

# Boards' Report

The Board of Directors ("Board") present the Fifteenth Annual Report of BSE Limited ("the Company" or "BSE" or "Exchange") together with audited financial statements for the Financial Year ended March 31, 2020.

## STATE OF AFFAIRS

### FINANCIAL SUMMARY AND HIGHLIGHTS:

The financial performance for Financial Year ("FY") 2019-20 is summarised in the following table:

₹ in Lakh

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Total revenue	54,213	61,239	63,000	68,744
Total expenses	45,849	39,846	55,320	49,861
<b>Profit before exceptional items &amp; tax</b>	<b>8,364</b>	<b>21,393</b>	<b>7,680</b>	<b>18,883</b>
Exceptional items [income/(expenses)]	9,158	457	3,204	(54)
<b>Profit before tax and share of profits of associates</b>	<b>17,522</b>	<b>21,850</b>	<b>10,884</b>	<b>18,829</b>
Share of profits of associates	-	-	2,665	2,923
<b>Profit before tax</b>	<b>17,522</b>	<b>21,850</b>	<b>13,549</b>	<b>21,752</b>
Tax expenses	155	1,745	1,488	2,335
<b>Net profit for the year from continuing operations</b>	<b>17,367</b>	<b>20,105</b>	<b>12,061</b>	<b>19,417</b>
Net profit from discontinued operation	-	-	-	511
<b>Net profit for the year from total operations</b>	<b>17,367</b>	<b>20,105</b>	<b>12,061</b>	<b>19,928</b>
Net profit attributable to the shareholders of the Company	17,367	20,105	12,227	19,928
Net profit attributable to the non-controlling interest	-	-	(166)	-
<b>Other comprehensive income</b>	<b>(25)</b>	<b>(71)</b>	<b>1,102</b>	<b>699</b>
<b>Total comprehensive income for the year from total operation</b>	<b>17,342</b>	<b>20,034</b>	<b>13,163</b>	<b>20,627</b>
Total comprehensive income attributable to the shareholders of the Company	17,342	20,034	13,230	20,627
Total comprehensive income attributable to the non-controlling interest	-	-	(67)	-
Basic and diluted EPS before exceptional items (₹) – Continuing Operations	16.72	37.18	18.04	36.85
Basic and diluted EPS before discontinued operation after exceptional items (₹)	35.37	38.08	24.57	36.78
Basic and diluted EPS after exceptional item (₹) – Total Operations	35.37	38.08	24.57	37.75

### Consolidated Results

The total income of the Company during the FY 2019-20 on a consolidated basis was ₹ 63,000 Lakh reflecting a decrease of ₹ 5,744 Lakh (down by 8%) over previous Financial Year. However, the total expenses for the year were higher by ₹ 5,459 Lakh (up by 11%) at ₹ 55,320 Lakh.

During the Financial Year, the income was lower mainly due to decrease in investment income (down by 22%) primarily on account of buy back of shares carried out during the year. Increase in expenses

are mainly due to increase in regulatory cost by ₹ 1,415 Lakh, increase in employee benefit cost by ₹ 1,199 Lakh, increase in clearing house expenditure by ₹ 791 Lakh, increase in impairment loss allowance in trade receivables and other financial assets by ₹ 585 Lakh, increase in liquidity enhancement scheme by ₹ 483 Lakh and expenses towards settlement of service tax matters by ₹ 366 Lakh.

The net profit after tax from total operation was lower by ₹ 7,867 Lakh (down by 39%) to ₹ 12,061 Lakh as against ₹ 19,928 Lakh in the previous Financial Year.

## Standalone results

The total income of the Company during the FY 2019-20 on a standalone basis was ₹ 54,213 Lakh reflecting a decrease of ₹ 7,026 Lakh (down by 11%) over previous Financial Year. The total expenses for the year were higher by ₹ 6,003 Lakh at ₹ 45,849 Lakh.

During the Financial Year, the income was lower mainly due to decrease in investment Income (down by 29%) primarily on account of buy back of shares carried out during the year. Increase in expenses are mainly due to increase in regulatory cost by ₹ 2,031 Lakh, increase in clearing house expenses by ₹ 1,462 Lakh, increase in employee benefit cost by ₹ 911 Lakh, increase in impairment loss on trade receivables and other financial assets by ₹ 603 Lakh, expenses towards settlement of service tax matters by ₹ 366 Lakh and increase in liquidity enhancement scheme expenses by ₹ 219 Lakh.

The net profit after tax was lower by ₹ 2,738 Lakh (down by 14%) to ₹ 17,367 Lakh as against ₹ 20,105 Lakh in the previous Financial Year.

## DIVIDEND

The Board in its meeting held on May 21, 2020 has recommended a final dividend of ₹ 17/- per equity share of the face value of ₹ 2/- each, fully paid up for the Financial Year ended March 31, 2020, subject to the approval of the Shareholders at the Fifteenth Annual General Meeting. The said dividend is in line with the Dividend Distribution Policy of the Company.

The Dividend Distribution Policy containing the requirements of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is appended as **Annexure A** and is also available on the BSE's website at [https://www.bseindia.com/downloads1/BSE\\_Dividend\\_Distribution\\_Policy.pdf](https://www.bseindia.com/downloads1/BSE_Dividend_Distribution_Policy.pdf).

The final dividend, if approved, would result in a cash outflow of approximately ₹ 7,787 Lakh for FY 2019-20, resulting in a payout of 95 % of the standalone profits excluding gain on part equity stake sale of Central Depository Services (India) Limited.

In view of the changes made under the Income-Tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, accordingly, make the payment of the Final Dividend after deduction of tax at source. For more clarity on deduction of tax, please refer para on 'TDS on Dividend' as mentioned in the notes to the Notice of Fifteenth AGM.

Under Clause 5.3 of the BSE (Corporatisation and Demutualisation) Scheme, 2005, the allotment of equity shares to 12 Trading Members of the erstwhile BSE has been kept in abeyance for various reasons as on March 31, 2020. All corporate benefits including dividend as may

be declared by the Company from time to time are being provided for and would be payable on the allotment of these shares. Brief details about the shares being kept in abeyance by the Company are given in 'Share Capital' section.

During the FY 2019-20, an amount of ₹ 3,07,344/- being the unclaimed/ unpaid dividend of the Company for the Financial Year ended March 31, 2012, was transferred in November 2019 to the Investor Education and Protection Fund Authority. Brief details about the same are given in 'Investor Education and Protection Fund' section.

## TRANSFER TO RESERVES

The Company has not transferred any amount of profits to reserves for FY 2019-20.

## INVESTOR RELATIONS (IR)

The Company continuously strives for excellence in its Investor Relations ("IR") engagement with International and Domestic investors through structured conference-calls and periodic investor/ analyst interactions like individual meetings, participation in investor conferences, quarterly earnings calls and analyst meet from time to time. The Company participated in a number of investors meets organized by reputed Global and Domestic Broking Houses during the year. The Company always believes in building a relationship of mutual understanding with investor/analysts. The Company ensures that critical information about the Company is available to all the investors, by uploading all such information on the Company's website.

## MAJOR EVENTS OCCURRED DURING THE YEAR

### MATERIAL CHANGES FROM END OF FINANCIAL YEAR TILL DATE OF REPORT

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

## CHANGE IN NATURE OF BUSINESS

The Company has not undergone any change in the nature of business during the year.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year, there are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

## SHARE CAPITAL

Pursuant to Clause 5 of BSE (Corporatisation and Demutualisation) Scheme, 2005 approved by Securities and Exchange Board of India (SEBI), vide its notification dated May 20, 2005, every Trading Member having membership right of the Exchange or his nominee,

as the case may be, as on record date, decided for the purpose, was entitled to 10,000 equity shares of the face value of ₹ 1/- per share, against membership right of erstwhile BSE. It may be noted that the entitlement against membership right post consolidation of share capital stands changed to 5,000 equity shares of face value ₹ 2/- per share. Remaining 12 erstwhile Trading Members, having an aggregate 12 membership rights, continue to remain in abeyance till date for various reasons. All corporate benefits including dividend as may be declared by the Company from time to time on the shares which remain in abeyance, are being provided for and would be payable on the allotment of these shares.

### CHANGE IN PAID-UP SHARE CAPITAL

#### Buyback of Equity Shares

Based on the recommendation of the Board of Directors of the Company at its meeting held on May 7, 2019, the Shareholders of the Company at the Fourteenth Annual General Meeting, inter-alia, had approved the proposal of buyback upto 67,64,705 Equity Shares (representing 13.06% of the total number of Equity Shares in the total paid-up equity capital of the Company) at a price of ₹ 680/- (Rupees Six Hundred and Eighty Only) per Equity Share, through the “tender offer” route, on a proportionate basis as prescribed in the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, the Companies Act, 2013 (“the Act”) and other applicable laws and regulations.

Pursuant to the same, the Company bought back 67,64,705 Equity Shares at ₹ 680/- per Equity Share resulting in a cash outflow of ₹ 460 crore (excluding expenses towards buyback). As provided in the scheme, an amount of ₹ 225.26 crore was utilized from Securities Premium Account, ₹ 233.38 crore was utilized from General Reserve. Accordingly, the total paid-up share capital of the Company was reduced by ₹ 1.36 crore. Further, Capital Redemption Reserve of ₹ 1.36 crore (representing the nominal value of the shares bought back and extinguished) has been created from balance in retained earnings on account of buyback of shares.

Post Buyback, the revised paid-up equity share capital of the Company as on March 31, 2020, stood at ₹ 9,00,48,594/- (Rupees Nine Crore Forty Eight Thousand Five Hundred and Ninety Four Only) consisting of 4,50,24,297 equity shares of face value of ₹ 2/- each.

### INVESTOR EDUCATION AND PROTECTION FUND

#### TRANSFER OF UNCLAIMED/UNPAID DIVIDEND

Pursuant to the provisions of Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules”), and relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (“IEPF”), constituted by the Central Government.

