

## BSE LIMITED

**BSE is the first stock exchange in Asia, which was formed on July 9, 1875. At the end of October 2016, the BSE was the world's largest exchange by number of listed companies, and India's largest and the world's 10th largest exchange by market capitalization, with US\$ 1.7 trillion in total market capitalization of listed companies. It operates in three primary lines of business, namely:**

- The listing business, which consists of the primary market, which relates to the issuance of new securities.
- The market business, which consists of (i) the secondary market, which relates to the purchase and sales of previously-issued securities, (ii) BSE StAR MF ("BSE StAR"), our online platform for the placement of orders and redemptions of units in mutual funds, (iii) NDS-RST, our platform for the reporting of over-the-counter corporate bond trading, (iv) membership, which includes membership in the Exchange, membership in our clearing corporation ICCL, and membership of depository participants in our depository CDSL, and (v) post-trade services, namely the clearing corporation and depository.
- The data business, which consists of the sale and licensing of information products.

As at September 30, 2016, the BSE had 1,446 unique members across all segments, and in Fiscal Year 2016 the BSE accepted an average of 284.92 million orders and 1.55 million trades in equity shares per trading day, placing it as the 12th most active exchange in the world in terms of electronic book trades in equity shares. During Fiscal Years 2014, 2015 and 2016 and the six months ended September 30, 2016, the BSE reported 24,663 million, 63,385 million, 70,376 million and 31,237 million electronic book orders in equity shares, respectively.

BSE Derive revenue from a number of sources, including securities services, services to corporate, data dissemination fees, investments and deposits, and other sources. For FY 2014, FY 2015 and FY 2016 and the six months ended September 30, 2016, our revenue from operations on a restated consolidated basis was 2,667.9 million, 3,611.4 million, 4,265.4 million and 2,421.8 million, respectively, and our net profit after share of minority and share of loss of associate as restated on a restated consolidated basis was 1351.9 million, 1297.4 million, 1225.3 million and 1049.3 million, respectively.

### Shareholding Pattern:

Shareholding Pattern	Pre Issue %	Post Issue %
Promoters & Promoter Group	0.0	0.0
Public (Including Trading Members)	100.0	100.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

<b>Price Band</b>	<b>Rs. 805 - 806 per Equity Share</b>
<b>Issues Open</b>	<b>Monday, Jan 23, 2017</b>
<b>Issue Close</b>	<b>Wednesday, Jan 25, 2017</b>
<b>Issue Type</b>	<b>100% Book Built Issue IPO</b>
<b>Bid Lot</b>	<b>18 Equity share and multiple thereafter</b>
<b>Maximum Bid amount for Retail</b>	<b>Rs, 2 Lacs</b>
<b>Total Issue size</b>	<b>15,427,197 Equity Shares (The Offer shall constitute up to 28.26% of the fully diluted post- offer issued share capital of BSE)</b>
<b>QIB*</b>	<b>up to 7,713,598 equity share</b>
<b>NIB*</b>	<b>at least 2,314,080 equity share</b>
<b>Retail Individual Bidders</b>	<b>at least 5,399,519 equity share</b>
<b>Mode of Payment</b>	<b>ASBA Mandatory (No cheque will be accepted)</b>
<b>Book Running Lead Managers</b>	<b>Edelweiss Capital, Axis Capital, Jefferies, Nomura Int, Motilal Oswal, SBI Capital</b>
<b>Face Value</b>	<b>Rs. 2 per Equity Share</b>
<b>Listing at</b>	<b>NSE</b>
<b>Registrar</b>	<b>Karvy Computershare Pvt. Ltd</b>

#### **Objects of the Issue:**

1. To achieve the benefits of listing the Equity Shares on NSE.
2. For the sale of Equity Shares by the Selling Shareholders.
3. Exchange expects that listing of the Equity Shares will enhance its visibility and brand image and provide liquidity to its existing Shareholders

#### **The Offer for Sale**

The Exchange will not receive any proceeds of the Offer and all the proceeds of the Offer will go to the Selling Shareholders in the proportion of the Equity Shares offered by them.

#### **Dividend Policy**

The Board has adopted a progressive dividend policy, intending to maintain or grow the dividend each year but, recognizing that some earnings fluctuations are to be expected, the annual dividend will reflect the Board's view of the earnings prospects over the entirety of the investment cycle. Overall financial strategy, the Board's aim is to continue to strike a balance between the interests of the business, our financial creditors and our shareholders. Dividend will generally be paid once a year. Dividends for any financial year will generally be paid out of net profit earned during the said year. Dividend will continue to be accrued and payable with respect to shares held in abeyance.

