



## **EIGHTH ANNUAL REPORT 2005-06**



**INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD.**

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*Ajay / Himen*

**BRANCH OFFICES**

**BOARD OF DIRECTORS**

**AHMEDABAD**  
 Shop No. S/4, Valmik Complex  
 Near Parimal Garden  
 Ellisbridge  
 Ahmedabad - 380006.  
 (Branch Incharge: Shri Madhusudhan Soneji)

**COIMBATORE**  
 Southern Regional Office  
 Coimbatore Stock Exchange Building  
 684, Stock Exchange Building  
 Trichy Road, Coimbatore - 641005.  
 (Branch Incharge: Shri T. Umashankar)

**DELHI**  
 Northern Regional Office  
 B-36, 3rd Floor, Opp. CRPF School  
 Prashant Vihar, Rohini  
 Delhi - 110085  
 (Branch Incharge: Shri S. D. Mishra)  
*Santosh kumar*

**HYDERABAD**  
 Hyderabad Stock Exchange Building  
 3-6-275, Himayat Nagar  
 Hyderabad - 500029  
 (Branch Incharge: Shri ~~Surendra-Reddy~~)  
*T. Surender*

**KOLKATA**  
 Eastern Regional Office  
 403, Mukti Chambers  
 4, Clive Row  
 Kolkata - 700001  
 (Branch Incharge: Shri Ramesh Kumar)

**MANGALORE**  
 3rd Floor, Rama Bhavan Complex  
 Kodialbail  
 Mangalore - 575001  
 (Branch Incharge: Shri Jayakrishana Padiyar)

**NAGPUR**  
 F-2, First Floor, Narmada Plaza  
 Dharampeth  
 Nagpur - 440010  
 (Branch Incharge: Shri Rajesh Pise)  
*Amit Chakraborty*

**PATNA**  
 803, Ashiana Plaza  
 8th Floor, Budh Marg  
 Patna - 800001  
 (Branch Incharge: Shri Himanshu Kumar)

**INVESTOR POINTS**

**BORIVALI**  
 Shop No. 3, Visamo Building  
 57th T.P.S. III Road, Borivali  
 Mumbai - 400092

**TIRUNEVELI**  
 64 - D, Nellai Plaza  
 2nd Floor, Madurai Road  
 Tirunelveli - 627001

*KARAIKUDI*

**TIRUPUR**  
 32-A, 2nd Floor  
 Easwaran Kovil  
 Tirupur

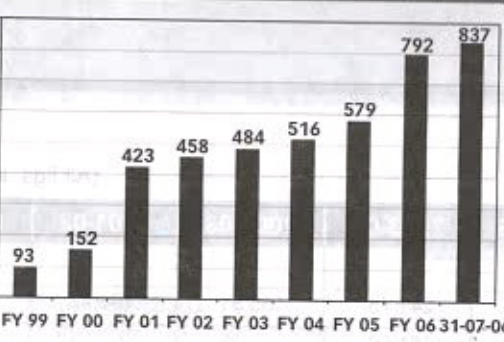
<b>INCOME</b>
Income from Operatic
Other Income
<b>Total Income</b>
<b>EXPENDITURE</b>
Administrative & Oper
Depreciation
<b>Total Expenditure</b>
<b>Profit/(Loss) before</b>
<b>Less : Provision for</b>
<b>PROFIT/(LOSS) AFTI</b>
<b>NETWORTH</b>

# FINANCIALS AT A GLANCE

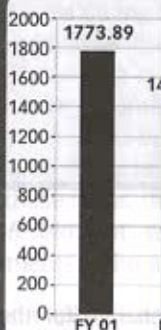
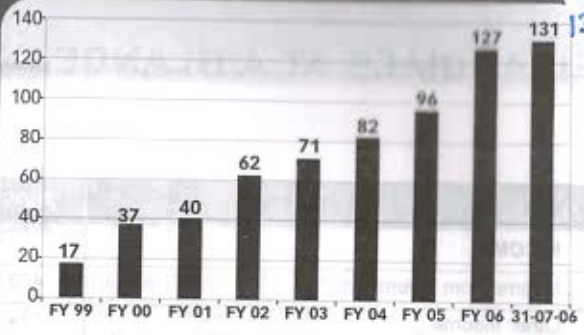
(All figs. in Rs. lakh)

	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
<b>INCOME</b>						
Income from Operations	423.56	307.54	241.75	155.51	193.42	219.57
Other Income	174.46	54.72	51.00	-	-	-
<b>Total Income</b>	<b>598.02</b>	<b>362.26</b>	<b>292.75</b>	<b>155.51</b>	<b>193.42</b>	<b>219.57</b>
<b>EXPENDITURE</b>						
Administrative & Operational Expenses	333.76	213.56	137.75	141.06	404.62	342.37
Depreciation	28.24	142.53	143.59	142.70	180.89	187.09
<b>Total Expenditure</b>	<b>362.00</b>	<b>356.09</b>	<b>281.34</b>	<b>283.76</b>	<b>585.51</b>	<b>529.46</b>
<b>Profit/(Loss) before Taxation</b>	<b>236.02</b>	<b>6.17</b>	<b>11.41</b>	<b>(128.25)</b>	<b>(392.09)</b>	<b>(309.89)</b>
Less : Provision for tax	21.56	-	-	-	-	-
<b>PROFIT/(LOSS) AFTER TAXATION</b>	<b>214.46</b>	<b>6.17</b>	<b>11.41</b>	<b>(128.25)</b>	<b>(392.09)</b>	<b>(309.89)</b>
<b>NETWORTH</b>	<b>1,475.52</b>	<b>1,314.00</b>	<b>1,445.74</b>	<b>1,402.00</b>	<b>1,453.54</b>	<b>1,773.89</b>

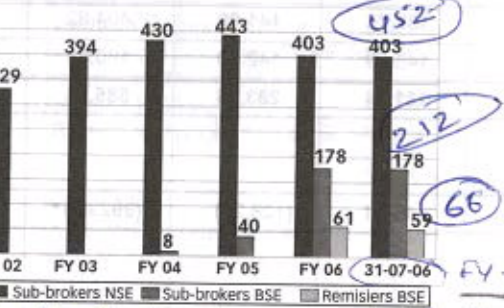
No of Registered Trading Members



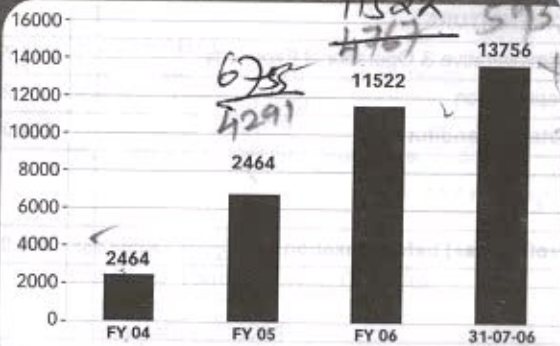
No. of Cities where Trading Members are situated



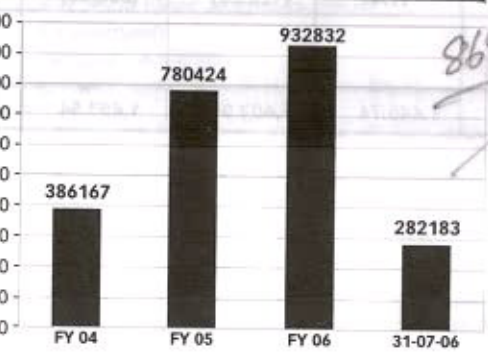
No of Registered Intermediaries for NSE and BSE