The Company had, accordingly transferred the following amount to IEPF:

Type of Dividend	Dividend per share	Date of Declaration	Date of Transfer	Amount Transferred
Final Dividend for F.Y 2011-12	₹ 6/-	August 31, 2012	November 25, 2019	₹ 3,07,344

#### TRANSFER OF SHARES

Pursuant to the provisions of IEPF Rules, all equity shares in respect of which dividend has not been paid or claimed for last seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority (“IEPF Account”) within a period of thirty days of such shares becoming due to be transferred.

Accordingly, 312 equity shares of ₹ 2/- each on which the dividend remained unpaid or unclaimed for last seven consecutive years with reference to the due date of October 30, 2019 were transferred during the FY 2019-20 to the IEPF Account, after following the prescribed procedure.

Reminders are being sent to all such Shareholders who have not claimed their dividends of FY 2012-13 declared by the Company. All equity shares in respect of which dividend has not been paid or claimed for last seven consecutive years shall be transferred by the Company to IEPF Account in accordance with provisions of the Act and IEPF Rules made thereunder. Members who have not encashed Final Dividend for the FY 2012-13 or any subsequent dividend declared by the Company, are advised to write to the Nodal Officer of the Company immediately.

Any Shareholder whose dividend/shares are transferred to IEPF can claim the shares by making an online application in Form IEPF-5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)).

#### Details of Nodal Officer

Name : Smt. Prajakta Powle, Company Secretary and Compliance Officer

Email address : [bse.shareholders@bseindia.com](mailto:bse.shareholders@bseindia.com)

#### Details of the resultant benefits arising out of shares already transferred to the IEPF:

Dividend	Financial Year	Cumulative No. of Shares	Amount (₹)
Interim Dividend	2017-18	225	1,125
Thirteenth Final Dividend	2017-18	225	6,975
Interim Dividend	2018-19	448	2,240
Fourteenth Final Dividend	2018-19	448	11,200

Year wise amount of unpaid/unclaimed Dividend lying in the unpaid account upto March 31, 2020 and the corresponding shares, which are liable to be transferred to the IEPF, and the due dates for such transfer:

<b>Date of declaration of Dividend</b>	<b>Number of Shareholders against whom Dividend amount is unpaid</b>	<b>Number of shares against whom Dividend amount is unpaid</b>	<b>Amount unpaid as on March 31, 2020 (₹)</b>	<b>Due date of transfer of unpaid and unclaimed Dividend to IEPF</b>
8 <sup>th</sup> Final Dividend (FY – 2012-13) AGM held on July 30, 2013	218	1,24,600	4,98,400	October 1, 2020
9 <sup>th</sup> Final Dividend (FY – 2013-14) AGM held on August 1, 2014	195	34,451	1,37,804	September 3, 2021
10 <sup>th</sup> Final Dividend (FY – 2014-15) AGM held on September 25, 2015	285	1,13,734	5,68,670	October 27, 2022
Interim Dividend (FY – 2015-16) Board Meeting held on February 3, 2016	366	2,43,316	8,51,606	March 7, 2023
11 <sup>th</sup> Final Dividend (FY – 2015-16) AGM held on June 24, 2016	302	1,71,146	6,84,584	July 24, 2023
Interim Dividend (FY – 2016-17) Board Meeting held on February 14, 2017	2,151	83,954	4,19,770	March 16, 2024
12 <sup>th</sup> Final Dividend (FY – 2016-17) AGM held on September 4, 2017	2,245	82,386	1,89,44,878	October 5, 2024
Interim Dividend (FY – 2017-18) Board Meeting held on February 2, 2018	3,134	1,88,346	9,41,730	March 6, 2025
13 <sup>th</sup> Final Dividend (FY – 2017-18) AGM held on August 2, 2018	2,223	86,692	26,87,452	September 3, 2025
Interim Dividend (FY – 2018-19) Board Meeting held on November 30, 2018	2,605	1,34,217	6,71,085	December 20, 2026
14 <sup>th</sup> Final Dividend (FY – 2018-19) AGM held on July 15, 2019	1,924	75,241	18,81,025	August 16, 2027

## MANAGEMENT

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

The current strength of Board of the Company is eight. Being a Stock Exchange, the Board comprises of six Public Interest Directors who are nominated by SEBI, one Shareholder Director nominated by Life Insurance Corporation of India (LIC) and one Managing Director (considered in the Shareholder Director category).

### Appointment and Re-appointment of Directors

During the year under review, Sushri Jayshree Vyas was appointed as the Public Interest Director of the Company as an Independent Woman Director w.e.f. April 25, 2019. The Board is of the opinion that Sushri Jayshree Vyas, Public Interest Director of the Company, possesses requisite qualifications, experience and expertise in the fields of finance, people management, strategy, financial services, investments and regulatory, and she holds highest standards of integrity. Further, Justice Vikramajit Sen and Shri Sumit Bose were re-appointed as Public Interest Directors of the Company w.e.f. May 19, 2019, for a second term of three years.

Based on the recommendation of the Nomination and Remuneration Committee of the Company, the Board Members have, subject to approval of SEBI, recommended to the Shareholders for their approval, appointment of Shri T. C. Suseel Kumar, Shri Alok Vajpeyi, Shri Ghanshyam Dass and Smt. Rita Bhagwati as Shareholder Directors

on the Board of the Company. Detailed profiles of these four proposed Directors alongwith necessary details as may be required are provided in the Notice of the Fifteenth Annual General Meeting of the Company.

### Retirement / Cessation of Directors

Smt. Rajeshree Sabnavis, Shareholder Director was liable to retire by rotation at the Fourteenth Annual General meeting of the Company on July 15, 2019 and not having offered herself for re-appointment has ceased to be the Director of the Company.

At the ensuing Fifteenth Annual General Meeting of the Company, Smt. Usha Sangwan, Shareholder Director, who was nominated on the Board of the Company by LIC is liable to retire by rotation. Smt. Usha Sangwan vide her letter dated May 18, 2020 has not offered herself for re-appointment due to personal and health reasons. Since Smt. Sangwan will cease to be the Shareholder Director of the Company from the date of this AGM, LIC vide its letter dated June 4, 2020 has nominated Shri T. C. Suseel Kumar, Managing Director of LIC, to be appointed as a Shareholder Director in place of Smt. Sangwan.

The Board places on record its deep appreciation and gratitude towards the valuable contributions made by Smt. Rajeshree Sabnavis and Smt. Usha Sangwan during their tenures as Shareholder Directors of the Company.

During the year, there was no change in the Key Managerial Personnel of the Company.

As per applicable SEBI Regulations to a Stock Exchange, Shareholders may note that appointment of Shareholder Directors are first to be approved by the Board of the Company, followed by Shareholder's approval. These appointments once approved by Shareholders of the Company shall be sent to SEBI for its approval and only after approval of SEBI these appointments shall be effective.

#### **DECLARATIONS BY PUBLIC INTEREST DIRECTORS**

The Company has received declarations from all the Public Interest Directors ('PIDs') under Section 149(7) of the Act, that they have met the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations. Further, all PIDs have also given the declarations that they satisfy "fit and proper" criteria as stipulated under Regulation 20 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ("SECC Regulations"). All PIDs have also complied with Code for Independent Directors prescribed in Schedule IV to the Act. All PIDs have also given their annual affirmation on compliance with the Code of Conduct for the Board of Directors and Senior Management of the Company.

In compliance with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, all the PIDs of the Company have registered themselves with the India Institute of Corporate Affairs (IICA), Manesar and have included their names in the databank of Independent Directors within the statutory timeline. They have also confirmed that they will appear for the online proficiency test within a period of one year, wherever applicable.

Further, there has been no change in the circumstances affecting their status as PIDs of the Company.

#### **DECLARATION BY THE COMPANY**

None of the Directors of the Company are disqualified from being appointed as Directors as specified in Section 164(2) of the Act read with Rule 14 of Companies (Appointment and Qualifications of Directors) Rules, 2014.

#### **MEETINGS OF THE BOARD**

During the FY 2019-20, five meetings of the Board of Directors were held. For details of meetings of the Board, please refer to the Corporate Governance Report forming part of the Annual Report.

Separate meetings of the Public Interest Directors were held on May 6, 2019, November 5, 2019 and February 10, 2020.

#### **BOARD COMMITTEES**

There are various Board constituted Committees as stipulated under the Act and Listing Regulations namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship/Share Allotment Committee, Risk Management Committee and Corporate

Social Responsibility (CSR) Committee. Brief details pertaining to composition, terms of reference, meetings held and attendance of these Committees during the year have been enumerated in Corporate Governance report forming part of the Annual Report.

Additionally, Company being an Exchange, has also constituted other Regulatory Committees as stipulated under SECC Regulations.

#### **AUDIT COMMITTEE RECOMMENDATIONS**

During the year, all recommendations of Audit Committee were approved by the Board of Directors.

#### **BOARD EVALUATION**

One of the key functions of the Board is to monitor and review the Board evaluation framework. In compliance with the provisions of the Act, the Nomination and Remuneration Committee has approved the process, format, attributes and criteria for the performance evaluation of the Board, Board Committees and Individual Directors including the Chairman, MD & CEO and the PIDs. The process provides that the performance evaluation shall be carried out on an annual basis.

During the year, the Directors completed the evaluation process as above.

Performance of the Board and Board Committees was evaluated on various parameters such as structure, composition, diversity, experience, corporate governance competencies, performance of specific duties and obligations, quality of decision-making and overall Board effectiveness. Performance of individual Directors was evaluated on parameters, such as meeting attendance, participation and contribution, engagement with colleagues on the Board, responsibility towards stakeholders and independent judgement. All the Directors were subjected to peer-evaluation.

All the Directors participated in the evaluation process. The results of evaluation were discussed in the Public Interest Directors meeting, Nomination and Remuneration Committee and Board of Directors meeting held in May 2020. The Board discussed the performance evaluation reports of the Board, Board Committees, Individual Directors and also noted the suggestions / inputs of the Directors, Nomination and Remuneration Committee and Public Interest Directors meeting Chairmen. Recommendations arising from this entire process were deliberated upon by the Board to augment its effectiveness and optimize individual strengths of the Directors.