#### **Competitive Strengths:**

- Strong brand recognition with a track record of innovation
- Diversified and integrated business model and active relationship with market participants
- State-of-the-art infrastructure and technology
- Financial strength and diversified sources of revenue

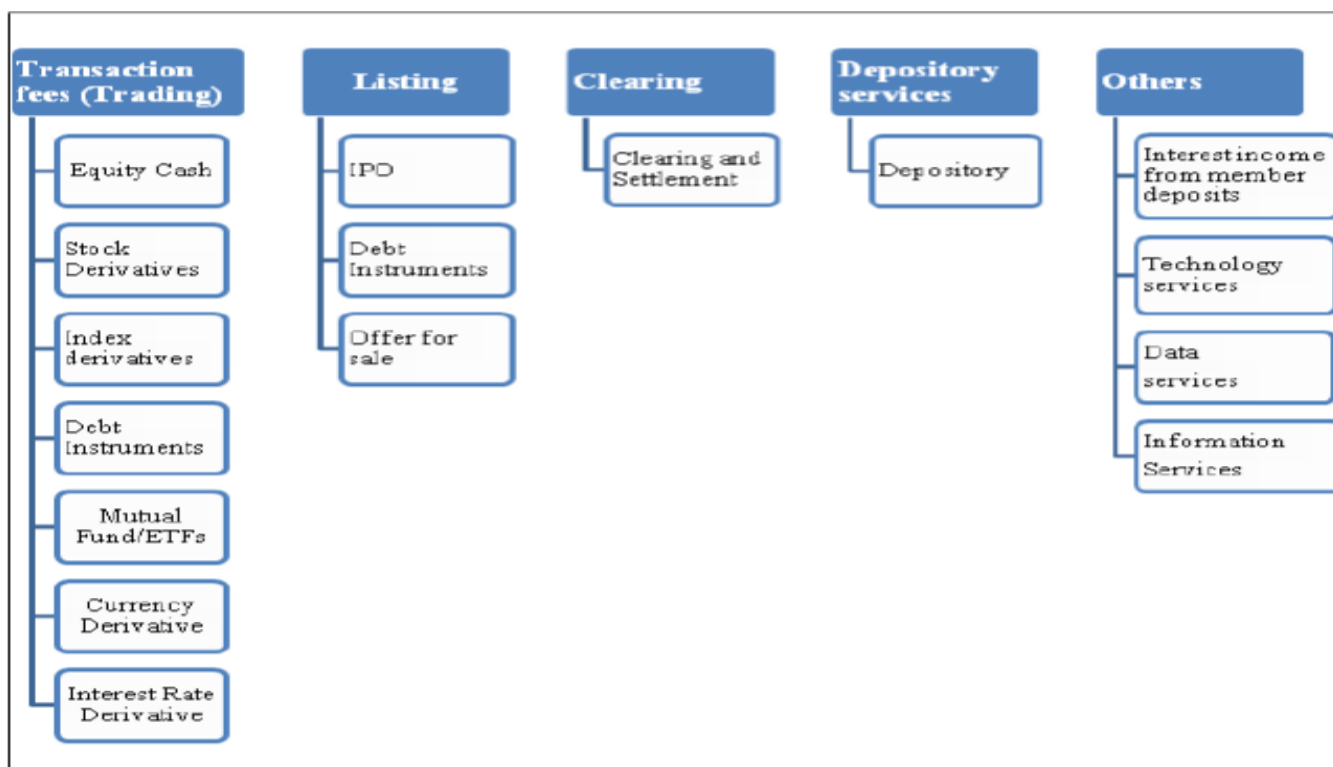
**Key Strategies:**

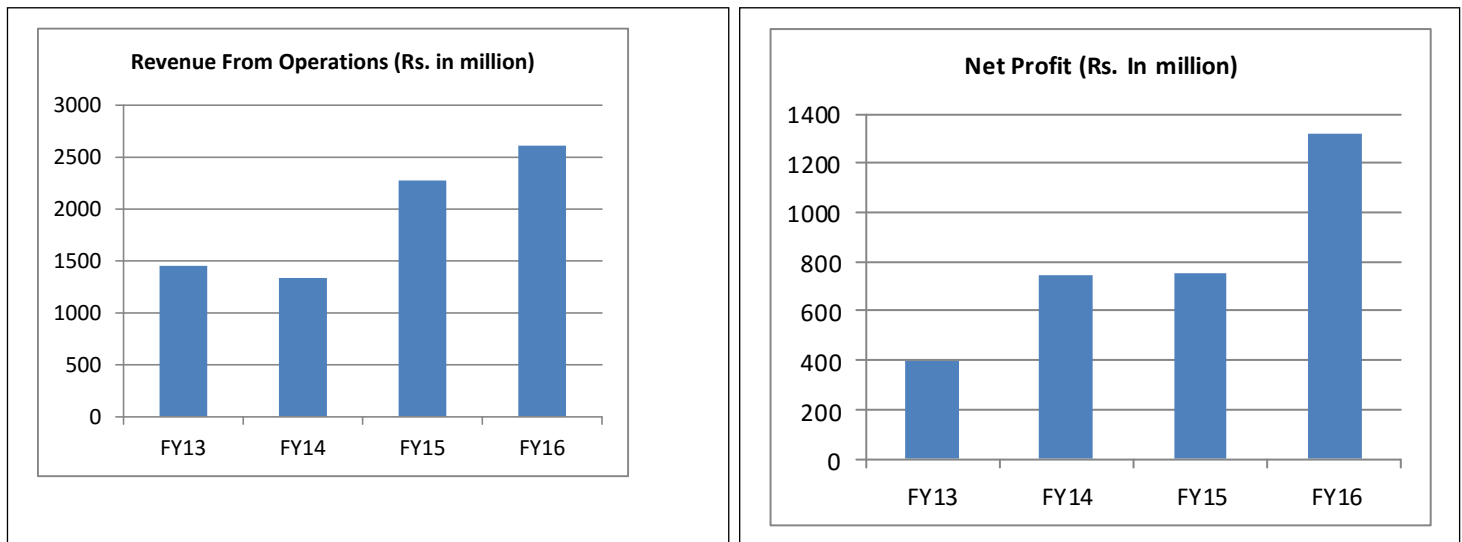
- Strengthen our position to become the exchange of choice in India and expand our cross-border reach by entering into strategic alliances.
- Increase our variety and market share of derivative products
- Diversify our product and service offerings and maintain new product innovation and development
- Maintain and improve best-in-class platform infrastructure
- Establish an international exchange and an international clearing corporation at GIFT City.
- Capture growth in the underpenetrated Indian financial markets

**Industry:**

Globally, there are over 70 major stock exchanges with a market capitalisation of more than US\$5 billion. The total global market capitalisation of WFE member exchanges (the "WFE Exchanges") aggregated to US\$68 trillion at the end of October 2016, 16 of these stock exchanges had a market capitalisation of above US\$1 trillion each. Market capitalisation of these stock exchanges taken together accounted for 86% of