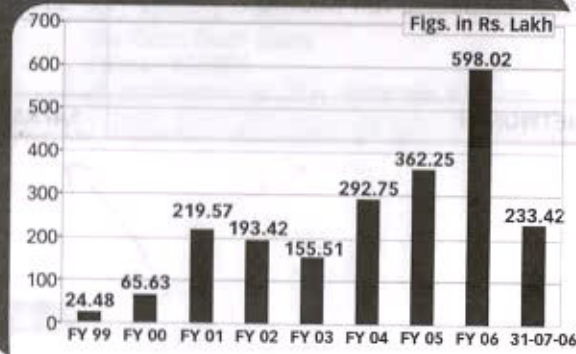
No of DP Beneficiary Accounts



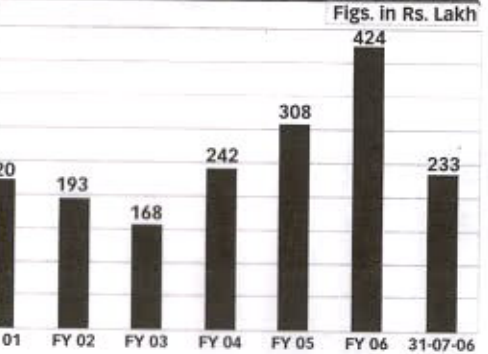
No of DP Instructions Processed



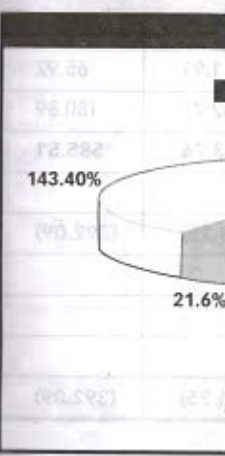
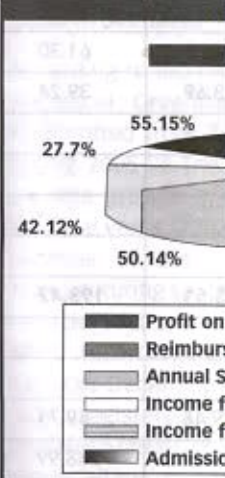
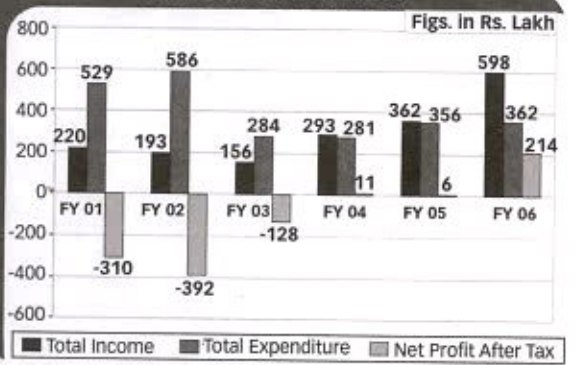
Total Income

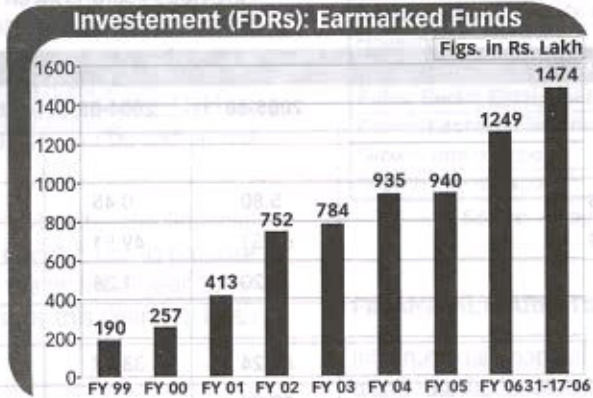
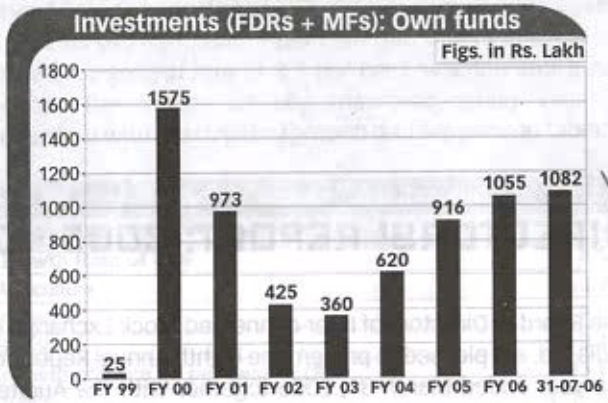
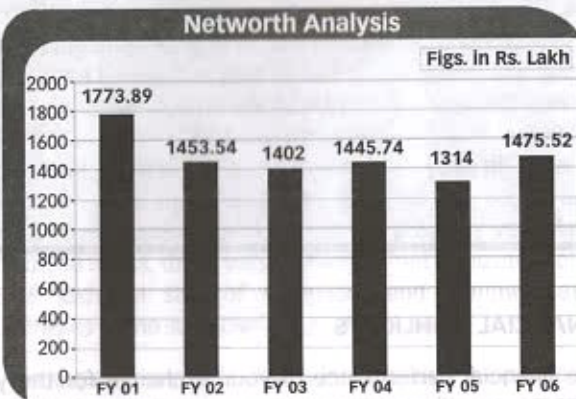


Operational Income

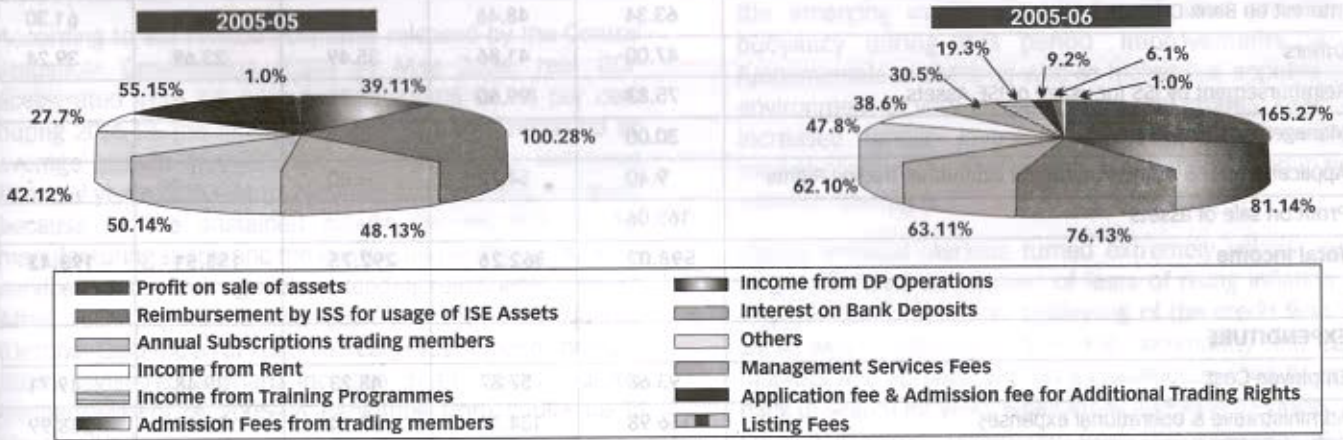


Financial Performance

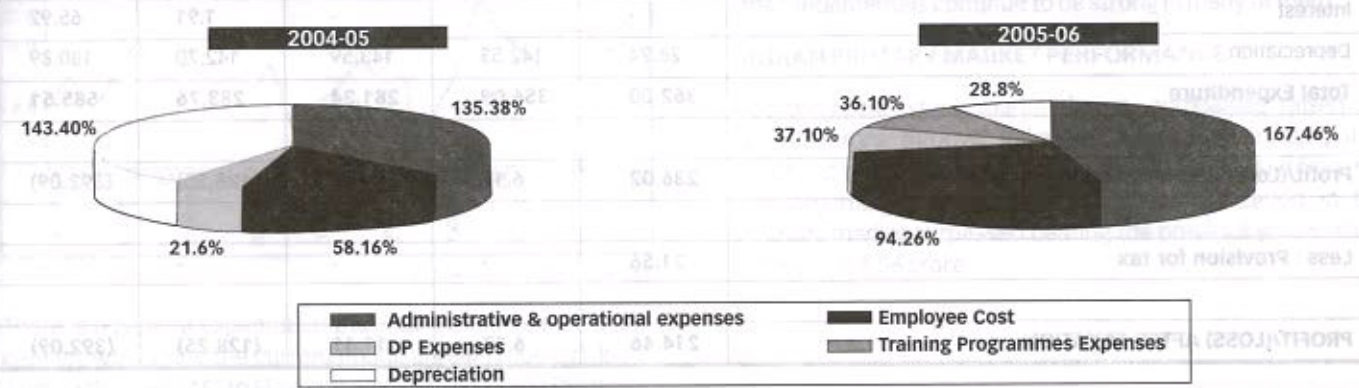




### Break-up of income



### Break-up of Expenditure



## DIRECTORS' REPORT: 2005 - 06

The Board of Directors of Inter-connected Stock Exchange of India Ltd. are pleased to present the Eighth Annual Report for the year ended March 31, 2006 together with the Audited Statement of Accounts for the financial year 2005-06.