The detailed procedure followed for the performance evaluation of the Board, Committees and individual Directors is enumerated in the Corporate Governance Report.

#### **REMUNERATION OF DIRECTORS AND EMPLOYEES**

In compliance with the requirements of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration

of Managerial Personnel) Rules, 2014 and SECC Regulations, a statement containing the remuneration details of Directors and Employees is annexed as **Annexure B**.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable Accounting Standards had been followed along with proper explanation relating to material departures for the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the financial year ended March 31, 2020;
- c) 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 Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has maintained adequate internal financial controls over financial reporting. These includes policies and procedures –

- (a) pertaining to the maintenance of records that is reasonably detailed, accurately and fairly reflects the transactions and dispositions of the assets of the Company,
- (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and that receipts and expenditures of the Company are being made only in accordance with authorization of management and Directors of the Company, and

- (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material impact on the financial statements. Such internal financial controls over financial reporting were operating effectively as of March 31, 2020, based on the criteria established in The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

## COMPLIANCE WITH SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and such systems are adequate and operating effectively. During the year under review, the Company was in compliance with the Secretarial Standards (SS) i.e., SS-1 and SS- 2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively.

## IMPLEMENTATION OF CORPORATE ACTION

During the year under review, the Company has not failed to implement any Corporate Actions within the specified time limit.

## EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT – 9 is annexed herewith as **Annexure C**.

Annual Return i.e. Form MGT-7 can also be accessed on the Company's website at: [https://www.bseindia.com/static/investor\\_relations/annualreport.html](https://www.bseindia.com/static/investor_relations/annualreport.html).

## SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of subsidiaries / associates of your Company are provided in notes to financial statements.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries and associates in Form No. AOC-1 is attached to the financial statements of the Company.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of subsidiaries, are available on the website of the Company [www.bseindia.com/static/investor\\_relations/annualreport.html](http://www.bseindia.com/static/investor_relations/annualreport.html).

### PUBLIC DEPOSITS

The Company has not accepted any public deposits during the Financial Year ended March 31, 2020 and as such, no amount of principal or interest on public deposits was outstanding as on the date of the balance sheet.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of investments made by the Company are provided in Note Nos. 7, 8 and 9 of the Notes to the Standalone Financial Statements.

The Company has not provided any guarantee or security to any person or entity and has not made any loans and advances in the nature of loans to firms / companies in which directors of the Company are interested.

### AUDITORS

#### STATUTORY AUDIT AND STATUTORY AUDITOR'S REPORT

The Statutory Auditor S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/E300005), Mumbai had been appointed in the Twelfth AGM held on September 4, 2017 for a period of five years to hold the office from the conclusion of the twelfth AGM until the conclusion of seventeenth AGM to be held in the year 2022, accordingly would retire at the seventeenth AGM.

#### Statutory Auditor's Report

The Statutory Auditor's report dated May 21, 2020 on the financial statements of the Company for FY 2019-20 is unmodified and does not have any reservations, qualifications or adverse remarks.

#### Details in respect of frauds reported by auditors

No fraud has been reported by the Auditors to the Audit Committee or the Board.

#### SECRETARIAL AUDIT AND SECRETARIAL AUDIT REPORT

The Board appointed Dhruvil M. Shah & Co., Practicing Company Secretaries (CP No.: 8978/ FCS No.: 8021) to conduct Secretarial Audit of the Company for FY 2019-20.

Secretarial Audit report for the financial year ended March 31, 2020 as provided by Dhruvil M. Shah & Co., Practicing Company Secretaries is enclosed as **Annexure D**.

The Secretarial Auditor's report does not contain any qualifications, reservations or adverse remarks.

#### INTERNAL AUDITOR

Internal Audit for the year ended March 31, 2020 was done by S Panse & Co LLP and Internal Audit report at periodic intervals were placed before the Audit Committee.

#### COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act, are not applicable for the business activities carried out by the Company.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

#### CONSERVATION OF ENERGY

##### The steps taken and their impact on conservation of energy:

We regularly replace high energy consuming electrical equipment with modern efficient devices such as replacing the induction ballasts with electronic ballasts and the fluorescent lights with LED lights. We conserve energy by switching off lights & other equipment when they are not required using sensing technology where feasible. Our offices are painted in brighter colors to maximize lighting efficiency besides using natural light in most places. We have coated the glass windows to reduce the heat entering the building which reduces the air-conditioning load. The Company continuously strives to optimize its energy usage and efficiency.

##### The steps taken by the Company for utilising alternate sources of energy:

Our building has glass windows all around and we also use the ambient light for lighting purposes as much as possible. This reduces the electricity consumption due to lesser need of lighting during the day.

The Company has not done any capital investment on energy conservation equipment.

#### TECHNOLOGY ABSORPTION

At the outset, the Company takes pride to mention that the uptime of Trading system was 100% and there were no outages during the year. The Company, despite adding new segments and complex functions such as Commodity segment, Interoperability, etc. getting added in the application stack, has still managed to maintain the uptime of the Trading system. This has been achieved with continuous and sustained efforts.

#### Interoperability among Clearing Corporations

During the year, the Company implemented framework for Interoperability of Clearing Corporations, which witnessed a sweeping change in the way Exchanges/Clearing Corporation operates.

In January 2019, SEBI directed all Exchanges/Clearing Corporations to work towards Interoperability of settlement related processes. Different Exchanges have their own Clearing Corporation (CC), which handle settlement of trades on the respective stock exchanges.

Interoperability among clearing corporations refers to the linking of multiple clearing corporations, which effectively allows market participants to consolidate their clearing and settlement functions at a single clearing corporation, irrespective of the stock exchange on which the trade is executed.

The interoperability would permit trading members to clear trades through a CC of their choice instead of going through the CC owned by the Exchange on which the trade was executed.

The major impact was in Risk Management system. To minimize the impact, overall and to the market participants, Exchanges collectively decided to go for FIX model of message exchange. Hence a FIX convertor was introduced between trading system and Risk management. Besides building the FIX convertor/ messaging system, the Interoperability involved major infrastructure provisioning to be located at Primary and Disaster site of Exchanges/ CCs.

Since the month of May 2019 onwards continuous mock trading sessions were conducted almost on all Saturdays and on few Sundays for integrated testing with other Exchanges/ CCs.

BSE takes pride in being the first Exchange to go-live with Interoperability framework on June 3, 2019. In the subsequent development SEBI allowed extension for segment-wise go-live.

- Equity segment July 15, 2019
- Equity Derivative segment July 27, 2019
- Currency segment August 05, 2019

Post go-live, the similar testing of the infrastructure setup was also conducted on Disaster Recovery (DR) site and later live trading performed for one whole week on DR site.

### **Upgrade Trading system OS from 6.X to 7.X**

The Company initiated the upgradation of Trading system Operating System (OS) from 6.x version to 7.x version. This was a humongous task as changing of OS of live trading system and needed a deep assessment of all impacted components and associated risks. However, upgrade was imperative as the new OS version provided high performance and support from the service provider for the 6.x version was being sunset

As the quantum of changes was widespread and highly intrinsic in nature, careful development followed by rigorous testing was carried out. The roll-out of the code in production environment was planned in phased manner i.e. component-wise, starting with less critical component first.

The setup being large and complex, the migration project was kick-started in the first quarter of 2019 and the go-live was gradual as both old and new versions were required to co-exist for some time in the Production environment. A parallel setup was created with new OS versions and in batches, processes and trading members were shifted to new setup.

Over a period of 9 months until February 2020, majority of the trading components and modules have been successfully migrated without any issues. Overall, the migration process was well planned and executed.

### **Big Data Enhancements & new initiatives**

The impetus in the area of Big Data continued with newer horizons and explore deep into more functional areas to leverage the benefit of Big Data platform.

The Company continued its journey by expanding the model implemented for Social Media analytics using Artificial Intelligence (AI) and Machine Learning (ML). During the year, the Company has implemented below mentioned initiatives.

#### **TV News Video converted Text Data Processing – English Language**

To identify rumours about BSE listed companies in near real time by analysing live streaming input from various TV channels published in English and Indian regional languages. The Video to Text data processing system converts streaming audio from business television channels to texts, which is then used for rumour analytics. This project uses deep learning based Artificial Intelligence (AI) techniques for performing speech-to-text conversion and classifying the speech as rumours or not.

#### **TV News Ticker converted Text Data Processing — English Language**

A new Machine Learning model was built to extract TV news ticker content for English Language. Using Machine learning technique, the model converts image to text, analyse converted texts collected from on-line TV Business Channel which are relevant to stock market and that can significantly influence the stock price of any BSE listed company.

#### **English e-Paper processing**

The AI based module tag articles available in e-Papers which have material information or are possible rumour about BSE listed companies, in shortest possible time. This project combines computer vision along with machine learning algorithms to classify articles as rumours.

#### **Regional Web Article Processing —Hindi regional language**

To tag web article contents published in the regional languages in a timely fashion which can influence significantly the stock price of the BSE listed companies. Web articles published in Hindi and Gujarati are converted into English language and feed into the rumour prediction module for predicting rumour news about BSE listed companies.

The Company is also in process of building modules for other Indian regional languages.

#### **Big Data Platform Enhancement**

The Company had implemented Big data platform using HADOOP eco system in the year 2013. Existing Big Data system had the capacity of 500 TB of data storage with 19 data processing nodes. The storage capacity consumed more than 70% till date and total number of business users had increased substantially. The Big Data system accumulates information from all systems and facilitates as a centralised system of information provider. The Hardware and related infrastructures were

more than 6 years old and needed to be replaced with new set of hardware and related infrastructure.

During the year, the Company migrated Big Data platform to new set of hardware and related infrastructures. New Big Data system has one Petabyte capacity of storage and higher capacity processing unit, such that the new Big data cluster can meet the Company's Big Data analytics requirements for next 5 years.

The new Big Data cluster platform has been commissioned and is live from October 2019.