the total global market capitalisation. The Intercontinental Exchange: NYSE ("ICE: NYSE") dominates with a market capitalisation of about US\$18.2 trillion at the end of October 2016. In terms of turnover (defined as the value of shares traded), the Shanghai Stock Exchange topped the list with a turnover of about US\$21.3 trillion in 2015. The BSE Limited was the largest exchange in the world in terms of number of listed companies at the end of October 2016, with 5,868 companies.

**Revenue Sources of Global Exchanges**



**Graphical Representation of Performance****Management**

<b><u>Name of board members</u></b>	<b><u>Designation</u></b>
<b>Sudhakar Rao</b>	Chairman and Public Interest Director
<b>Ashishkumar Manilal Chauhan</b>	Managing Director and Chief Executive Officer
<b>Dhirendra Swarup</b>	Public Interest Director
<b>Kasturirangan Krishnaswamy</b>	Public Interest Director
<b>Sethurathnam Ravi</b>	Public Interest Director
<b>Sumit Bose</b>	Public Interest Director
<b>Vikramajit Sen</b>	Public Interest Director
<b>Rajeshree Rajnikant Sabnavis</b>	Shareholder Director
<b>Sriprakash Kothari</b>	Shareholder Director
<b>Thomas Lars Bendixen</b>	Shareholder Director
<b>Usha Sangwan</b>	Shareholder Director

**Summary statement of Balance Sheet**

Restated Consolidated Summary Statement of Assets and Liabilities

(\* in Million)

