

Independent Auditor's Review Report on the Quarterly Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors,
BSE Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of BSE Limited (the "Company") for the quarter ended June 30, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Emphasis of Matter

We draw attention to Note 12 to the Statement, in respect of contribution required to be made as on June 30, 2020, of Rs. 1,831 lakhs to Core Settlement Guarantee Fund ('core SGF') by the Company to clearing corporations other than Indian Clearing Corporation Limited. Considering the representation made by the Company to Securities Exchange Board of India and pending approval from them in this regard, no impact has been considered in the Statement.

Our opinion is not modified in respect of this matter.

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

per Jayesh Gandhi

Partner

Membership No.: 037924

UDIN: 20037924AAAAKO1364

Mumbai

August 03, 2020



BSE Limited
CIN L67120MH2005PLC155188
(Formerly known as Bombay Stock Exchange Limited)
Registered office: Floor 25, P J Towers, Dalal Street, Mumbai 400001
Statement of Standalone Financial Results for the quarter ended June 30, 2020

(₹ in Lakh)

PARTICULARS		For the quarter ended June 30, 2020	For the quarter ended March 31, 2020	For the quarter ended June 30, 2019	For the year ended March 31, 2020
		Unaudited	Audited	Unaudited	Audited
1	Revenue from operations	8,530	9,953	9,548	37,863
2	Investment income	4,732	2,322	4,198	13,956
3	Other income (refer note 5)	546	776	489	2,394
4	Total income (1+2+3)	13,808	13,051	14,235	54,213
5	Expenses				
a)	Employee benefits expense	2,309	2,315	2,395	9,390
b)	Depreciation and amortisation expense	1,129	1,148	1,026	4,355
c)	Computer technology related expenses	3,079	3,212	3,338	13,090
d)	Settlement of service tax matter (refer note 10)	-	4	-	366
e)	Provision for Additional Contribution to ISF and IPF (refer note 6)	-	1,861	-	1,861
f)	Administration and other expenses	3,640	4,303	3,352	16,568
g)	Liquidity enhancement scheme expenses (refer note 11)	201	160	-	219
	Total expenses (5a to 5g)	10,358	13,003	10,111	45,849
6	Profit before exceptional item and tax (4-5)	3,450	48	4,124	8,364
7	Exceptional item (net) (refer note 4)	-	-	-	9,158
8	Profit before tax (6+7)	3,450	48	4,124	17,522
9	Tax expense (refer note 5)	216	(111)	688	155
10	Profit for the period / year (8-9)	3,234	159	3,436	17,367
11	Other comprehensive income (net of taxes)	189	23	29	(25)
12	Total comprehensive income for the period / year (10+11)	3,423	182	3,465	17,342
13	Paid up equity share capital (face value per share ₹ 2 Each)	900	900	1,036	900
14	Other equity				2,15,601
15	Earnings per equity share (face value per share ₹ 2 Each)				
	Basic and diluted before exceptional item (₹) (refer note below)	7.06	0.35	6.54	16.72
	Basic and diluted after exceptional item (₹) (refer note below)	7.06	0.35	6.54	35.37

Note: Basic and diluted EPS is not annualised for the quarter ended results. EPS is calculated on outstanding shares issued by BSE Limited (the "Company") including shares held in abeyance.

- 1 The above standalone financial results for the quarter ended June 30, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors on August 3, 2020 and the statutory auditors of the Company have conducted "Limited Review" of the above standalone financial results for the quarter ended June 30, 2020.
- 2 The above standalone financial results for the quarter ended June 30, 2020 are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
- 3 The Company operates only in one Business Segment i.e. "Facilitating Trading in Securities and other related ancillary Services", hence does not have any reportable Segments as per Ind-AS 108 "Operating Segments".
- 4 During the previous year, the Company had divested its 4% stake in its associate company Central Depository Services (India) Limited ("CDSL") through offer for sale. The profit on divestment amounting to ₹ 9,158 Lakh is reflected as an "Exceptional Item" in the statement of Standalone Financial Results for the year ended March 31, 2020.
- 5 (a) Based on the assessment orders received, interest on Income Tax refund, as allowed in the assessments, of ₹ 4 Lakh and ₹ 18 Lakh has been included in "Other Income" for the quarter ended June 30, 2019 and year ended March 31, 2020 respectively.