### **BSE StAR MF re-architected**

BSE StAR MF, the mutual fund trading platform, offered by the Company is continuously growing in terms of popularity and market share.

In the last 10 years BSE StAR MF platform has undergone massive change in terms of business features, the extensive features it offers, the integration with different agencies and institutions to perform seamless transactions on the online platform. It is no-doubt the most popular platform in MF arena with more than 85% of market share.

To sustain the current load and the future capacity it was inevitable to continue with current infra-system architecture. The overall infrastructure was overhauled without a single day of downtime and in a gradual manner. Major architectural changes along with automation of business operation processes has improved the response time for the end users.

### **Newer & Enhanced initiatives using Open Source Technologies**

The company continued with its adoption of using Open Source Technologies in newer areas, also increasing the scope in the areas already implemented.

#### **Upgrade of Single sign-on application**

The Company had implemented Single Sign-on (SSO) to ease the operational, functional and compliance needs of the Trading members since 2018. Trading member maintains single credential for multiple applications for his trading and associated activities with the Company. It also facilitates single window concept of user creation, setting profile. All the applications are linked with the central authentication mechanism. The user management, password policies are now uniform across all users of Trading members. Most importantly, the market participants can now access all application on a single portal and do not have to remember multiple URL's, usernames, passwords, etc. This uniform policy has helped Trading members to reduce the overhead of maintain and managing multiple credentials.

As the number of users and application grew over a period, the SSO application needed an upgrade and migrate to newer technology. To address this, during the year, the upgrade of SSO application was initiated. The newer version brings in newer technology and architecture

based on microservices and distributed cache. The use of open source component will also help with the analytics and better search feature.

The new SSO upgrade has been rolled-out since February 2020 this year.

### **Application & Performance Monitoring System developed by Marketplace Technologies Private Limited**

Marketplace Technologies Private Limited (MPTL), wholly owned subsidiary of the Company is engaged in developing IT solutions and products for Application & Performance monitoring system.

For managing heterogenous environment, it was imperative to have single solution for Log management and monitoring of infrastructure. For this, the Company has implemented one of the leading and best available open source solutions.

This monitoring system has been built using open-source stack comprising of below mentioned three components;

1. Collect and process logs
2. Store processed logs
3. Browser based visualization tool

The above-mentioned components are designed to allow users to take to logs from any source, in any format, and to search, analyse, and visualize that data in real time. It is a centralized logging system that is useful when attempting to identify problems with servers or applications.

In addition to above, to manage the role-based access and permissions, a wrapper is built on the top of the above-mentioned stack.

All of the above has been implemented as a complete suite and put in use for numerous applications. The Company is able to monitor on real-time basis all of the below mentioned counters;

- Log management and analysis
- Resources management - monitor utilization
- Performance monitoring
- Application monitoring and troubleshooting
- Service monitoring

It has helped the Company to provide insights into application performance, lead to most visited pages and user behaviours, segregated between real users and automated bots. The dashboards are customised to the needs of IT Operations, Functional operations team, Security team.

The Company is also evaluating the feasibility of making the above-mentioned solution available as a commercial product. To begin with the complete package is proposed to be offered to our Trading members who will subscribe to Member SOC project.

All the newer open source technologies are developed and implemented by the MPTL which is wholly owned subsidiary of the Company. The team is highly motivated and thrust to look into newer developments and creating solutions that offers business opportunities.

## Cloud Initiatives

This year too the focus was to reduce infrastructure cost and dependency. The Company continued to work towards cloud technology and initiatives to leverage its benefits without initial investments.

The Company has implemented Hybrid cloud solution on its premises. The Hybrid Cloud is now an integral part of infrastructure for the Company. Since its inception last year, there has been extensive use of cloud setup for all its infrastructure requirements. Users have observed substantial improvement in turn-around time for servicing infrastructure requirements.

The journey continued this year too for implementation of on premises Hybrid cloud on our DR site too.

More and more infrastructure requests are served using cloud setup. This has substantially reduced demand for physical servers. From the infra point of view, the optimal resources are allocated initially and scaled-up as the demand and load is increased. This in turn reduces the unwanted wastage on infrastructure which earlier was difficult to curb. The on-premises cloud setup has also increased the high availability index factor for all underline applications.

## Implementation of Software Defined Network

Last year, the Company had taken initiative to change the network technologies to Software Defined Network (SDN). However, the journey continued during the year as migration was planned in phased manner given the vast and complex network.

Compared to traditional networks that are required to be managed independently, SDN provides the network administrator with a single control panel to manage the entire network, and maintain, supervise and update all network components without the need to change the hardware.

SDN provides the flexibility of business requirements roll-out compared to legacy network which required management of network changes independently. In the phased manner, legacy network has been integrated with SDN to minimise the impact on businesses.

The Company has part of migration plan has started commissioning all the new servers only on SDN network at both Primary site and Disaster Recovery site, no provisioning is done on the old network. Subsequently, over a period, this legacy network will be phased out.

## Financial ERP solution developed by Marketplace Technologies Private Limited

MPTL has continued its efforts to develop more and more applications to leverage the knowledge of business and IT as well as to customise as per the needs of the Company. Further, many enhancements were implemented to keep the products competitive.

As per the needs of the Company, MPTL has developed Financial ERP solution (Class ERP) as a substitute to costly third-party solutions. As the solution was new, expensive enhancements and tweaking was required to be implemented during the year.

This customised solution has best of the features offered by popular third-party solutions.

Benefits of migrating from third party solution to a customised solution developed by IT development arm;

1. Reduction in the AMC cost.
2. Less Turnaround time for patch fixes.
3. All group companies on the same financial application – easy for consolidation.
4. In future, it can be extended to back-office solution used by brokers.

For the whole year the new solution was being used by the respective business team and the group companies of the Company.

## Unified Trading Interface

BOW (Boltpus on Web) and BEST (BSE Electronic Smart Trader) are the trading terminal provided by the Company to its end users. As the traders and investors are becoming more market savvy, they expect more and more advanced tools and features in the trading terminal. Keeping in line with the expectation, continuous enhancements and new features were added during the year in BOW and BEST to remain competitive. BOW and BEST facilitates multi-exchange, multi-segment trading. BOW is the first platform to support interoperability of Clearing houses in a seamless manner. BOW users were able to leverage cross-exchange positions in a smooth manner from the day exchanges and clearing corporations went live.

Few of the prominent changes implemented during the year in BOW Application are;

**Multi Factor Authentication:** Enhanced multi factor authentication with OTP facility on Email/SMS for BOW Users based on SEBI updated guidelines.

**New Mobile Application:** Introduced new interfaced and enhanced mobile application for Android and IOS users. BOW Mobile application features a comprehensive trading and monitoring platform. It offers real time streaming quotes, market Depth, and ease to trade hassle free

across all asset classes (Equity, Derivatives, Currency and Commodities) anywhere and anytime.

**BOW on open source platform:** As per the Company vision, the BOW trading platform has been developed and deployed on open source platform for better stability of Operating System and to achieve cost effective maintenance in long run.

**CP Code functionality:** Enhancement in BOW application by introducing CP code in the Order entry panel. The user-friendly interface will allow the user to enter CP Code at the time of order placement. This gives the member seamless experience to report trades that are cleared through the custodian.

**SOCKS Proxy:** Implemented for secured connections in BOW, which enables Members/Banks to connect application TCP ports securely without compromising on any Internet connections policies.

**BSE STAR MF:** Integration of BSE Star MF platform in BOW application. BOW users registered with BSE Star MF can directly & seamlessly trade in mutual fund products on BSE Star MF Platform with single sign-on.

**BOW API:** Rolled out BOW API that facilitates third party trading solution provider to integrate with BOW trading terminal and make use of rich features provided by BOW. Major solution providers are live with all exchange segment.

Few of the notable changes implemented during the year in BEST Application are;

**Cover Order:** Introduced Cover Order in BEST application. This allows the user to place Open position order along with the Closed Stop-loss order. This provides more margin leverage to the user thereby resulting in more trades and volumes.

**BSE STAR MF:** Integration of BSE Star MF platform in BEST application. BEST users registered with BSE Star MF can directly place order to BSE STAR MF from BEST trading terminal.

**Trade Restriction in dynamic range of Strike price:** This feature enables members to restrict users to trade in illiquid option. Based on dynamic LTP of the underlying price member can restrict the user to trade below or above the set percentage. This would help members to restrict users to avoid trading in illiquid option contracts. Users having open positions for such restricted option contracts can square off.

Integration of BSE Commodity segment in BEST along with other Exchanges.

**Enhancement of After Market Orders:** Order routing of "After Market Orders" without member intervention. By using this feature, trading

members are relieved of collating orders at the start of the market. Additionally, AMO feature also allows the users to place bulk orders in post-closing session.

**In both BOW and BEST, direct Connectivity to other Exchanges is implemented:** In place of intermediary component for exchange messaging system for trading, BOW & BEST is now connected directly to other exchange. Eliminating intermediary component in all interactive messages like Logins, Orders and Trades has removed one additional hop and improved the latency.

### Technology Refresh

Technology upgrade is the prime essence of all IT systems. This year was packed with number of new and on-going technology upgrades. By making use of advanced technologies, the focus of the Company is to get maximum benefit with minimum cost together with long term scalability.

### Enterprise Class Storage Refresh

The Company's current storage system being used has reached its End of support. Thus, to support its applications & systems, the need to purchase a new storage hardware was raised. The Company also wanted to improve on data storage & processing, lower power consumption & maintenance costs along with reliable Disaster Recovery (DR).

To meet the Company's requirements, the solution provider has provided an integrated high-performance solution in terms of higher throughput & better Read/Write response. Also, the solution has innovative (SAN), multi-controllers, and active-active capabilities and support multiple service transmissions, multiple device models, and rapid business growth with 3DC replication.

The solution provider has tested the performance in real-time POC and successfully demonstrated entire application scenario and provided optimized storage solution in line with the Company's high performance, low latency, elasticity, highly secure & reliable environment.