Particulars	Note No. of Annexure IV	As at September 30, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
<b>I - EQUITY AND LIABILITIES</b>							
<b>(1) Shareholders' Funds</b>							
(a) Share Capital	2	107.4	107.4	107.3	103.8	103.7	103.5
(b) Reserves and Surplus	3	25,421.8	24,385.4	24,501.6	23,603.9	22,785.7	22,093.8
		25,529.2	24,492.8	24,608.9	23,707.7	22,889.4	22,197.3
<b>(2) Core Settlement Guarantee Fund</b>		1,920.6	1,760.5	1,112.6	56.3	8.1	2.2
<b>(3) Share Application Money Pending Allotment</b>		0.1	0.1	0.1	0.1	0.1	0.1
<b>(4) Minority Interest</b>	41	2,277.2	2,223.1	1,986.4	1,875.4	1,733.3	1,553.2
<b>(5) Non-current Liabilities</b>							
(a) Deferred Tax Liabilities (Net)	4	2.4	1.5	26.7	95.9	55.3	56.1
(b) Long-term Borrowings	5	-	18.8	35.6	13.1	-	-
(c) Other Long-term Liabilities	6	537.0	520.6	449.9	286.3	316.9	292.9
(d) Long-term Provisions	7	11.2	8.0	7.7	4.2	3.7	8.9
(e) Deposits from Trading Members	39	172.5	190.0	190.0	310.0	2,435.0	2,530.0
		723.1	738.9	709.9	709.5	2,810.9	2,887.9
<b>(6) Current Liabilities</b>							
(a) Short-Term Borrowings	8	-	-	-	-	8.7	3,060.5
(b) Trade Payables:	9						
(i) Total outstanding dues of Micro, Small and Medium Enterprises		-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		774.1	696.6	580.5	469.5	370.8	430.8
(c) Other Current Liabilities	10	12,936.8	11,391.2	12,144.0	13,308.9	11,026.2	8,402.1
(d) Short-term Provisions	11	362.3	766.5	831.1	581.7	600.8	833.2
		14,073.2	12,854.3	13,555.6	14,360.1	12,006.5	12,726.6
<b>TOTAL</b>		<b>44,523.4</b>	<b>42,069.7</b>	<b>41,973.5</b>	<b>40,709.1</b>	<b>39,448.3</b>	<b>39,367.3</b>
<b>II - ASSETS</b>							
<b>(1) Goodwill on Consolidation</b>		850.4	850.4	850.4	850.4	850.4	850.4
<b>(2) Non-current Assets</b>							
<b>(a) Fixed Assets</b>							
(i) Tangible Assets	12	1,396.8	1,434.5	1,363.0	851.1	880.2	881.8
(ii) Intangible Assets	12	178.6	185.0	292.3	201.9	206.5	103.5
(iii) Capital Work-in-progress		74.6	6.0	30.5	324.2	200.6	168.7
(iv) Intangible Assets Under Development		18.1	20.3	6.1	14.5	4.4	34.0
		1,668.1	1,645.8	1,691.9	1,391.7	1,291.7	1,188.0
<b>(b) Non-current Investments</b>	13	13,639.2	15,250.8	14,102.3	11,252.3	5,273.2	8,186.2
<b>(c) Deferred Tax Assets (net)</b>	14	114.1	107.8	63.1	47.4	54.1	32.1
<b>(d) Long term Loans and Advances</b>	15	1,006.7	1,203.9	856.3	790.6	563.5	306.6
<b>(e) Other Non-current Assets</b>	16	5.7	15.0	21.0	29.3	18.8	14.7
		14,765.7	16,577.5	15,042.7	12,119.6	5,909.6	8,539.6
<b>(3) Current Assets</b>							
(a) Current Investments	17	8,000.2	5,372.8	8,659.5	10,611.0	8,262.9	5,687.9
(b) Trade Receivables	18	638.9	479.9	360.0	344.3	344.0	338.9
(c) Cash and Bank Balances	19	16,920.9	16,100.8	14,524.8	14,694.6	20,484.3	22,202.5
(d) Short-term Loans and Advances	20	543.2	197.0	247.0	168.8	149.0	109.7
(e) Other Current Assets	21	1,136.0	845.5	597.2	528.7	2,156.4	450.3
		27,239.2	22,996.0	24,388.5	26,347.4	31,396.6	28,789.3
<b>TOTAL</b>		<b>44,523.4</b>	<b>42,069.7</b>	<b>41,973.5</b>	<b>40,709.1</b>	<b>39,448.3</b>	<b>39,367.3</b>