### FINANCIAL HIGHLIGHTS

The financial performance of your Exchange for the year 2005-06, together with the comparable figures for the four previous years, is given below:

Comparative Financial Performance	(Figs. in Rs. lakh)				
	2005-06	2004-05	2003-04	2002-03	2001-02
<b>INCOME</b>					
Admission Fees from trading members	5.80	0.45	0.50	0.80	0.65
Annual Subscriptions trading members	61.51	49.91	52.18	90.77	89.71
Listing Fees	1.20	1.36	0.89	1.16	1.70
Transaction Charges	-	-	-	0.35	0.82
Income from DP Operations	81.24	38.88	14.80	-	-
Income from Training Programmes	19.30	-	-	-	-
Income from Rent	38.34	27.02	16.19	-	-
Interest on Bank Deposits	63.34	48.46	36.12	38.74	61.30
Others	47.00	41.86	35.49	23.69	39.24
Reimbursement by ISS for usage of ISE Assets	75.83	99.60	85.58	-	-
Management Services Fees	30.00	-	-	-	-
Application fee & Admission fee for Additional Trading Rights	9.40	54.72	51.00	-	-
Profit on sale of assets	165.06	-	-	-	-
<b>Total Income</b>	<b>598.02</b>	<b>362.26</b>	<b>292.75</b>	<b>155.51</b>	<b>193.42</b>
<b>EXPENDITURE</b>					
Employee Cost	93.68	57.87	48.23	39.48	49.71
Administrative & operational expenses	166.98	134.74	77.94	99.67	288.99
DP Expenses	36.94	20.95	11.58	-	-
Training Programmes Expenses	36.16	-	-	-	-
Interest	-	-	-	1.91	65.92
Depreciation	28.24	142.53	143.59	142.70	180.89
<b>Total Expenditure</b>	<b>362.00</b>	<b>356.09</b>	<b>281.34</b>	<b>283.76</b>	<b>585.51</b>
<b>Profit/(Loss) before Taxation</b>	<b>236.02</b>	<b>6.17</b>	<b>11.41</b>	<b>(128.25)</b>	<b>(392.09)</b>
<b>Less : Provision for tax</b>	<b>21.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PROFIT/(LOSS) AFTER TAXATION</b>	<b>214.46</b>	<b>6.17</b>	<b>11.41</b>	<b>(128.25)</b>	<b>(392.09)</b>

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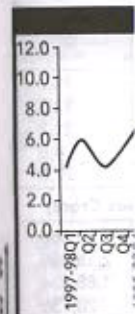
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Your Exchange has improved its financial performance with its total income rising to Rs.598.02 lakh, up from Rs. 362.25 lakh earned during the year 2004-05. The main contributors to the additional income were DP income which had gone up to Rs. 81.24 lakh in 2005-06 from Rs. 38.88 lakh in 2004-05 and training income of Rs. 19.30 (previous year: nil). Interest income in 2005-06 was also higher at Rs. 63.34 lakh, compared to Rs.48.46 lakh during the previous year. Apart from these items, there was a one time net realization of Rs. 165.06 lakh on sale of computer and communication equipments to the subsidiary of your exchange.

On the expenditure side, the administrative & operational expenses and employee cost have shown increase commensurate with the larger scale of activities carried out during 2005-06, mainly for supporting the new DP branches and for running the training programmes.

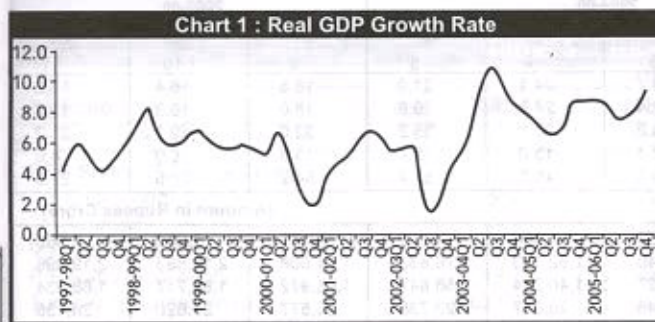
The networth of your Exchange stood at Rs. 1,475.52 lakh at the end of March 2006, compared to Rs. 1,314.00 lakh at the end of March 2005.

After taking consideration the need to bolster the financial position of the Company, the Board decided not to propose any dividend to the shareholders for the financial year 2005-06 and, therefore, the entire surplus for this year has been transferred to Free Reserves.

## MACRO-ECONOMIC REVIEW

### Growth Scenario

According to the revised estimates released by the Central Statistical Organization (CSO) in May 2006, real GDP accelerated from 7.5 per cent in 2004-05 to 8.4 per cent during 2005-06. The Indian economy has thus recorded an average growth of over eight per cent in the last three financial years (2003-04 to 2005-06). This has been achieved because of the sustained robust performance of the manufacturing sector and the impressive performance of the services sector, with agriculture lending reasonable support. After recording some slowdown in the third quarter (October-December) of 2005-06, real gross domestic product (GDP) registered a sharp increase in the fourth quarter (January-March) of 2005-06 benefiting from a pick-up in almost all sub-sectors.



There is a general expectation that GDP will sustain an 8 per cent growth during the current financial year (2006-07). In its Approach Paper (AP) to Eleventh Plan (2007-12), the Planning

Commission has drawn up three alternative growth scenarios of 7 per cent, 8 per cent and 9 per cent and has targeted a growth rate of 8.5 per cent over the entire plan period. The values of key macro-economic variables consistent with the targeted growth rate are given in Table 1.

For the Eleventh Five Year Plan	
<b>Growth Rate of GDP</b>	<b>8.5</b>
Agriculture	3.9
Industry	9.9
Services	9.4
<b>Investment rate as per cent of GDP</b>	<b>33.6</b>
Public	10.4
Private	23.2
<b>Domestic Savings rate as per cent of GDP</b>	<b>31.0</b>
Household	20.7
Corporate	5.8
Public Sector Enterprises	3.0
<b>Current account balance as per cent of GDP</b>	<b>-2.6</b>
Growth rate of imports	12.1
Growth rate of exports	16.0

Source: An approach to the 11<sup>th</sup> Five Year Plan, Planning Commission, GOI (June 14, 2006)

## FINANCIAL MARKETS OVERVIEW

International financial markets continued to exhibit positive trend during 2005-06, notwithstanding the sharp rise in international crude oil prices and growing global financial imbalances. Equity markets in many economies, especially the emerging market economies, showed phenomenal buoyancy during this period. Improvements in the fundamentals of EMEs as well as higher risk appetite in an environment of very low long-term real interest rates also increased foreign investors' enthusiasm for emerging market equities, pushing up valuations sharply and in many cases to new highs.

Global financial markets turned extremely volatile during May-Jun 2006, on account of fears of rising inflation and expectations of a further tightening of the credit flow. This trend was witnessed in both the commodity and equity markets. Risk spreads, which had declined in 2005-06 on the back of search for yield, widened as investors re-priced risk. Foreign investors pulled out from the emerging market economies in the first quarter of 2006-07, reflecting their perception of heightened risk in these markets, even though the fundamentals continue to be strong in many of them.

## INDIAN PRIMARY MARKET PERFORMANCE

Riding on the stock market boom, companies raised Rs. 23,676 crore through follow-on issues and initial public offerings in 2005-06, the biggest amount ever raised from the primary market during a fiscal. The mobilization in the primary market surpassed beating the previous year's figure of Rs 21,431.56 crore.



Table 2 : IPOs & FPOs (EQUITY, HYBRID & DEBT)  
RAISED DURING 2005-06

Year	No. of Issues	Cum. No. of Issues	Issue Amount (Rs. Crore)	Cum. Amount (Rs. Crore)
2005	7	7	2,597.16	2,597.16
2005	4	11	53.93	2,651.09
2005	9	20	919.48	3,570.56
2005	5	25	1,826.24	5,396.80
2005	4	29	597.12	5,993.93
2005	6	35	1,627.57	7,621.50
2005	7	42	627.78	8,249.28
2005	9	51	959.10	9,208.38
2005	10	61	6,941.51	16,149.88
2006	12	73	3,834.74	19,984.63
2006	14	87	2,701.75	22,686.38
2006	15	102	989.32	23,675.70

Source : PRIME Database

Another significant feature of the primary market activity during 2005-06 was the dominance of follow-on public issues, in addition to initial public offerings. According to Prime Database, 26 listed companies raised Rs. 12,861 crore through follow-on issues during 2005-06, the second largest mobilized through this route in a fiscal after 2003-04 of Rs. 14,630 crore. This was about 90 per cent of the amount raised in the previous fiscal's raising of Rs. 6,769 crore. The amount raised by companies through the initial public offerings, however, actually showed a decline of 26.64 per cent during 2005-06 at Rs. 10,755 crore, compared to Rs. 14,662 crore in 2004-05.

The rights issue mobilisation recorded an increase of 14

per cent in 2005-06 at Rs. 4,126 crore, compared with the previous year's figure of Rs. 3,616 crore. But, the rights issue figure was just 33 per cent of the Rs 12,630 crore raised in the boom year of 1992-93.