Databases are the major users of Storage. The migration process of databases was initiated in the month of January 2020 with almost every Saturday mock trading. Till date 90% of the database are migrated.

### Datacenter Extension at Primary site

As the Company's existing primary site Data center (DC) space was almost full it was necessary to plan for additional DC space for considering future requirements, and the need to segregate the third-party setups installed. In addition, the Interoperability infrastructure demanded additional space to be allocated to other Exchange/ Clearing Corporations.

To meet the above requirement and to make the optimum use of the DC, the Company has built the new modular datacentre. The new extended DC will be used to host the third-party setup. The freed-up space in the existing DC will be utilized for future expansion.

The new datacentre is commissioned and was inaugurated on 21<sup>st</sup> January, 2020.

## Cyber Security

### Next Generation Cyber Security Operations Centre 24\*7 (“CSOC”)

BSE has implemented state of the art next generation cyber security operations Centre (SOC) which operates 365 Days 24\*7. The Next Gen SOC is equipped with best in class and niche technologies ensuring comprehensive cyber security coverage and protection for IT Infra and information assets of BSE. The BSE SOC ensures Confidentiality, Integrity and Availability of all systems. It enabled coverage and protection at all level covering end point, network, application, and system level with a well-defined integrated and robust Cyber Security framework. SOC continually monitors all systems in real-time and ensures alerting and protection from Cyber Security Threats. SOC consistently ensured the availability and reachability of systems to users, customers, and partner. It helps gain confidence and control among the users, customers and decision makers as the systems are very well protected, available, and accessible as and when needed.

Niche Technologies like, User Behavioural Analysis, Anti-APT, Deception technology, Real-time Forensics etc. were implemented in BSE next Gen SOC. Subscriptions to multiple global and local Cyber Threat intelligence feed. The USP of BSE Next Gen SOC is implementation of Cognitive Analysis and Artificial Intelligence which Gain deeper insights by ingesting and understanding extensive data sources, including human generated data (for example, blogs, websites, research papers etc.)

BSE has been certified for “ISO 27001:2013 Information Security Management System” Certification and has successfully completed the surveillance audits for this year on March 4, 2020.

BSE has been certified for “ISO 22301:2012 Business Continuity Management System Certification” and has successfully completed surveillance audit for this year on March 4, 2020.

BSE has been identified and notified as national critical infrastructure(CII) by National Critical Information Infrastructure Protection Centre(NCIIPC).

For the year, following are the key highlights of 365 Days 24\*7 NextGen Cyber Security Operation Centre

- Cyber Security Incident and Monitoring – During the year with continues round the clock Cyber Security Monitoring and controls implementation, we ensured there are no Cyber Security incident resulting in business impact or downtime. SOC

continuously tracks and monitors worldwide ongoing threats (IOCs-Indicator of Compromise) and ensure BSE systems are up to date and protected against all such know attack vectors. SOC also has Next Gen EDR (End Point Detect and Response) tool which ensures protection from any Zero Day or unknow cyber threat vectors.

- Cyber Security Technology refresh – BSE has rearchitected its entire cyber security stack to achieve horizontally scalable infrastructure and designed it in such a way that it can utilized all the device in active-active mode in compare to old architecture where devices were in active standby mode. This ensures better return of investment, better utilization of devices and improved availability and response time. The new architecture ensures minimum or no downtime for maintenance tasks. As BSE being a national critical infrastructure ensuring availability is highly critical parameter with Cyber Security. To ensure this BSE implemented network packet broker technology which has Software based packet control mechanism to optimize the network traffic and ensure better utilization of tools and technologies.
- Remote Working – To allow business continuity along with Confidentiality, Availability and Integrity during Pandemic situation such as Covid-19. BSE SOC enabled users to work from home ensuring cybersecurity controls and measures are in place to protect systems in-line with zero trust architecture for all in-office and remote users.

### Member Security Operations Centre

With SEBI’s directive to setup a community SOC for stockbrokers to provide robust cyber security and cyber security framework, Company’s wholly owned subsidiary MTPL has setup Member Security Operations Centre. The solution contains minimalistic technology at stockbroker premises with endpoint protection, patch management, unified threat management, security incident and event management, 24\*7 monitoring and response. The MSOC was inaugurated on October 7, 2019 by Mr. Ashish Chauhan, MD & CEO, BSE India. In addition to setting up the MSOC, cybersecurity awareness seminars were conducted in Mumbai, Kolkata, Ahmedabad, Delhi and Chennai on May 16, June 13, July 4, July 25, August 22, 2019 with the agenda of explaining the SEBI cybersecurity circular and the solution offered by MTPL.

### Cyber Security Conference 2020

BSE in association with SEBI and Maharashtra Cyber hosted Cyber Security Conference on January 10, 2020 at the BSE International Convention Hall, Mumbai. The Conference acted as a platform to discuss and deliberate on various developments and nuances in the area of cyber risk and data privacy for stakeholders in the capital markets. The Exchange hosted speakers and audience members

from Securities and Exchange Board of India (SEBI), National Critical Information Infrastructure Protection Centre (NCIIPC), Maharashtra Police (Cyber Cell), Exchanges, Clearing Corporations, Market Infrastructure Institutions (MII), intermediaries like Brokers and Depository participants. The Conference was a huge success with more than 700 participants.

### Disclosures

#### The efforts made towards technology absorption:

The Company continues to explore in newer and contemporary technologies. The year has been quite engaging with the best in class and innovative implementation in the products and services offered by the Company.

The Company has taken the lead for implementation of;

- Interoperability of Clearing Corporations,
- Scaling the Big Data platform, enhancing the Social Media Analytics engine with use of Artificial Intelligence (AI) and Machine Learning (ML) into newer foray of capturing news and rumour verification thereby enhancing RegTech processes of the Company,
- Newer development and implementation with the use of Open source technologies, enriching the trading interface and aligning the needs of end users into BOLTPlus on Web (BOW) and BSE Electronic and Smart Trader (BEST)
- Most importantly upgrading the Operating System (OS) of the Trading system.

Needless to mention, the efforts put in by the Company reasserts that it is the fastest Exchange of the World. All departments within your Company are equipped with tech-enabled solutions and applications to deliver best of the services to all its customers.

#### The benefits derived like product improvement, cost reduction, product development or import substitution:

The IT strategy and approach adopted by your Company has ensured uninterrupted services and trading facility. The Company thrives to remain competitive and has provided best in class products and services to all its market participants. The market participants are the beneficiaries of technology upgrade and newer rollouts made by the Company during the year. The Company's technology offerings are built as a service model, thereby reducing the cost for its market participants.

#### In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

- a) the details of technology imported

- b) the year of import
- c) whether the technology been fully absorbed
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof

The expenditure incurred on Research and Development - Not Applicable

### FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of Foreign Exchange Earnings and outgo during the year under review are furnished hereunder:

Foreign Exchange Earning: ₹ 2,700 Lakh (Previous Year: ₹ 2,613 Lakh)

Foreign Exchange Outgo: ₹ 272 Lakh (Previous Year: ₹ 2,155 Lakh)

### RISK MANAGEMENT AND COMPLIANCE

Risk Management is one of the critical elements of operating framework at BSE. Enterprise Risk Management ("ERM") framework encompasses practices relating to the identification, evaluation, mitigation and monitoring of strategic, operational, financial and compliance risks to achieve key business objectives. Through the ERM framework, we seek to minimise the adverse impact of risks, thereby enabling effective leveraging of market opportunities and enhancement of long-term competitive advantage.

The Board of Directors of the Company has formed a Risk Management Committee ("RMC") to oversee the ERM Framework, mitigation and monitoring the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

BSE's Management identifies key risks (existing as well as emerging) and prioritises the mitigation actions based on the potential adverse impact on operations and/or shareholder value. As we operate in a dynamic operating environment, these risks are reviewed regularly and assessed for their potential impact/ exposure. Every quarter, a detailed update on ERM is presented and deliberated upon in the meetings of the RMC of the Board.

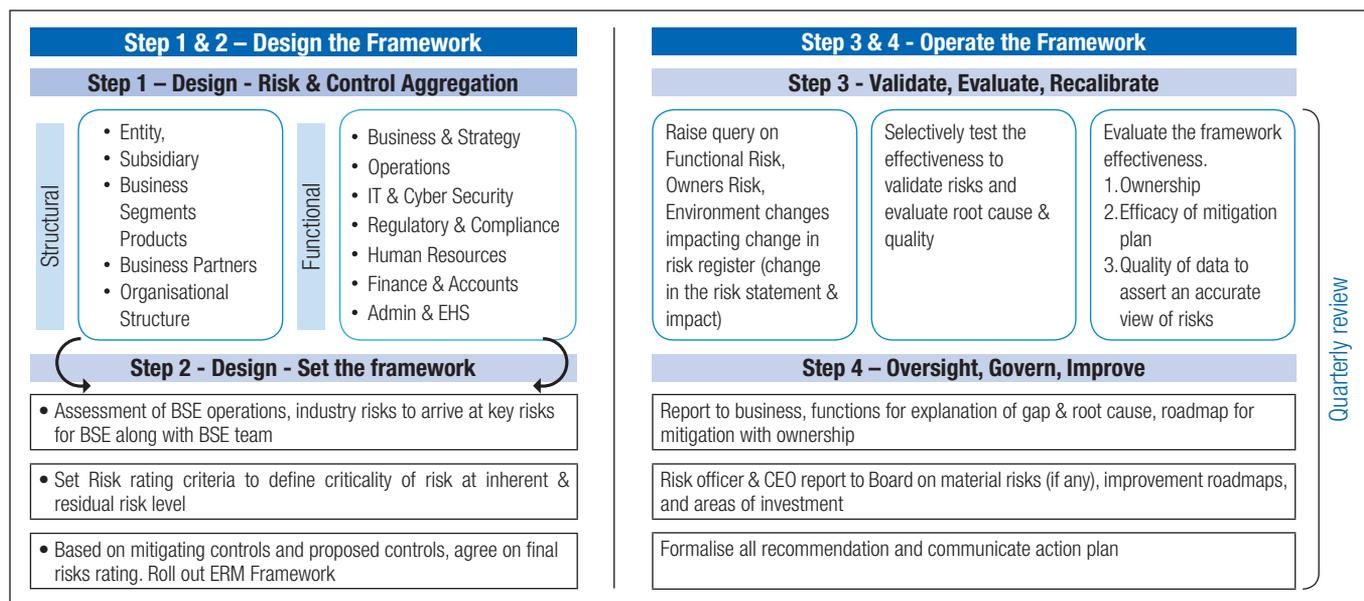
### OVERVIEW

Risk Management is an enterprise wide function at BSE which covers major business and functional objectives including Strategy, Operations, Technology and Compliance. The Enterprise Risk Management (ERM) enables the achievement of strategic objective by identifying, analysing, assessing, mitigating, monitoring and governing any risk or potential threat to these objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. Several risks can impact the achievement of a particular business objective. Similarly, a single risk can impact the