**Summary statement of Profit & Loss**

Restated Consolidated Summary Statement of Profit and Loss

(\* in Million)

Particulars	Note No. of Annexure IV	For the six months ended september 30, 2016	For the year ended					
			March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	
<b>I Revenue from Operations :</b>								
Securities Services	22	1,496.7	2,430.1	2,336.5	1,872.4	1,936.3	2,183.0	
Services to Corporates	23	801.9	1,611.1	1,053.9	591.4	579.1	762.8	
Data Dissemination Fees		123.2	224.2	221.0	204.1	223.8	207.7	
		2,421.8	4,265.4	3,611.4	2,667.9	2,739.2	3,153.5	
<b>II Income From Investments and Deposits</b>	24	1,111.8	1,896.5	2,225.7	2,182.7	2,356.3	2,223.5	
<b>III Other Income</b>	25	301.1	420.8	410.4	447.6	433.9	409.6	
<b>IV Total Revenue (I + II + III)</b>		3,834.7	6,582.7	6,247.5	5,298.2	5,529.4	5,786.6	
<b>V Expenses:</b>								
Employee Benefits Expense	26	640.0	1,115.5	998.7	853.7	772.4	749.2	
Finance Costs		6.0	6.7	6.6	3.8	24.5	13.6	
Depreciation and Amortization Expense	12	246.1	616.8	587.7	323.5	283.1	340.7	
Administration and Other Expenses	27	1,263.6	2,462.1	2,195.7	1,570.0	1,648.3	1,439.0	
<b>Total Expenses</b>		2,155.7	4,201.1	3,788.7	2,751.0	2,728.3	2,542.5	
<b>VI Profit before Exceptional items, Extraordinary Items and Tax (IV- V)</b>		1,679.0	2,381.6	2,458.8	2,547.2	2,801.1	3,244.1	
<b>VII Exceptional Items :</b>								
Liquidity Enhancement Incentive Programme Scheme	44(a)	-	172.4	342.5	612.9	955.4	604.9	
Settlement Guarantee Fund (25% Transfer of Profit)	32	207.9	514.3	-	-	-	-	
Voluntary Retirement Scheme	44(b)	-	-	143.2	-	23.7	-	
Loss on sale of Strategic Investment		-	64.3	-	-	-	-	
Reversal of Contribution to Depository Investor Protection Fund	30	-	(331.0)	-	-	-	-	
Others	44(c) & (d)	-	46.0	21.8	-	-	-	
<b>Total Exceptional Items</b>		207.9	466.0	507.5	612.9	979.1	604.9	
<b>VIII Profit before Extraordinary Items and Tax (VI- VII)</b>		1,471.1	1,915.6	1,951.3	1,934.3	1,822.0	2,639.2	
<b>IX Tax expense:</b>								
(1) Current Tax		305.3	434.4	506.3	314.1	399.6	626.2	
(2) Minimum Alternate Tax Credit Entitlement		(76.2)	(34.9)	-	(21.5)	-	-	
(3) Deferred Tax		(5.5)	(75.4)	(68.5)	47.3	(22.7)	16.4	
<b>Total</b>		223.6	324.1	437.8	339.9	376.9	642.6	
<b>X Net Profit after Tax before Extraordinary Items as Restated (VIII- IX)</b>		1,247.5	1,591.5	1,513.5	1,594.4	1,445.1	1,996.6	
<b>XI Extraordinary Items</b>		-	-	-	(5.7)	4.9	-	
<b>XII Profit after Tax &amp; Extraordinary Items (X- XI)</b>		1,247.5	1,591.5	1,513.5	1,600.1	1,440.2	1,996.6	
<b>XIII Share of Minority</b>		198.2	363.5	213.3	244.1	248.5	268.1	
<b>XIV Share of Loss of Associate</b>		-	2.7	2.8	4.1	3.3	4.1	
<b>XV Net profit after Share of Minority and Share of Loss of Associate as Restated</b>		1,049.3	1,225.3	1,297.4	1,351.9	1,188.4	1,724.4	
<b>XVI Earnings Per Equity Share (EPS) (face value of ₹ 2/- each)</b>	38							
<b>Before Exceptional Items and Extraordinary Items</b>								
Basic and Diluted EPS		21.71*	29.84	29.90	33.34	35.04	40.34	
<b>After Exceptional Items and Extraordinary Items</b>								
Basic and Diluted EPS		19.22*	22.45	23.77	25.57	22.48	32.61	

\* Not Annualized

Note :

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