The total funds mobilized by mutual funds stood at Rs.9,61,750 crore in 2005-06 as against Rs.7,42,179 crore mobilised last fiscal. This represented an impressive rise of 31%. Net inflows were witnessed in the case of both income/debt-oriented schemes and growth/equity-oriented schemes. On a net basis, there was an inflow of Rs. 52,776 crore in 2005-06 as compared to Rs.2,154 crore registered in the previous financial year.

## INDIAN SECONDARY MARKET PERFORMANCE

### (i) Equities

The stock market witnessed extraordinary bullishness during 2005-06 with the benchmark indices touching all time high levels, driven mainly by support from the foreign institutional investors (FIIs), who were riding on the back of strong macro-economic fundamentals of the Indian economy, congenial investment climate, sound business outlook and robust corporate earning. Profit after tax of non-financial non-Government companies recorded a growth of between 30 and 40 per cent for 11 successive quarters from October-December 2002 to April-June 2005. Subsequently, the growth in profitability has decelerated, but it still remains high given the high base of the previous quarters. Table 4 gives details of corporate financial performance during the last three years.

Table 3: Resource Mobilisation by Mutual Funds

(Frgs. in Rs. Cr.)

Mutual Fund	2004-2005			2005-2006		
	Gross Mobilisation	Net Mobilisation @	Net Assets *	Gross Mobilisation	Net Mobilisation @	Net Assets *
	2	3	4	5	6	7
Equity Sector	6,51,929	9,192	1,21,114	8,00,735	32,756	1,67,021
Debt Sector	50,244	216	11,303	97,019	9,628	23,067
	40,006	-2,899	20,836	63,996	2,589	27,619
	7,42,179	6,509	1,53,253	9,61,750	44,973	2,17,707

\* : As at end of February

Source: SEBI

Table 4: Corporate Financial Performance

(Growth rates in percent)

	2003-04			2004-05				2005-06		
	2	3	4	2004-05				2005-06		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2	3	4	5	6	7	8	9	10	11
Revenue	15.4	25.2	15.7	24.8	23.7	24.1	21.0	18.5	16.4	13.2
Operating Profit	12.5	24.0	15.3	23.4	22.4	24.3	19.8	18.0	16.3	12.7
Profit	26.6	38.9	24.1	36.0	35.8	30.5	35.3	32.0	19.1	21.2
Cost	-11.5	-2.0	-6.4	-3.2	2.1	-13.0	-5.4	-13.5	-8.0	4.6
After Tax	57.9	53.8	35.0	51.2	45.3	45.5	51.4	54.2	27.5	27.0

	(Amount in Rupees Crore)									
	2003-04	2004-05	2005-06	2004-05	2004-05	2004-05	2004-05	2005-06	2005-06	2005-06
	2,201	1,273	2,010	1,255	1,353	1,464	1,301	2,355	2,361	2,366
Companies	4,28,072	5,68,476	5,77,271	1,35,156	1,53,040	1,62,193	1,79,632	1,94,608	2,12,693	2,19,096
Revenue	4,06,838	4,90,204	4,95,121	1,15,656	1,31,227	1,40,574	1,56,647	1,66,972	1,83,717	1,88,934
Operating Profit	48,852	72,406	77,286	17,234	20,448	20,017	23,736	25,577	27,620	28,135
Profit	14,724	12,528	12,140	3,597	3,584	3,273	3,177	4,241	4,467	4,555
After Tax	26,281	47,333	51,364	10,396	13,004	13,196	16,798	16,726	18,169	18,790

- Growth rates are percentage change in the level for the period under reference over the corresponding period of the previous year.
- Data are based on the audited / unaudited abridged results of the non-financial non-Government companies except column (2) which are based on audited balance-sheets for 2003-04.

Source: SEBI

Liquidity support from international equity buoyed up the market, announced in the US investment limit on debt, treating open schemes on par for of excise duties also helped to boost the factors and the output of companies across the Sensex reached an all-time high of 3755.80 on this day.

There was, however, nervousness in the secondary markets in the second half of the year, as a result of metal prices and stock market was a result that the India Sensex reached an all-time high of 3755.80 on this day.

Between end-March 2005 and end-March 2006, the Sensex soared by 100 per cent, while the CNX Nifty increased by 80 per cent. P/E ratios surged for many scrips in the BSE. The market turnover in the case of the Sensex in March 2005 to March 2006 was Rs.8,000 crore. The market appreciation on account of listing of new securities listed in the BSE, 30,22,189 crore, corresponding figure of the previous year.

Amongst the major registered the hi Consumer Durables Goods (FMCG) (10

### Indicators

1
BSE Sensex/S&P
End-period
Average
Volatility (CV)
P/E Ratio (End-p
Turnover (Rupee
Market Capitaliz
(End-period)
CV: Coefficient c
*: For 30 scrips i

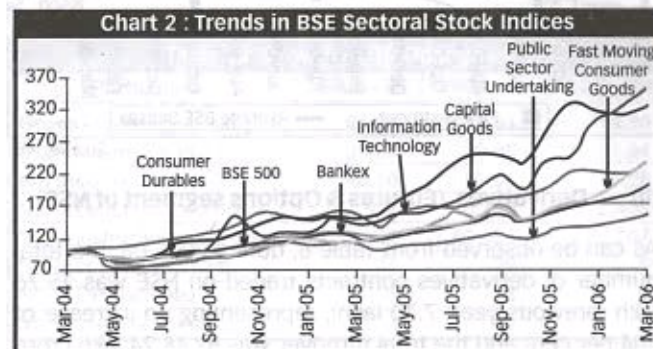
Liquidity support from mutual funds, firm trends in the major international equity markets and surge in ADR prices also buoyed up the Indian stock market. Positive measures announced in the Union Budget 2006-07, such as raising FII investment limit in government securities and corporate debt, treating open-ended and close-ended equity-oriented schemes on par for dividend distribution tax, rationalization of excise duties and relaxation in fringe benefit tax also helped to boost the market sentiment. Reflecting all these factors and the outstanding performance of a large number of companies across a wide spectrum of industries, the BSE Sensex reached an all time high level of 12671.11 on May 11, 2006. The NSE Nifty too touched the historic high of 3755.80 on this day.

There was, however, a sharp correction in the global stock markets in the second half of May 2006 due to heightened nervousness on account of spiralling oil prices, meltdown in metal prices and apprehension of higher inflation. Indian stock market was not insulated from this sentiment, with the result that the Indian stock market crashed by 10 per cent on May 23, 2006. The BSE Sensex lost over 1100 points, forcing the market authorities to apply the market-wide circuit breaker for only the second time in history.

Between end-March 2005 and end-March 2006, the BSE Sensex soared by a whopping 73.7 per cent while the S&P CNX Nifty increased by 67.2 per cent. The price-earnings (P/E) ratios surged during the year; the P/E ratio for the 30 scrips in the BSE Sensex increased from 15.6 around end-March 2005 to around 20.9 end-March 2006. The total turnover in the cash segment increased sharply during 2005-06 and was Rs.8,16,074 crore (previous year Rs.5,18,716 crore). The market capitalization witnessed a similar appreciation on account of increase in stock prices as well as listing of new securities. The market capitalisation of all securities listed on BSE as on March 31, 2006 was Rs. 30,22,189 crore, up by staggering 77.94 per cent, over the corresponding figure of Rs.16,98,429 crore recorded in the previous year.

Amongst the major sectors, the BSE Capital Goods index registered the highest gain (156.0 per cent), followed by Consumer Durables (115.4 per cent), Fast Moving Consumer Goods (FMCG) (109.9 per cent), IT sector (49.2 per cent),

Public Sector undertakings (PSUs) (44.0 per cent) and Banking Sector (36.8 per cent). Gains in stocks of capital goods companies reflected the pick-up in investment activity and the Government's emphasis on infrastructure projects, as outlined in the Union Budget 2006-07.



The consumer durables stocks were also buoyant on the back of strong growth in sales, good financial results of many of the companies and mergers and acquisitions in the sector. The FMCG stocks benefited from the positive effect of a good monsoon, abolition of excise duty on branded foods and reduction in excise duty from 16 per cent to 8 per cent on select fast food items, which were announced in the Union Budget 2006-07. Banking sector scrips gained due to several factors such as pick up in non-food credit of the banks and permission to banks to issue perpetual bonds and other hybrid instruments. Favorable proposals in the Union Budget 2006-07 such as conversion of non-tradable special securities into tradable SLR Government of India dated securities and inclusion of fixed deposits of scheduled banks having maturity of not less than 5 years under Section 80C of the Income Tax Act have also boosted the banking sector scrips.