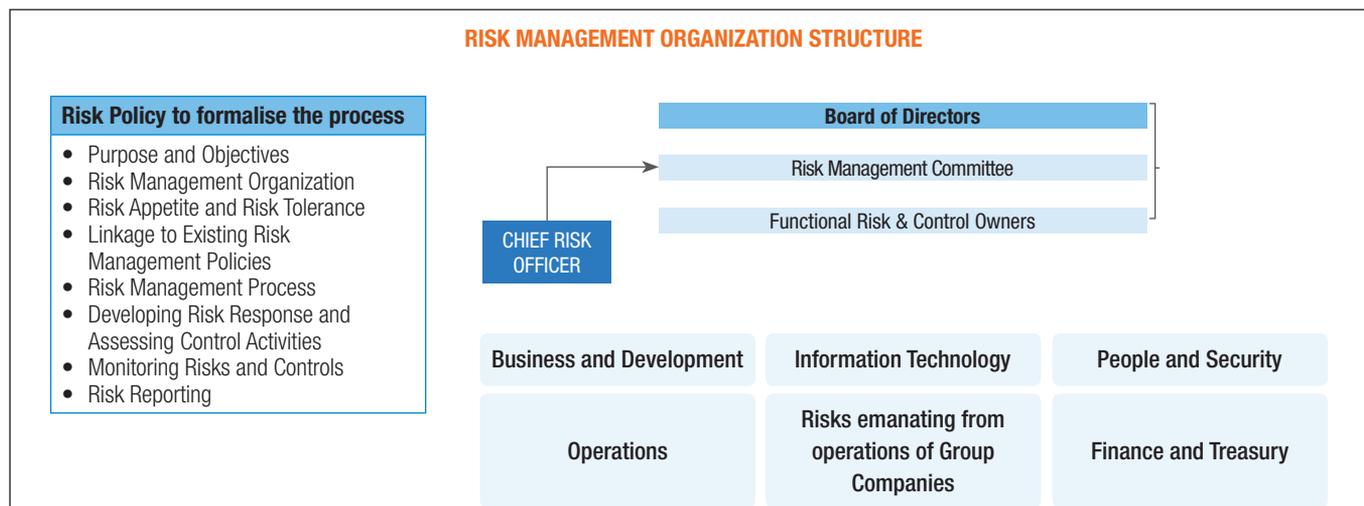
achievement of several business objectives. The focus of risk management is to assess risks, deploy mitigation measures and review them including risk management policy on a periodic basis along with the top ten key risk indicators of the organization. This is done through periodic review meetings of the Risk Management Committee comprising of the Board members.

The risks in relation to internal control over financial recording and reporting is reviewed by the Audit Committee. The Company's internal control systems commensurate with the nature of its business and the size and complexity of operations. These systems are routinely tested and certified by Statutory as well as Internal Auditor. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's financial risk management policies and systems.

**KEY COMPONENT OF BSE'S RISK MANAGEMENT FRAMEWORK**



**RISK MANAGEMENT ORGANIZATION STRUCTURE**



The Key Roles and responsibility regarding risk management in the Company are summarized as follows:

Level	Key roles and responsibility
Board of Directors	<ul style="list-style-type: none"> <li>✓ Approving key business objective to be achieved by the Company. Ensuring that the executive management focuses on managing risks to key business objectives.</li> <li>✓ Reviewing the performance of the Risk Management Committee</li> </ul>
Risk Management Committee	<ul style="list-style-type: none"> <li>✓ Comprises of six directors and one independent external expert : <ul style="list-style-type: none"> <li>▪ Shri David Wright – Chairman</li> <li>▪ Justice Vikramajit Sen – Member</li> <li>▪ Shri S. S. Mundra – Member</li> <li>▪ Shri Sumit Bose – Member</li> <li>▪ Shri Umakant Jayaram – Member</li> <li>▪ Sushri Jayshree Vyas – Member</li> <li>▪ Prof. Sanjay Banerji – Independent External Expert</li> </ul> </li> <li>✓ Review and oversight with regards to identification, evaluation and mitigation of the strategic, operational, technology and compliance risks</li> <li>✓ Reviewing and approving risk related disclosures</li> <li>✓ Monitoring and approving the risk management framework and associated practices of the Company</li> </ul>
Role of Risk team	<ul style="list-style-type: none"> <li>✓ Adhering to the risk management policies and procedures</li> <li>✓ Implementing prescribed risk mitigation actions</li> <li>✓ Reporting risk events and incidents in a timely manner</li> </ul>

## RISK CATEGORIES

The Company's risk management framework is broadly categorized as risk pertaining to (a) Business and Development, (b) Information Technology, (c) People and Security, (d) Finance and Treasury, (e) Operations, and (f) Risks emanating from operations of Group Companies, from the risk universe.

Risks arising out of the choices we have made in defining our business and development strategy and the risks to the successful execution of these strategies are covered in this category – for e.g., risk inherent to our industry and competitiveness are analyzed and mitigated through strategic choices of target markets, the Company's market offerings, business models and talent base. Potential risk to the long-term scalability and sustainability of the organization are also analyzed and mitigation plans are actioned. We periodically assess risks to the successful execution of our strategy such as the effectiveness of strategic programs that are being executed, the momentum in new initiatives, the impact of strategy on financial performance, leveraging of inorganic strategies, effectiveness of organisation structure and processes, retention and development of high performing talent and leadership.

Risks arising out of internal and external factors affecting the policies, procedures, people and systems in our support functions thereby

impacting services delivery, compromises our core values or not in accordance with generally accepted business practice or impacting the client's operations are covered in this category. For e.g. risks of business activity disruption due to natural calamities, terrorist attacks or war or regional conflicts, or disruption in telecommunications, systems failures, virus attacks or breach of cyber security.

Risks arising out of threats posed to our financial, organisational, or reputational standing resulting from violations or non-conformance with laws, regulations, codes of conducts or organisational prescribed practices or contractual compliances are covered in this category. For e.g. risks of potential litigations, breach of contractual agreements, non-compliances to regulations, potential risk arising out of major regulatory/ geo-political changes, potential risks arising out of strategic or operational business decisions.

## RISK MANAGEMENT PROCEDURE

### Risk Identification

Risk Management is a continuous interplay of actions that permeate the Company. It is brought in to effect by the Company's risk committee, management and other personnel. The risk management process of the Company aims at providing reasonable assurance regarding achievement of the Company's objectives.

In order to provide reasonable assurance, the Company's risk management process endeavors to help:

- Identify, assess and escalate new risks impacting the objectives of the Company,
- Define mitigation actions to respond to the new risks effectively,
- Monitor effectiveness of existing risk management mitigation actions and
- Report risks and risk management mitigation actions to the Risk Management Committee on a periodic basis.

The risk analysis and evaluation is carried out using scenario based assessments to decide the potential impact, likelihood of occurrence and in some cases, the detectability of the risk.

## Risk Mitigation

Mitigation actions are prepared and finalised, owners are identified and the progress of mitigation actions are monitored and reviewed. The Risk Management Committee periodically reviews and monitors the mitigation actions, its effectiveness and provides its advice and insights to the mitigation teams.

## Risk Reporting

The top risk from the risk registers, its mitigation plans, periodic review of processes and new risks emanating from such reviews, a detailed update on ERM is presented and deliberated upon in the meetings of the RMC on a quarterly basis.

The risks identified by risk management function or roles at different levels in the organization are presented at appropriate level of governance structure. Critical risks or cross functional risks at each level are escalated to the next level in the governance structure. Critical risks under different categories of risks at group level are reviewed by Chief Executive Officer, Chief Financial Officer, Chief of Business Operations, Chief Information Officer and Chief Regulatory Officer.

## RISK MANAGEMENT FRAMEWORK FOR THE YEAR

During the year, as a part of monitoring the key risks, the risk management office:

- a) Reviewed the risk management practices, which were primarily focused on the effectiveness of strategic programs in improving our competitive position and differentiation in market segments.
- b) Reviewed the momentum of new initiatives to achieve our long-term business aspirations, our preparedness to address any incidents that may cause business disruptions to our physical and technological infrastructure, strengthening operational and internal controls to detect fraudulent activity, leadership development and succession, planning and monitoring possible impact of changes in our regulatory environment.

- c) Reviewed information security risks including cyber-attacks and threat intelligence and continue to monitor the progress of mitigation actions. In addition to this, mitigation plan is executed for data access, its preservation and monitoring measures for internal users is implemented.
- d) Reviewed key operational risks and actions based on inputs from internal risk register, external assessment, internal audit findings and incidents.
- e) Reviewed operational risk areas including client service level standards, retentions and engagement of employees, reskilling of employees, brand attractiveness, women's safety, physical securities and business continuity management.
- f) Monitoring by regulatory departments the key developments in the regulatory environment.
- g) Reviewed the risk management practices with distinct focus on impact of COVID – 19 on the organisational performance, physical security, trading operations, cyber security and key measures taken for employee well – being, physical and data security along with efforts to keep up overall organisational well-being

Due to the inherent risks in the Company's business activities, it is vital that BSE keeps improving risk management practices to strengthen the organization through informed strategic and business decisions.

