	1,439
Surplus / (Deficit)	330	193	131	(17)	(328)
Experience Adjustments on Plan Liabilities	(105)	(140)	(187)	(128)	271
Experience Adjustments on Plan Assets	(70)	18	50	42	(73)

**Other Details:**

The discount rate is based on the prevailing market yields of Indian Government Securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future salary increase considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is certified by the actuary and relied upon by the Auditors.

Expected rate of return on Plan Assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The plan assets in respect of gratuity represent funds managed by the BSE employee Gratuity Fund. The Employer's best estimate of the contributions expected to be paid to the plan during the next year is ₹ NIL (₹ NIL for the year ended March 31, 2013).

**Defined Contribution Plan:**

Amount recognised as an expense and included under the head "Contribution to Provident and Other Funds" of Statement of Profit and Loss is ₹ 206 lakh (₹ 186 lakh for the year ended March 31, 2013).

34. Pursuant to SEBI Circular CIR / DNPd / 5 / 2011 dated June 2, 2011 (BSE Notice no-20110602-18, dated June 02, 2011), permitting stock exchanges to introduce Liquidity Enhancement Schemes (LES) for illiquid securities in their equity derivatives segment, the Exchange has launched a series of Liquidity Enhancement Incentive Programmes (LEIPS) to enhance liquidity in BSE's Futures & Options Segment. The programme was launched on 28th September, 2011 and an expense of ₹ 6,129 lakh has been incurred towards the same for the year ended March 31, 2014 (₹ 9,554 lakh for the year ended March 31, 2013). Considering the special nature of this expense and its impact on the profit of the Exchange, the same has been recognised as an exceptional item.

35. The Board of Directors of the Exchange at its meeting held on May 14, 2014, gave their consent in respect of the scheme of amalgamation of United Stock Exchange (USE) with the Company under Section 391 and Section 394 and other applicable provisions of the Companies Act, 1956 ( or pursuant to the applicable provisions under the Companies act 2013 upon enforcement of such provisions), with effect from April 1, 2014, subject to receipt of all requisite statutory and regulatory approvals.
36. Previous year figure's have been regrouped / reclassified wherever necessary to correspond with the current quarter's classification / disclosure.

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For and on behalf of the Board of Directors

**S. Ramadorai**  
Chairman

**Ashishkumar Chauhan**  
Managing Director & CEO

Place : Mumbai  
Date : May 14, 2014

**Nayan Mehta**  
Chief Financial Officer

**Neena Jindal**  
Company Secretary

**Statement pursuant to general exemption received under section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies**

₹ In Lakh

Sr No	Name of the subsidiary company	Paid up capital	Reserves	Total assets	Total liabilities Investment	Investments (except Income in subsidiary)	Turnover/ Total Before tax	Profit / loss	Provision for tax tax	Profit / loss after declared	Dividend proposed/	Country
1.	Central Depository Services (India) Limited	10,450.00	22,268.95	41,392.11	8,673.16	31,034.24	10,544.95	5,163.96	1,023.69	4,140.27	2,445.19	India
2.	Indian Clearing Corporation Limited	35,400.00	10,772.00	1,41,883.00	1,41,883.00	70,337.00	9,110.00	7,519.00	1,470.00	6,049.00	2,564.00	India
3.	BSE Institute Limited	5,000.00	204.32	5,925.05	5,925.05	2,872.91	1,432.24	3.74	(4.40)	8.14	—	India
4.	BSE Investments Limited *	10.00	—	13	13	—	—	—	—	—	—	India
5.	Marketplace Technologies Private Limited	200.00	1,758.00	2,423.00	2,423.00	1,004.00	2,510.00	393.00	128.00	265.00	—	India
6.	BFSI Sector Skill Council of India **	205.00	237.81	534.14	534.14	—	372.35	269.39	—	269.39	—	India
7.	Marketplace Tech Infra Services Private Limited	1.00	(1.07)	15.05	15.05	—	116.39	11.21	5.08	6.13	—	India
8.	CDSL Ventures Limited	300.00	4,302.17	4,700.48	98.31	4,056.47	1,629.27	1,031.56	259.44	772.12	—	India
9.	Central Insurance Repository Limited	3,000.00	202.22	3,242.00	39.78	2,448.45	248.76	53.65	11.00	42.65	—	India

\* BSE Investments Limited was incorporated on February 27, 2014

\*\* BFSI Sector Skill Council of India Limited is a Section 25 company under the Companies Act, 1956 and the same has not been considered for consolidation.

# New Listings at BSE



(Left) Shri B. L. Jatia, Chairman, Westlife Development Ltd. and Shri Amit Jatia, Vice-Chairman, Westlife Development Ltd. ringing the Opening Bell during the Listing Ceremony of Westlife Development Ltd. on Tuesday, 27<sup>th</sup> August, 2013 at BSE.



Shri V. Balasubramaniam, Chief Business Officer of BSE Ltd., presenting a memento to Shri Harpreet Singh Malhotra, MD, Tiger Logistics India Limited during the Listing Ceremony of Tiger Logistics India Limited on Thursday, 12<sup>th</sup> September, 2013 at BSE.



Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. presenting a memento to Shri Raghavendra Joshi, Chairman, R J Bio-Tech Limited during the listing ceremony of R J Bio-Tech Ltd on Wednesday, 25<sup>th</sup> September, 2013 at BSE.



Shri Ramesh Khichadia, Chairman & Managing Director, Captain Polyplast Ltd. ringing the "Opening Bell" during the listing ceremony of Captain Polyplast Ltd. on Wednesday, 11<sup>th</sup> December, 2013 at BSE.





Dr. Ganesh Natarajan, Vice Chairman & Managing Director of Zensar Technologies Ltd. and Shri S. Balasubramaniam, Chief Financial Officer, Zensar Technologies Ltd. ringing the Opening Bell of Zensar Technologies Limited on 13<sup>th</sup> March, 2014 at BSE.



Shri V Balasubramaniam, Chief Business Officer, BSE Ltd. presenting a memento to Shri Bhavesh Bhanushali, Managing Director, Women's Next Loungeries Limited during the Listing Ceremony of Women's Next Loungeries Limited on Monday, 21<sup>st</sup> April, 2014 at BSE.



Shri Ashishkumar Chauhan, MD & CEO, BSE Ltd. presenting a memento to Shri Shivshankar Lature, Managing Director, Suyog Telematics Limited during the listing ceremony of Suyog Telematics Limited on Wednesday, 22<sup>nd</sup> January, 2014 at BSE.



**BSE Limited**

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