According to the Securities and Exchange Board of India (SEBI) data, foreign institutional investors (FIIs) made a net investment of Rs.46,675.60 crore during 2005-06 (gross purchases:Rs.3,27,004 crore and gross sales :Rs.2,80,329 crore) compared to Rs.44,123 crore for the previous year (gross purchases : Rs. 2,20,240 crore and gross sales : Rs.1,58,879 crore)

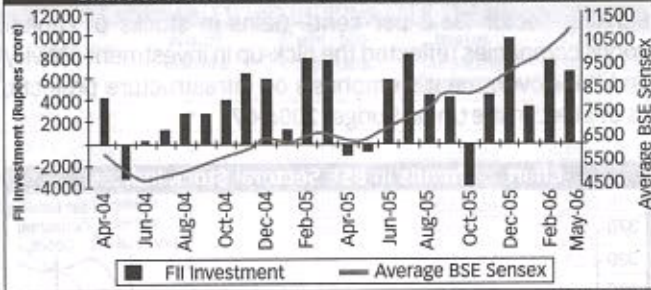
**Table 5: Stock Market Indicators**

Indicators	BSE			NSE		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
1	2	3	4	5	6	7
BSE Sensex/S&P CNX Nifty						
End-period	5591	6493	11280	1772	2036	3403
Average	4492	5741	8280	1428	1805	2517
Volatility (CV)	22.95	11.16	16.68	23.30	11.28	15.59
P/E Ratio (End-period)*	18.57	15.61	20.92	20.70	14.60	20.26
Turnover (Rupees crore)	5,03,053	5,18,716	8,16,074	10,99,535	11,40,071	15,69,555
Market Capitalization (Rs. crore) (End-period)	12,01,207	16,98,429	30,22,189	11,20,976	15,85,585	28,13,201
CV: Coefficient of Variation.						

\*: For 30 scrips included in the BSE Sensex and 50 scrips included in the S&P CNX Nifty.

Source: Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

Chart 3: Trend in FII Investment and BSE Sensex



Source: RBI

**(ii) Derivatives (Futures & Options segment of NSE)**

As can be observed from Table 6, during 2005-06, the total number of derivatives contracts traded on NSE was 15.76 lakh (previous year: 7.70 lakh), representing an increase of 104 per cent and the total turnover was Rs.48.24 lakh crore (previous year: Rs. 25.47 crore), an increase of 89 per cent.

At the current levels of market activity, Derivatives segment is approximately 6 times the size of the Equities segment by turnover while the turnover on the Futures and Options segment of NSE respectively accounts for 84.24 and 10.75 % of the aggregate Derivatives turnover.

**PROGRESS OF DEMATERIALISATION**

As on March 31, 2006, NSDL had 75,60,299 investor accounts, while CDSL had 17,34,150 investor accounts on the same day.

A total of 17,472 securities worth Rs. 24,78,941 crore were dematerialized by NSDL as on March 31, 2006, whereas 13,554 securities worth Rs.2,09,464 crore were dematerialized by CDSL as on the same date.

**OPERATIONS OF THE EXCHANGE****(i) Membership Details - post corporatization**

SEBI had approved and notified the corporatization and demutualization scheme of your Exchange on September 15, 2005. In terms of this scheme, your Exchange was required to convert itself from a guarantee company to a share capital company, allot shares to the promoter stock exchanges who had subscribed to the share capital and restructure its Board of Directors as per the stipulated norms before the Due Date, which was December 14, 2005.

The details of the promoter stock exchanges which subscribed to the Memorandum and Articles of Association of the Exchange and paid for the fully-paid shares of the Exchange are given in Table 7

Equity shares of your Exchange were allotted to the above subscribers. Thereafter, Hyderabad, Madhya Pradesh and Bhubaneswar stock exchanges applied for allotment before the Due Date and the appropriate number of equity shares was allotted to them as well.

As on date, thirteen stock exchanges are the shareholders of your Exchange.

**(ii) Trading Membership**

In terms of the corporatisation and demutualization scheme approved by SEBI, a trader or dealer who was registered as a stock broker on the day preceding the Due Date would become a trading member of your Exchange on and from the Due Date. A trader or dealer who was not registered as a stock broker on the day preceding the Due Date would become a trading member of your Exchange on and from the

Table 6 : Business Growth of Futures &amp; Options Segment of NSE

Year	Turnover (Rs. Cr)				Total Futures	Total Turnover	Total No. of contracts	Total Turnover (Rs. cr.)
	Index Futures	Stock Futures	Index Options	Stock Options				
					(per cent)			
2002-03	43952	286533	9246	100131	75.13	24.87	16768909	439863
2003-04	554446	1305939	52816	217207	87.32	12.67	56886776	2130612
2004-05	772147	1484056	121943	168836	88.58	11.42	77016465	2546986
2005-06	1513755	2791697	338468	180253	84.24	15.75	157619271	4824175

Source: NSE's website (www.nseindia.com)

Table 7: Subscribers to the Memorandum and Articles of Association of the Company

Sr. No.	Promoter Stock Exchange	No. of shares subscribed for	Subscription amount (Rs.)
1.	Bangalore Stock Exchange Ltd.	70,000	70,000/-
2.	Cochin Stock Exchange Ltd.	70,000	70,000/-
3.	Coimbatore Stock Exchange Ltd.	70,000	70,000/-
4.	Gauhati Stock Exchange Ltd.	70,000	70,000/-
5.	Jaipur Stock Exchange Ltd.	40,000	40,000/-
6.	Madras Stock Exchange Ltd.	30,000	30,000/-
7.	Magadh Stock Exchange Association	70,000	70,000/-
8.	Mangalore Stock Exchange	70,000	70,000/-
9.	Saurashtra Stock Exchange Ltd.	70,000	70,000/-
10.	Uttar Pradesh Stock Exchange Ltd.	70,000	70,000/-
	<b>Total</b>	<b>6,30,000</b>	<b>6,30,000/-</b>

date he gets registered as a stock broker under the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992, provided his application for registration is submitted to SEBI within one month of the Due Date, i.e. by January 14, 2006.

As a result of the concerted efforts made by your Exchange to complete its part of the registration formalities before the cut-off date of January 14, 2006, a good number of applications were processed by the Screening Committee and the Board of Directors during the period October 2005 to January 2006.

The status of registration of trading members on the Exchange is as given in Table 8.

Position as on 31.03.2005	579
Fresh Registration	214
Resignation	Nil
Transfer	Nil
Default	Nil
Expulsion	1
Position as on 31.03.2006	792
Change (+/-)	213

The distribution of the trading members across the different geographical regions of the country as on March 31, 2006 is as given in Table 9.

Sr. No.	Region	States	Trading Members
1	West	Goa, Gujarat, Maharashtra	327
2	North	Haryana, Jammu & Kashmir, New Delhi, Punjab, Rajasthan, Uttaranchal and Uttar Pradesh	122
3	East	Assam, Bihar, Jharkhand, Orissa and West Bengal	234
4	South	Andhra Pradesh, Karnataka, Kerala and Tamil Nadu	87
5	Central	Jharkhand, Chattisgarh and Madhya Pradesh	22
		<b>Total</b>	<b>792</b>

### (iii) Listing

During the financial year 2005-06, no new company was listed on your Exchange. One company, viz. Micro Technologies (India) Ltd. had applied for voluntary delisting of its securities in accordance with the provisions of the SEBI (Delisting of Securities) Guidelines, 2003. The securities of Micro Technologies (India) Ltd. were delisted with effect from October 31<sup>st</sup> 2005. As at the end of March 2006, there were 11 companies listed on your Exchange, having a total market capitalization of Rs.663 crore (previous year: Rs.749 crore). In addition to these companies, your Exchange has permitted trading in an additional 168 securities under the category of permitted securities.

There was no trading on the ISE platform during the year.

### (iv) DP Operations

The growth in DP Operations during the last three years of operations of your Exchange in terms of the number of demat accounts opened and number of instructions processed are shown in Table 10.

Particulars	2005 - 06	2004 - 05	2003 - 04
Gross Income (Rs. lakh)	81.24	38.88	14.80
Expenditure (Rs. lakh)	36.94	20.95	11.54
Net Income (Rs. lakh)	44.30	17.93	3.26
No. of beneficiary accounts	11,522	6,755	2,464
No. of instructions processed	9,32,832	7,80,424	3,86,167
No. of collection centres	44	28	9
No. of DP branches	8	4	2
No. of investor points	3	2	0

The gross income from the DP business has increased from Rs.38.88 lakh in 2004-05 to Rs.81.24 lakh in 2005-06, which represents an increase of 109 per cent. Likewise, there was a 147 per cent rise in the net income from DP operations in the year under review compared to the previous year (2005-06: Rs.44.30 lakh; 2004-05: Rs.17.93 lakh). The number of DP accounts opened with your Exchange grew from 6,755 in 2004-05 to 11,522 in 2005-06.