BSE's strategic vision for the ERM function is to embed ERM across processes, business strategy and key decision making to add significant and strategic organisational value.

## COMPANY'S POLICIES

### POLICY ON NOMINATION AND REMUNERATION

The Company's policy on Nomination and Remuneration includes criteria for determining qualifications, positive attributes and independence of a Director. The salient features of the Nomination and Remuneration policy are given below:

The Nomination and Remuneration Policy of the Company is performance driven and is designed to motivate employees, recognize their achievements and promote excellence in performance.

The Policy provides guidance on:

- (1) Selection and nomination of Directors to the Board of the Company;
- (2) Appointment of the Senior Management Personnel of the Company; and
- (3) Remuneration of Directors, Key Managerial Personnel and other employees.

The said policy is available on the website of the Company at: <https://www.bseindia.com/downloads1/nrcpolicy.pdf>

### **CORPORATE SOCIAL RESPONSIBILITY (“CSR”)**

The Company has constituted a CSR Committee in accordance with Section 135 of the Act.

The details of the CSR Policy of the Company, its development and initiatives taken by the Company on CSR during the year as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as **Annexure E** to this Report.

The Company primarily works through BSE CSR Integrated Foundation towards supporting the projects in the areas of health, sanitation, technology incubators, eradicating hunger and poverty and various sectors covered under schedule VII of the Act.

The said policy is available on the website of the Company at: [https://www.bseindia.com/downloads1/Corporate\\_Social\\_Responsibility\\_Policy.pdf](https://www.bseindia.com/downloads1/Corporate_Social_Responsibility_Policy.pdf)

### **WHISTLE BLOWER POLICY AND VIGIL MECHANISM**

The Company promotes ethical behaviour and has put in place a mechanism for reporting illegal or unethical behaviour.

The Company has formulated a Vigil Mechanism and Whistle-blower policy pursuant to Regulation 22 of the Listing Regulations and Section 177(10) of the Act, under which the employees are encouraged to raise concerns/alarm or issue involving malpractices, violation of law of the land, abuse of power, financial irregularity, etc. Employees may report their genuine concerns to the Chairman of the Audit Committee.

During the year under review, no employee was denied access to the Audit Committee.

The policy is available on the website [http://www.bseindia.com/downloads1/Whistle\\_Blower\\_policy.pdf](http://www.bseindia.com/downloads1/Whistle_Blower_policy.pdf).

### **RELATED PARTY TRANSACTIONS**

The Company has formulated a Policy on Related Party Transactions and the same is available on BSE’s website at: [https://www.bseindia.com/downloads1/Related\\_Party\\_Transaction\\_Policy.pdf](https://www.bseindia.com/downloads1/Related_Party_Transaction_Policy.pdf).

The Policy intends to ensure that proper approval, reporting and disclosure processes are in place for all transactions between the Company and related parties. This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All the Related Party Transactions entered during the financial year ended March 31, 2020 in the Ordinary

Course of Business and at Arm’s Length were reviewed and approved by the Audit Committee. All Related Party Transactions are placed before the Audit Committee for its review on a quarterly basis. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Act and Listing Regulations.

A detailed disclosure of these transactions with the Related Parties is annexed with this Report in Form AOC-2 as **Annexure F**.

### **POLICY ON MATERIAL SUBSIDIARY**

As required under Regulation 16(1)(c) of Listing Regulations, the Company has formulated and adopted a policy for determining ‘Material’ Subsidiaries, which has been hosted on its website at: [https://www.bseindia.com/downloads1/Policy\\_on\\_Material\\_Subsidiaries.pdf](https://www.bseindia.com/downloads1/Policy_on_Material_Subsidiaries.pdf).

As per the said Policy, Indian Clearing Corporation Limited (ICCL) is a material subsidiary of the Company as on March 31, 2020. Further, in accordance with Regulation 24A of Listing Regulations, the Secretarial Audit Report submitted by Ms. Shweta Gokarn, Practicing Company Secretary (Certificate of Practice No.: 11001) of ICCL is annexed as **Annexure G**.

### **INSIDER TRADING REGULATIONS**

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time), the Company has formulated a Code of Conduct for Prevention of Insider Trading (‘Insider Trading Code’) and a Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information (UPSI).

The Code of Practices and Procedures for fair disclosure of UPSI is available on the website at the following link: [https://www.bseindia.com/downloads1/Code\\_of\\_fair\\_disclosure\\_of\\_UPSI.pdf](https://www.bseindia.com/downloads1/Code_of_fair_disclosure_of_UPSI.pdf)

### **DISCLOSURE AS REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has always believed in providing a safe and harassment free workplace for every individual working in its premises through various policies and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has adopted a policy on Prevention of Sexual Harassment at Workplace which aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour. An Internal Complaints Committee (‘ICC’) has been set up by the senior management (with women employees constituting the majority). The ICC is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

During the year ended March 31, 2020, no complaints pertaining to sexual harassment have been received.

## RESOURCES COMMITTED TOWARDS STRENGTHENING REGULATORY FUNCTIONS AND TOWARDS ENSURING COMPLIANCE WITH APPLICABLE REGULATORY REQUIREMENTS

The Company being a recognised stock exchange is governed by SEBI. SEBI from time to time has issued various regulations and guidelines applicable to the Company. The Company ensures compliances with the same and aims to remain at the forefront by creating a precedent for others to follow, in terms of compliance by implementing the best governance practices and disclosures.

During the year under review, the Company's regulatory division comprised of departments, details of which are given below, taking care of various critical aspects of regulatory compliances.

- A) Listing Compliance
- B) Member Compliance
- C) Surveillance and Supervision
- D) Inspection
- E) Investor Services

Each such department is headed by a senior official of the Company, reporting to the Chief Regulatory Officer, who in turn reports to the Managing Director & CEO, Regulatory Oversight Committee and Board of Directors, whenever required.

The Company has ensured to make disclosures of various mandatory regulatory requirements alongwith reporting of the same to various regulatory authorities in addition to informing the same to the Board of Directors and Committee members.

For the financial year ending on March 31, 2020, BSE incurred direct and indirect expenses amounting to ₹ 2,116 Lakh as per activity-based accounting methodology towards strengthening regulatory functions and towards ensuring compliance with regulatory requirements.

## MARKETING AND COMMUNICATIONS

The company has undertaken several initiatives to keep the members and investors aware of the latest developments in the products and services offered, launch of new products and changes in regulations. These initiatives were well received by all and got prominent coverage in all leading national and regional dailies and television channels. The company continues to work with prominent industry bodies and trade associations with the aim of promoting a business environment which is beneficial to all stakeholders. Further, the company has continued to take several initiatives to promote investor awareness and education. Television, print and social media were used effectively to reach out to investors across the country.

BSE has hosted more than 200 events ranging from international delegations to educational programs and roundtables on important national and international topics.

During the course of the year, the Company witnessed many high profile visits and delegations from the government, industry and other sectors from India and abroad.

- 1 Shri M. Venkaiah Naidu, Hon'ble Vice President of India
- 2 Shri Bhagat Singh Koshyari, Hon'ble Governor of Maharashtra
- 3 Shri Nitin Gadkari, Minister of Road Transport & Highways, Micro, Small & Medium Enterprises, Government of India
- 4 Shri Subhash Desai, Hon'ble Minister for Industries and Mining, Government of Maharashtra
- 5 Shri Devendra Fadnavis, Former Chief Minister of Maharashtra
- 6 Shri Sudhir S. Mungantiwar, Former Minister for Finance and Planning, Forest, Government of Maharashtra
- 7 Shri Jaykumar Rawal, Former Minister of Food and Drugs, Tourism Development and Protocol, Government of Maharashtra
- 8 Shri Subramanian Swamy, Member of Parliament, Rajya Sabha
- 9 Shri Ram Mohan Mishra, Additional Secretary & Development Commissioner, Ministry of MSME
- 10 Shri Gyaneshwar Kumar Singh, Joint Secretary, Ministry of Corporate Affairs, Government of India
- 11 Ms. Shweta Shalini, Advisor to CM of Maharashtra Executive Director of VSTF, Government of Maharashtra and Spokesperson of Bharatiya Janata Party
- 12 Shri Sanjay Bahl, Director General, Indian Computer Emergency Response Team
- 13 Shri A S Kiran Kumar, Former Chairman, ISRO
- 14 Shri G. Mahalingam, Whole-Time Member, SEBI
- 15 Shri S K Mohanty, Whole-Time Member, SEBI
- 16 Shri Nagendraa Parakh, Executive Director, SEBI
- 17 Shri Lt. Gen. (Retd.) Dr. D B Shekatkar
- 18 Shri Brijesh Singh, IPS, Spl. IGP Maharashtra Cyber
- 19 Shri Balsingh Rajput, Maharashtra Cyber Crime
- 20 Shri Harish Bajjal, Maharashtra Cyber Security
- 21 Shri Rajnish Kumar, Chairman, State Bank of India
- 22 Shri Dinesh Khara, MD, Global Banking & Subsidiaries, State Bank of India
- 23 Mr. David Rasquinha, Managing Director, EXIM Bank
- 24 Shri Ajay Piramal, Chairman, Piramal Group
- 25 Shri Mahendra Pratap Mall, CMD, IRCTC