(b) A Taxation Laws (Amendment) Ordinance, 2019 ("Ordinance") on September 20, 2019 has amended the Income Tax Act, 1961 and Finance (No. 2) Act, 2019, by which the option has been provided for the lower tax regime without any incentives for the domestic companies. Under the revised tax regime, benefit of accumulated Minimum Alternate Tax (MAT) credit is not allowed. Considering the substantial accumulated MAT credit, the management has assessed that it is beneficial not to opt for the option of availing revised income tax rate for some period of time. The tax liability for the current period and previous period has been accordingly calculated.
- 6 The Company had earlier received observations from SEBI in respect of inspection conducted for the period 2005 – 2017, in which the Company was asked to plough back certain amount to Investors' Services Fund ("ISF") and BSE Investors Protection Fund Trust ("IPF") against expenses charged in the earlier years to these funds. On the basis of response submitted by the Company, SEBI concluded and instructed the Company in March 2020 to plough back an amount of ₹ 1,037 Lakh along with interest to the said funds. Consequently, an expense of ₹ 1,385 Lakh was charged to the profit and loss account for the quarter and year ended March 31, 2020. For the said matter, a charge for the subsequent period of ₹ 476 Lakh was also recognized. Accordingly, an amount aggregating to ₹ 1,861 Lakh has been disclosed as "Provision for Additional Contribution to ISF and IPF" for the quarter and year ended March 31, 2020.
- 7 The Company and its provident fund trust has an investment of ₹ 1,700 Lakh and ₹ 355 Lakh (including interest of ₹ 74 Lakh) respectively in secured Non-convertible Debentures of IL&FS Group. Considering the status of IL&FS Group Companies, a provision of ₹ 2 Lakh, ₹ 265 Lakh, ₹ 2 Lakh and ₹ 798 Lakh has been made during the quarter ended June 30, 2020, quarter ended March 31, 2020, quarter ended June 30, 2019 and year ended March 31, 2020 respectively.
- 8 During the previous year, as approved by the Directors and Shareholders, the company had implemented a scheme of buyback ("the scheme"). The buyback opened on August 30, 2019 and closed on September 16, 2019 and the Company bought back 67,64,705 equity shares at ₹ 680 per share resulting in cash outflow of ₹ 46,000 Lakh (excluding expenses towards buyback). As provided in the scheme, an amount of ₹ 22,526 Lakh was utilized from Securities Premium Account, ₹ 23,338 Lakh was utilized from General Reserve and Share capital has been reduced by ₹ 136 Lakh. Further, Capital Redemption Reserve of ₹ 136 Lakh (representing the nominal value of the shares bought back and extinguished) has been created from balance in Retained earnings as per the requirements of the Companies Act, 2013.
- 9 As per the assessment of management, there are no lease contracts for which IND AS 116 – Leases is required to be applied.
- 10 During the previous year, the Company had opted for the Sabka Vishwas (Legacy Dispute Resolution) scheme, 2019 for the settlement of service tax matter of earlier years. Accordingly, an amount of ₹ 366 Lakh was paid under the said scheme, which was charged to the profit and loss account by ₹ 4 Lakh and ₹ 366 Lakh for the quarter ended March 31, 2020 and for year ended March 31, 2020 respectively.
- 11 Pursuant to SEBI Circular CIR/MRD/DP/14/2014 dated April 23, 2014 and BSE Notice no-20190805-10, 20190925-31, 20191108-25, with effect from November 25, 2019, the Company has introduced the Liquidity Enhancement Scheme (LES) in equity derivatives. An expense of ₹ 201 Lakh, ₹ 160 Lakh and ₹ 219 Lakh has been incurred towards the scheme for the quarter ended June 30, 2020, quarter ended March 31, 2020 and year ended March 31, 2020 respectively.

- 12 Interoperability of settlements amongst clearing corporations was implemented from June 2019. After implementation of interoperability, the members have the option to choose the clearing corporation to clear their trades. Based on their selection, the trades of BSE are cleared by respective clearing corporations.
- As per the requirement arising out of August 27, 2014 SEBI Circular on CIR\MRD\DRMNP\25\2014, for contribution by exchange to Core SGF, BSE needs to contribute to Core SGFs of all the Clearing corporations through which its trades are cleared.
- BSE has already contributed ₹ 15,310 Lakh to Indian Clearing Corporation Ltd ("ICCL")., which is in excess by ₹ 12,333 Lakh as compared to the requirement relating to the contribution required to be made to ICCL for Core SGF, as of June 30, 2020. Based on the transactions executed on BSE, which are cleared by other Clearing Corporations, requirement to contribute for Core SGF is ₹ 1,831 Lakh as on June 30, 2020. The Board of the Company has represented SEBI to allow utilisation of excess contribution by BSE lying with ICCL to the requirement of Core SGF contribution to other clearing corporations. The Company has also represented to SEBI that the contribution by exchanges towards Core SGF of clearing corporations may be allowed to be contributed in the form of Bank Fixed Deposit / Government Securities. The Company is awaiting approval from SEBI in this regard.
- In view of the above, no contribution has been made to other clearing corporations and the Company has not taken any charge for the contribution to Core SGF in the statement of profit and loss. The Management has also assessed that there is no impact on their operations with clearing corporations due to non payment of contribution to Core SGF to them.
- 13 The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The Indian government had announced countrywide lockdown which is continuing at present.
- In this nation-wide lock-down period, though all the services across the nation were suspended, some essential services establishments including securities market participants could operate and were exempted from the lock-down.
- The management has assessed the potential impact of the COVID-19 on the Company. Based on the current assessment, the management is of the view that impact of COVID-19 on the operations of the Company and the carrying value of its assets and liabilities is not likely to be material.
- 14 The figures for the quarter ended March 31, 2020 are arrived at as difference between audited figures in respect of the full financial year for the year ended March 31, 2020 and the reviewed figures upto nine months period ended December 31, 2019.
- 15 Previous quarter's / year's figures have been regrouped / reclassified and rearranged wherever necessary to correspond with the current quarter's / year's classification / disclosure.

For and on behalf of Board of Directors of
BSE LIMITED

Ashishkumar Chauhan
Managing Director & CEO

Mumbai, August 3, 2020