Your Exchange is registered as a clearing house DP with National Securities Depository Ltd. (NSDL) and a commercial DP with Central Depository Services (India) Ltd. (CDSL).

New DP branches were opened at Hyderabad, Ahmedabad, Nagpur and Mangalore during the financial year under review. Investor Points were opened at Tirupur and Karaikudi during this period.

### (v) Training & Research Centre

Your Exchange has initially launched certificate courses of different durations (1-day, 2-day, 5-day and 15-day) in Mumbai to begin with, which will be followed later at Chennai, Delhi, Kolkata and other important cities, on a wide range of subjects related to financial markets, with special focus on the capital market. These programmes are targeted at (i) professionals having some experience in the field and are interested in upgrading their knowledge/skills, (ii) graduate/post graduate students wanting to gain in-depth knowledge of these subjects so as to make a career in the financial services industry and (iii) researchers / academia desirous of keeping themselves abreast of the developments in the rapidly changing environment.

Details of such programmes conducted during 2005-06 as well as in the first quarter of the current financial year are given in Table Nos. 11(i) and (ii).

Table No. 11(i): Details of training programmes conducted in 2005-06

No.	Programme	Duration	No. of Participants
	Compliance Requirements for Brokers & Sub-brokers	Apr. 23, 2005	17
	Derivatives - Futures & Options	April 30, 2005	07
	Equities, Derivatives & Portfolio Management	Jun. 4 - 8, 2005	33
	Capital Market	Jun. 25 - 26, 2005	27
	Derivatives - Futures & Options	Jul. 2 - 3, 2005	37
	NEAT & BOLT Operations	Jul. 17, 2005	29
	Commodity Derivatives	Aug. 6 - 7, 2005	26
	Fundamental & Technical Analysis	Aug. 20 - 21, 2005	20
	Equities, Derivatives & Portfolio Management	Aug. 26 - Sept 4, 2005	15
	Mutual Funds	Aug. 27 - 28, 2005	44
	Commodity Derivatives	Sep., 10 - 11, 2005	14
	Derivatives - Futures & Options	Sept. 24 - 25, 2005	33
	Capital Market	Sept. 19 - Oct. 3, 2005	23
	Fundamental & Technical Analysis	Oct. 8 - 9, 2005	7
	Mutual Funds	Oct. 15 - 16, 2005	8
	Commodity Derivatives	Oct. 22 - 23, 2005	21
	Equities, Derivatives & Portfolio Management	Oct. 15 - 29, 2005	7
	Capital Market (Part time)	Nov. 14 - Dec. 2, 2005	15
	Derivatives - Futures & Options	Nov. 26 - 27, 2005	17
	Equities, Derivatives & Portfolio Management	Dec. 3 - 17, 2005	13
	Capital Market (Full time)	Dec. 10 - 12, 2005	14
	Derivatives - Futures & Options	Dec. 17 - 18, 2005	19
	Commodity Derivatives	Dec. 24 - 25, 2005	18
	Fundamental & Technical Analysis	Jan. 7 - 8, 2006	21
	Capital Market (Part time)	Jan. 9 - 30, 2006	15
	Mutual Funds	Jan. 14 - 15, 2006	12
	Derivatives - Futures & Options	Jan. 21 - 22, 2006	21
	Capital Market	Jan. 20 - 21, 2006	20
	BOLT & NEAT operations	Jan. 24, 2006	8
	Equities, Derivatives & Portfolio Management	Feb. 4 - 18, 2006	20
	Capital Market (Full time)	Feb. 11 - 13, 2006	9
	Derivatives - Futures & Options	Feb. 18 - 19, 2005	23
	Fundamental & Technical Analysis	Feb. 25 - 26, 2006	16
	Capital Market (Part time)	Mar. 7 - 29, 2006	30
	IPO Processes & Regulations	Mar. 11 - 12, 2006	18
	Derivatives - Futures & Options	Mar. 25 - 26, 2006	19
	Compliance Requirements for Brokers & Sub-brokers	Mar. 26, 2006	15
	<b>TOTAL</b>		<b>711</b>

Table No. 11(ii): Details of training programmes conducted from April 2006 till June 30, 2006

No.	Programme	Duration	No. of Participants
	Commodity Derivatives	Apr. 8 - 9, 2006	20
	Depository Operations	Apr. 22 - 30, 2006	16
	Equities, Derivatives & Portfolio Management	Apr. 22 - May 7, 2006	11
	Capital Market (Part time)	May 8 - 31, 2006	40
	Capital Market	May 13, 2006	30
	Derivatives	May 20 - 21, 2006	17
	Depository Operations	May 23 - 24, 2006	29
	Fundamental & Technical Analysis	May 27 - 28, 2006	20
	Compliance Requirements for Brokers & Sub-brokers	May 28, 2006	14
	Depository Operations	May 29 - 30, 2006	37
	Equities, Derivatives & Portfolio Management	Jun. 3 - 18, 2006	18
	Capital Market (Part time)	Jun. 10 - 12, 2006	14
	Commodity Derivatives	Jun. 17 - 18, 2006	18
	Derivatives	Jun. 24 - 25, 2006	14
	<b>TOTAL</b>		<b>298</b>

The training course is aimed at improving the industry. These courses are purely commercial in nature, increasing the level of securities market essential for all industry to be fully related to day-to-day framework governing and their clients. by your Exchange risks and improve

SEBI has been conducting training programmes on same lines as conducted by the Your Exchange would give a contribution to much greater

Recognizing the importance of proper assessment of companies, your This Cell has started first issues of V S publications are particular industries are part of this statistical update large cap, medium Your Exchange Research Cell in

#### (vi) Settlement

Your Exchange has grown from Rs.24.70 crore as are given in Table

Sr. No.	Description
1	Cash contributions to Exchanges
2	SGF administered by trading
3	BMC of trading maintained
4	BMC of trading maintained FDRs/ BGs/
5	BMC of trading in the form of the promotion
6	Interest accrued component
	<b>Total corpus</b>

The training courses conducted by your Exchange are aimed at improving the financial literacy levels in the securities industry. These courses are conducted not from the point of pure commercial interest, but also with the objective of increasing the level of knowledge on the various aspects of the securities market. Your Exchange believes that it is essential for all the participants operating in the securities industry to be fully aware of not only the practical aspects related to day-to-day functioning, but also the regulatory framework governing the operations of the intermediaries and their clients. Training and education, therefore, are seen by your Exchange as initiatives to help reduce operational risks and improve confidence levels in the market.

SEBI has been requested to accord accreditation to the training programmes conducted by your Exchange on the same lines as the approvals granted for the courses conducted by the BSE and the certifications awarded by NSE. Your Exchange sincerely believes that accreditation by SEBI would give a considerable fillip to this activity and would lead to much greater enrollment in the future.

Recognizing the importance of sound research for carrying out proper assessment of the different industries and companies, your Exchange has established a Research Cell. This Cell has started functioning from April 2006, when the first issues of V Share and ISE500 were launched. Both these publications are fortnightly. While V Share analyses a particular industry along with the major companies which are part of this industry every fortnight, ISE 500 offers a statistical update of important financial parameters of 500 large cap, medium cap, small cap and micro cap companies. Your Exchange would be intensifying the activities of the Research Cell in the current year.

#### (vi) Settlement Guarantee Fund

Your Exchange maintains a Settlement Guarantee Fund (SGF) as per the norms stipulated by SEBI. The corpus of the SGF has grown from Rs.21.02 crore as at March 31, 2005 to Rs.24.70 crore as at March 31, 2006. The details of the SGF are given in Table 12.

Sr. No.	Item	As on 31.3.2006	As on 31.3.2005
1	Cash contribution from promoter Exchanges	1.30	1.30
2	SGF admission fees paid in cash by trading members	5.17	3.89
3	BMC of trading members maintained in the form of cash	6.38	4.93
4	BMC of trading members maintained in the form of FDRs/ BGS/ securities	4.04	3.85
5	BMC of trading members maintained in the form of undertakings from the promoter Exchanges	3.07	3.23
6	Interest accrued on the cash component of SGF	4.74	3.82
	<b>Total corpus</b>	<b>24.70</b>	<b>21.02</b>

#### (vii) Investor Protection Fund and Investor Services Fund

Your Exchange maintains Investor Protection Fund (IPF) and Investor Services Fund (ISF) in accordance with the norms stipulated by SEBI. Details of these funds are given in Table 13.