- 26 Shri P.S. Mishra, Member Traffic (MT), Railway Board and Ex-officio Secretary to the Government of India
- 27 Shri Partha S Bhattacharya, Former Chairman, Coal India
- 28 Shri Dinesh Pangtey, CEO, LIC Mutual Fund
- 29 Ms. Radhika Gupta, CEO, Edelweiss Mutual Fund
- 30 Mr. Thomas Oetterli, Global CEO Schindler Group
- 31 Hon'ble Winston Peters, Deputy Prime Minister and Minister of Foreign Affairs, New Zealand
- 32 Hon'ble Mr. David Parker, Minister of Trade and Export Growth, New Zealand
- 33 Honorable Victor Fedeli, Minister of Economic Development, Job Creation and Trade, Government of Ontario
- 34 Mr. Menno Snel, Hon'ble Minister of Taxation and Customs, Kingdom of Netherlands
- 35 H. E. Y. A. Zepos, Former Ambassador of Greece to India
- 36 Mr. Ugo Astuto, European Union Ambassador to India
- 37 Mr. Mikko Pötsönen, Counsellor (Economic & Commercial), Embassy of Finland
- 38 Mr. Shreyas K Doshi, Honorary Consul, Honorary Consulate of Finland
- 39 Mr. Ralph Hays, Consul General & Trade Commissioner, New Zealand Business
- 40 Ms. Erin Duncan, Deputy High Commissioner, New Zealand Business
- 41 H.E. Dr. K. J. Srinivasa, High Commissioner of India to the Cooperative Republic of Guyana
- 42 Mr. Frank Muller Rosentritt, Member of German Bundestag, Member of Foreign Affair committee and Subcommittee on Culture relations and Economic policy
- 43 Hon. Stephan Bali, Mayor, Black Town and Hon. Nathan Rees, MP and Ex- Premier of State of New South Wales, Australia
- 44 Mr. Michio Harada Consul General of Japan
- 45 Mr. Gavin Chay, Hon'ble Consul General of Singapore
- 46 Ms. Annie Dube, Hon'ble Consul General of Canada
- 47 Mr. Edgard D. Kagan, US Consul General of Mumbai
- 48 Mr. Nakamura-san, Senior Director General, Japan Exchange Group
- 49 Mr. Yoshihiro Isaka, Senior Executive Officer, Japan Exchange Group
- 50 Mr. Xuewen Bi, MD, UBS AG
- 51 Mr. Harvesh Seegolam, CEO, FSC Mauritius
- 52 Mr. Deven Cooposamy, Head of Projects, FSC Mauritius
- 53 Mr. P. K. Kuriachen, India Representative FSC Mairitius
- 54 Mr. Sialesh Sewpaul Mauritius
- 55 Prof. Jürgen Weigand, Deputy Dean, Professor of Economics
- 56 Mr. Martin McCarthy, Chairman & CEO, The 451 Group
- 57 Mr. Zhuang Xiao, CTO, Shanghai Gold Exchange
- 58 Mr. Harald Egger, UBS country head, India and Head, Group Corporate Services at the UBS, Bloomberg, and State Street Global Advisors
- 59 Mr. Fathi Jerfel, Deputy CEO, Global Head Retail Clients Division, Amundi
- 60 Shri Ashank Desai, VC - SINE/IITB Incubator
- 61 Mr. Joseph Law, Founder and CEO, Living Greatness
- 62 Mr. Daniel Dines, Global CEO and Founder UiPath
- 63 Mr. David Craig, CEO, Refinitiv
- 64 Shri Ashok Agarwal, Chairman, Globe Capital & Chief Mentor, CPAI
- 65 Ms. Rama Vedashree, CEO, DSCI
- 66 Shri Somasundaram PR, MD, World Gold Council India
- 67 Ms. Vandna Ram, Regional Head Corporate Philanthropy, APAC, Bloomberg
- 68 Shri Dr. Vivek Bindra, CEO, Bada Business
- 69 Shri Ashok Shah, Past President, Kutch Corporate Forum
- 70 Dr. Nehal Shukla, Director, Gujarat Secondary and Higher Secondary Education Board
- 71 Dr. Vijay N Deshani, Pro VC, Saurashtra University
- 72 Dr. Mehul Rupani, Managing Trustee, Shri H. N Shukla group of colleges
- 73 Ms. Monika Halan, Consulting Editor, Mint
- 74 Bollywood Director Mr. Vikram Bhatt
- 75 Bollywood Director Shri Vivek Agnihotri
- 76 Bollywood Actor Shri Rajkummar Rao
- 77 Bollywood Actress Ms. Hina Khan
- 78 Bollywood Actress Ms. Shweta Basu
- 79 Bollywood Actress Ms. Mouni Roy
- 80 Bollywood Choreographer Ms. Arsh Tanna
- 81 Bollywood Choreographer Mr. Sameer Tanna

#### AWARDS & RECOGNITION

1. Financial Services ICON - CIO Power List 2019, awarded by CORE
2. Eminent CIO Forum & InfoTech Forum 2019, awarded by Eminent CIO of India - 2019
3. IT Genius (CIO CROWN 2019), awarded by CORE Centre of Recognition & Excellence

4. Genius Awards 2019 (Robotic Process Automation), awarded by CORE Centre of Recognition & Excellence
5. CIO100- 2019, The Disruptive 100 - Honouree 2019, awarded by IDG International Data Group
6. BFSI 100 - Innovation Leadership Award 2019, awarded by 4<sup>th</sup> BFSI CTO Summit
7. Express BFSI Technology Awards - BFSI Digital Innovation Award 2020, awarded by Dell Technologies & Express Computers
8. The Economic Times BFSI Innovation Tribe Summit & Awards 2020, awarded by The Economic Times BFSI
9. CSO 100
10. CISO Platform Top 100

## OTHER DISCLOSURES

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

In terms of Regulation 34 of Listing Regulations, the Management Discussion and Analysis Report forms part of this Annual Report.

### BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of Listing Regulations, the Business Responsibility Report forms part of this Annual Report.

### CORPORATE GOVERNANCE

Pursuant to the SECC Regulations, Listing Regulations and the Act, report on Corporate Governance as on March 31, 2020, forms part of this Annual Report. A Certificate from Practicing Company Secretary confirming status of compliances of the conditions of Corporate Governance is annexed to the Corporate Governance Report.

### INVESTOR PROTECTION FUND (IPF)

The Company, through its IPF, regularly conducts Investor Awareness Programmes (IAPs) throughout the country. IPF was instrumental in conducting 6,149 IAPs during FY 2019-20. Out of which 2,553 IAPs were conducted by IPF itself while 3,596 IAPs were conducted using Investors Services Fund (ISF). During the year, IPF conducted 231 Regional Investor Seminars exclusively with SEBI across different parts of the country. IPF also periodically brings out advertisements on Do's and Don'ts for investors to educate investors and enable them to safeguard their interests.

During the year, several educational and other capital market awareness events were sponsored by IPF to raise awareness about corporate best-practice. IPF has also supported global conferences and seminars that enhance understanding of Indian markets both in India and abroad. IPF is currently managing 27 Investor Service Centers across India covering all the major state capitals, including Mumbai. In order to create Capital Market Awareness with Post Graduate college students, IPF Secretariat has conducted more than 1000 programs with Universities and Educational Institutions across

India. During FY 2019-20, as part of digital initiative, BSE IPF has created Animated Investor Education Videos on 2 topics in English, Hindi, Gujarati & Bengali languages. These Videos were uploaded on websites of BSE & BSE IPF for benefit of common investors.

### Major Initiatives include:

1. Under the aegis of IOSCO and SEBI, IPF has participated in 'World Investor Week' celebrations during September 30, 2019 to October 6, 2019. 187 Investor Awareness Programs were conducted across India of which 29 were conducted jointly with SEBI.
  2. Released Common Booklet on Securities Market by Shri G. Mahalingam, Whole Time Member, SEBI at BSE Convention Hall on October 4, 2019 (during WIW 2019). This event was also graced by Shri Nagendraa Parakh, Executive Director - SEBI, Shri Ashishkumar Chauhan, MD & CEO - BSE, Shri Nehal Vora, MD & CEO - CDSL and other Senior SEBI & BSE officials.
- Common Booklet on Securities Market was prepared jointly by BSE, NSE, MSEI, CDSL & NSDL under guidance of SEBI to provide basic information about securities market to common investor.
3. On January 16, 2020 Regional Seminar on Investor Education was conducted at Gurugram where Shri Nagendraa Parakh, ED, SEBI, Shri Nehal Vora, MD & CEO, CDSL & Shri Gopalkrishnan Iyer, CGM, BSE were speakers.
  4. On September 12, 2019, Seminar with Rotary Club was organized at Kolkata wherein SEBI, RBI, ICAI, ICSI & ICWAI were also participants.
  5. Regional Seminar was held on June 7, 2019 at Coimbatore, Tamilnadu. Shri G Mahalingam, WTM - SEBI was the Chief Guest. More than 400 investors, professionals attended the event.
  6. Awareness Program for Air Force officials at Subroto Park Auditorium, Delhi was conducted on August 25, 2019. Air Marshal R Nambiar presided over the event which was attended by more than 550 Air Force officers.

In order to spread awareness about capital market as part of financial inclusion and to educate investors at national level across India especially in tier 2 and tier 3 cities, IPF has used services of national level TV channels including leading Business channels for spreading financial literacy programs related to capital market education, financial planning etc. Investor Awareness Campaigns were also carried on various themes in both print and following electronic media:

- 1) CNBC TV18 and CNBC Awaaz
- 2) ZEE Business
- 3) ET Now

#### GREEN INITIATIVE

The Company disseminates all agenda items of Board and Committee meetings electronically on a real time basis, by uploading them on a secured online application specifically designed for this purpose, thereby eliminating circulation of printed agenda papers.

#### ACKNOWLEDGEMENTS

The Board sincerely thanks the Government of India, Securities and Exchange Board of India, Reserve Bank of India, Insurance Regulatory and Development Authority, Gujarat International Finance Tec-City, 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, vendors, auditors, solicitors and lawyers for their continued partnership and confidence in the Company.

The Board members also wish to place on record their appreciation for the dedication and contribution made by the employees at all levels and look forward for their support in future as well. The Board members are also deeply touched by the efforts, sincerity and loyalty displayed by the employees during the COVID-19 pandemic and without whom the growth of the Company is unattainable.

Further, the Board expresses its gratitude to you as Shareholders for the confidence reposed in the management of the Company.

For and on behalf of the Board of Directors

**Date:** May 21, 2020

**Place:** Mumbai

**Justice Vikramajit Sen**

Chairman