Investors Protection Fund (IPF)		
Particulars	2005-06	2004-05
Opening balance	94,669	93,369
Accretion during the year	3,919	1,300
<b>Closing balance as on March 31<sup>st</sup></b>	<b>98,588</b>	<b>94,669</b>
Services Fund (ISF)		
Particulars	2005-06	2004-05
Opening balance	6,85,707	43,277
Accretion during the year	16,31,311	6,98,317
(Less) Expenses incurred on Investor Awareness Programmes	-	55,887
<b>Closing balance as on March 31<sup>st</sup></b>	<b>23,17,018</b>	<b>6,85,707</b>

#### (viii) Investors' Grievance Cell

The Investors' Grievance Cell attends to all complaints lodged by the investors against trading members, as well as against companies. Every complaint is followed up promptly by your Exchange with the concerned respondent and conciliation meetings are arranged between the parties, if required, to resolve the matter. Where such conciliation effort does not lead to an amicable settlement, the parties are advised to refer the matter to arbitration.

The Investors' Services Committee of your Exchange monitors the status of investor grievances and takes appropriate decisions for ensuring expeditious resolution of the cases, whenever there is such a need.

#### (ix) Defaults And Expulsions

One trading member was expelled by your Exchange during the period under review, consequent to his expulsion by his parent stock exchange, in accordance with the Multiple Membership Guidelines issued by the Ministry of Finance, Government of India.

#### (x) Pending Legal Cases

The status with regard to legal cases filed by the trading members or erstwhile trading members against your Exchange, along with the comparative position for the previous year, is given in Table 14.

Period	Pending at the beginning of the year	Fresh cases filed during the year	Resolved during the year	Pending at the end of the year
2004-05	5	11	10	6
2005-06	6	Nil	1	5

Out of the six cases pending against your Exchange at the beginning of the year 2005-06, one case was disposed off in favor of your Exchange by the concerned court during the

year. Adequate legal measures to defend your Exchange are being taken in respect of remaining five cases.

There are no arbitration cases pending against your Exchange.

#### FUTURE PROSPECTS

Your Exchange is making assiduous efforts to consolidate its financial position and increase its revenue streams. The present activities of DP operations and training courses would be further intensified during the year 2006-07. These two business segments are expected to double their revenues in the current year.

Your Exchange would also be making all efforts to broad base its product line, so that there are additional revenue streams. This is essential to withstand the vicissitudes of business, especially in a highly fluctuating one like the securities industry.

In this regard, your Exchange is awaiting the final report of the Committee headed by Shri G. Anantharaman, Whole-time Member, SEBI, on the future of smaller stock exchanges, post-demutualization. All possible measures will be taken to strengthen the activities, both in the primary market and secondary market segments, so that your Exchange can play an even more significant role in the securities industry in the future.

#### OFFICE INFRASTRUCTURE

The head office of your Exchange is situated at Vashi, Navi Mumbai. Apart from the head office, there are nine branch offices at Ahmedabad, Coimbatore, Guwahati, Kolkata, Mangalore, Delhi, Nagpur, Patna and Hyderabad, which are staffed by personnel of your Exchange. These branch offices offer DP services to clients and brokers, providing administrative and technical support to trading members located in these regions.

Your Exchange has initiated the activity of setting up a regional centre at Hyderabad, for which around 4,000 square feet of office premises have been leased on long-term basis from the Hyderabad Stock Exchange. This centre would be used for a number of purposes: (i) as a disaster recovery site, (ii) DP branch, (iii) training institute and (iv) administrative and marketing office. The first phase of the Hyderabad regional centre involving the DP branch and training institute would be commissioned in the current year.

#### INSURANCE

All assets and properties of your Exchange at the head office, branch offices and the investor points are adequately covered by insurance.

#### PARTICULARS OF THE SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956, annexed hereto are copies of the Audited Statement of Accounts for the year ended March 31, 2006, Report of the Board of Directors and the Report of the Auditors for the year

ended March 31, 2006 for ISE Securities & Services Ltd., the wholly-owned subsidiary of your Exchange. The statement of the holding company's interest in the subsidiary company as specified under sub-section (3) of Section 212 of the Companies Act, 1956 also forms part of this Annual Report.

ISE Securities & Services Ltd. has registered a total income of Rs.684.62 lakh for the year 2005-06, which is a 10.8 per cent increase over the figure of Rs.617.90 achieved in 2004-05. After providing for accelerated depreciation in respect of computer and networking equipments which have been in use for more than three years, the profit after tax for the year under review stands at Rs.75.96 lakh (previous year: Rs.109.03 lakh). Your Exchange has received a 5 per cent dividend from the subsidiary.

The investment of your Exchange in the subsidiary has not changed during the year. The entire shareholding of Rs.5.50 crore is with your Exchange.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that in the preparation of the annual accounts for the financial year ended March 31, 2006:

- the applicable accounting standards have been followed and no material departures have been made from the same;
- appropriate accounting policies have been formulated and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Exchange as at March 31, 2006 and Profit & Loss Account for the year ended March 31, 2006;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Exchange and for preventing and detecting frauds and other irregularities, and;
- the annual accounts have been prepared on a going-concern basis.

#### BOARD OF DIRECTORS

From April 1, 2005 till date, seven meetings of the Board of Directors were held, as detailed in Table 15.

Meeting No.	Date	Venue
57	April 2, 2005	Registered office of the Exchange
58	June 25, 2005	- do -
59	September 24, 2005	- do -
60	November 29, 2005	- do -
61	January 28, 2006	- do -
62	May 27, 2006	- do -
63	June 3, 2006	- do -

The changes which have taken place in the Board of Directors during 2005-06 are presented in Table 16

Sr. No.	
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	

Sr. No.	
1	J
2	D
3	D
4	S
5	S
6	S
7	S
8	S
9	S
10	S

Sr. No.	
1	S
2	[
3	S
4	S
5	S
6	S

Sr. No.	
1	,
2	S
3	[
4	S
5	S

**14. CONSTITUTION OF THE STATUTORY AND OPERATIONAL COMMITTEES**

composition of these Committees for the year 2005-06, as well as for the previous year, are given in Table 17.

Your Exchange has constituted the various Statutory and Operational Committees, as required by SEBI. Details of the

Table 16: Changes in Directors during 2005- 06

Sr. No.	Name of Director	Particulars	Date of appointment / resignation/ retirement
1	Shri P. V. Narasimham	Re-appointed as Public Interest Director	Nov. 18, 2005
2	Dr. S. D. Israni	Re-appointed as Public Interest Director	Nov. 18, 2005
3	Shri Sandeep H. Junnarkar	Ceased to be Public Representative Director	Nov. 18, 2005
4	Shri V. A. Vijayan Menon	Ceased to be SEBI Nominee Director	Nov. 18, 2005
5	Smt. Asha Manjari Mishra	Ceased to be Member Director	Nov. 18, 2005
6	Shri R. M. Joshi	Ceased to be Public Representative Director	Nov. 18, 2005
7	Shri R. H. Sarma	Ceased to be Public Representative Director	Nov. 18, 2005
8	Dr. M. Y. Khan	Re-appointed as Public Interest Director	Nov. 18, 2005
9	Shri S. Anantharaman	Re-appointed as Trading Member Director	Nov. 18, 2005
10	Shri R. N. Pandey	Re-appointed as Trading Member Director	Nov. 18, 2005
11	Shri P. J. Mathews	Appointed as Shareholder Director	Nov. 18, 2005
12	Shri R. M. C. Rodrigues	Appointed as Shareholder Director	Nov. 18, 2005
13	Shri. M. K. Anandakumar	Appointed as Shareholder Director	Nov. 18, 2005

Table 17: Details of Committees

**Central Arbitration Panel**

Sr. No.	2005 - 06		2004 - 05	
	Name	Category	Name	Category
1	Justice (Retd.) A. D. Tated	Non-trading member, Chairman	Shri J. J. Bhatt	Non-trading member
2	Dr. D. K. Bhatia	Non-trading member	Dr. P. Asthana	Non-trading member
3	Dr. P. Asthana	Non-trading member	Shri Kirit P. Mehta	Non-trading member
4	Shri V. H. Pandya	Non-trading member	Dr. Shailendra Narain	Non-trading member
5	Shri J. J. Bhatt	Non-trading member	Shri Suraj Bajaj	Trading member
6	Shri Kirit P. Mehta	Non-trading member	Shri K. Sriram	Trading member
7	Shri Sunil Dalal	Non-trading member	Shri Ganesh Shanbhag	Trading member
8	Shri Subash Chhajad	Non-trading member	Shri Dhiraj Gala	Trading member
9	Shri Sanjeev Khemani	Trading member		
10	Shri Ganesh Shanbhag	Trading member		

**Defaults Committee**

Sr. No.	2005 - 06		2004 - 05	
	Name	Category	Name	Category
1	Shri R. M. Joshi	Non-trading member, Chairman	Dr. P. Asthana	Non-trading member
2	Dr. Sailendra Narain	Non-trading member	Dr. Sailendra Narain	Non-trading member
3	Shri Subash Chhajad	Non-trading member	Shri G. D. Mundra	Trading member
4	Shri R. H. Sarma	Non Trading member	Shri Yatin Shah	Trading member
5	Shri G. D. Mundra	Trading member	Shri V. Shankar	Managing Director
6	Shri V. Shankar	Managing Director		

**Disciplinary Action Committee**

Sr. No.	2005 - 06		2004 - 05	
	Name	Category	Name	Category
1	Justice (Retd.) A. D. Tated	Non-trading member, Chairman	Shri J. J. Bhatt	Non-trading member
2	Shri J. J. Bhatt	Non-trading member	Dr. Bindi Mehta	Non-trading member
3	Dr. Shailendra Narain	Non-trading member	Shri Jayant Vidwans	Trading member
4	Shri Jayant Vidwans	Trading member	Shri Sanjeev Khemani	Trading member
5	Shri V. Shankar	Managing Director	Shri V. Shankar	Managing Director



**Screening (i.e. Membership Selection) Committee**

2005 - 06		2004 - 05	
Name	Category	Name	Category
Shri R. M. Joshi	Non-trading member, Chairman	Shri R. M. Joshi	Public Representative Director, Chairman
Prof. P. V. Narasimham	Public Interest Director	Prof. V. R. Iyer	Public Representative (ceased to be a Committee Member w.e.f. June 25, 2005)
Shri S. D. Israni	Public Interest Director	Prof. P. V. Narasimham	Public Representative Director (Co-opted as a Committee Member w.e.f. June 25, 2005)
Prof. R. H. Sarma	Non-trading member	Shri V. Shankar	Managing Director
Shri V. Shankar	Managing Director		

**Audit Committee**

2005 - 06		2004 - 05	
Name	Category	Name	Category
Shri R. M. C. Rodrigues	Shareholder Director, Chairman	Prof. V. R. Iyer	Public Representative Director, Chairman (ceased to be a Committee Member w.e.f. June 25, 2005)
Dr. M. Y. Khan	Public Interest Director	Shri R. M. Joshi	Public Representative Director
Dr. S. D. Israni	Public Interest Director	Dr. S. D. Israni	Public Representative Director
		Dr. M. Y. Khan	Public Representative Director

**Ethics Committee**

2005 - 06		2004 - 05	
Name	Category	Name	Category
Prof. P. V. Narasimham	Public Interest Director, Chairman	Prof. P. V. Narasimham	Public Representative Director, Chairman
Dr. M. Y. Khan	Public Interest Director	Shri Sandeep H. Junnarkar	Public Representative Director
Dr. S. D. Israni	Public Interest Director	Shri V. Shankar	Managing Director
Shri V. Shankar	Managing Director		

**Investors Services Committee**

2005 - 06		2004 - 05	
Name	Category	Name	Category
Dr. M. Y. Khan	Public Representative, Chairman	Dr. M. Y. Khan	Public Representative, Chairman
Prof. P. V. Narasimham	Public Representative	Prof. P. V. Narasimham	Public Representative
Dr. S. D. Israni	Public Representative	Dr. S. D. Israni	Public Representative
Shri V. Shankar	Managing Director	Shri V. Shankar	Managing Director

**AUDITORS**

M/s. A. J. Shah & Co., Chartered Accountants, were appointed as the Members of the Exchange in the Seventh Annual General Meeting as statutory auditors of your Exchange to hold office till the conclusion of the Eighth Annual General Meeting.

The Auditors' Report relating to the accounts for the year ended March 31, 2006 does not contain any qualification.

**PARTICULARS OF EMPLOYEES**

Your Exchange had total staff strength of 48 on its rolls as on March 31, 2006. In addition, 26 contractual / outsourced staff

are working for your Exchange. However, none of the employees was in receipt of remuneration in excess of the limits specified in Section 217(2A) of the Companies Act, 1956, and as such no disclosure is required to be made in the Directors Report.

**STATUTORY DISCLOSURE OF PARTICULARS**

The disclosure required in terms of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outflows, do not apply to your Exchange, and therefore, no details have been provided.

Your Exchange governance p  
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**PUBLIC DEPO**

Your Exchange shareholders

**ACKNOWLED**

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Your Exchange

CORPORATE GOVERNANCE

Your Exchange is committed to following good corporate governance practices. The Board of Directors, Chairman, Managing Director and the entire staff working for your Exchange have endeavored to adhere to the highest levels of corporate governance.

PUBLIC DEPOSIT

Your Exchange has not accepted any deposit from its shareholders or the public.

ACKNOWLEDGMENTS

The Board of Directors of your Exchange wishes to place on record its deep sense of gratitude to SEBI for the support and encouragement extended to your Exchange. The Board of Directors also thanks all the promoter exchanges and the trading members for their unstinted support and continued co-operation.

Your Exchange would like to take this opportunity to express

its sincere thanks to all its valued customers for their continued patronage

Your Exchange also expresses its heartfelt appreciation for the invaluable contribution rendered by Shri Vijayan Menon, SEBI Nominee Director, Shri R. M. Joshi and Shri R. H. Sarma, Public Representative Directors, who were on the Board of Directors of your Exchange up to November 18, 2005.

Thanks are also due to the officers and staff of your Exchange who have displayed dedication and commitment in implementing the decisions of the Board and in carrying out the day-to-day operations in a sincere manner.

By order of the Board of Directors

September 5, 2006  
Vashi, Navi Mumbai

Sd/-  
**P. V. Narasimham**  
Chairman

A large table with multiple columns and rows, containing various names and dates, likely a list of directors or members. The text is partially mirrored and difficult to read due to the scan quality.

## Details of Attendance of the Directors at the Board Meetings

The details of attendance of Directors in meetings held since April 1, 2005 are given below:

Name of the Director and status	No. of meetings held	No. of meetings present	Status at 7th Annual General Meeting held on September 24, 2005
<b>Prof. P. V. Narasimham</b> Public Interest Director Chairman (w.e.f. May 11, 2002)	8	8	Present
<b>Prof. V. R. Iyer</b> Public Director (upto June 25, 2005)	1	1	Not Applicable
<b>Shri R. M. Joshi</b> Public Director (upto November 18, 2005)	3	2	Present
<b>Shri Sandeep H. Junnarkar</b> Public Representative Director (upto November 18, 2005)	3	2	Present
<b>Shri V. A. Vijayan Menon</b> SEBI Nominee Director (upto November 18, 2005)	3	1	Absent
<b>Smt. Asha Manjari Mishra</b> Nominee, Bhubaneswar Stock Exchange (upto November 18, 2005)	3	0	Absent
<b>Dr. K. Sabapathy</b> Trading Member Nominee, Coimbatore Stock Exchange (Upto April 2, 2005)	1	0	Not Applicable
<b>Shri R. H. Sarma</b> Public Representative Director (upto November 18, 2005)	3	2	Present
<b>Dr. S. D. Israni</b> Public Interest Director (w.e.f. April 17, 2004)	7	6	Present
<b>Dr. M. Y. Khan</b> Public Interest Director (w.e.f. April 17, 2004)	7	7	Present
<b>Shri Rameshwar Nath Pandey</b> Trading Member Director (w.e.f. September 30, 2002)	8	5	Absent
<b>Shri S. Anantharaman</b> Trading Member Director (w.e.f. June 25, 2005)	7	7	Present
<b>Shri P. J. Mathews</b> Shareholder Director (w.e.f. November 18, 2005)	6	6	Not Applicable
<b>Shri R. M. C. Rodrigues</b> Shareholder Director (w.e.f. November 18, 2005)	6	4	Not Applicable
<b>Shri M. K. Anandakumar</b> Shareholder Director (w.e.f. November 18, 2005)	6	6	Not Applicable
<b>Shri V. Shankar</b> Managing Director	8	8	Present

Sr. No.

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**Statement of the Holding Company's interest in the Subsidiary Company as specified in Sub-section (3)  
of Section 212 of the Companies Act, 1956**

Sr. No.	Particulars	Remarks								
1.	Name of the subsidiary company	ISE Securities & Services Limited								
2.	Financial year of the subsidiary company	April 1, 2005 to March 31, 2006								
3.	Number of shares of the subsidiary company held by Inter-connected Stock Exchange of India Ltd.	<table border="0"> <tr> <td>54,97,900</td> <td>Equity shares of Rs. 10/- each fully paid up, held in the name of Inter-connected Stock Exchange of India Ltd.</td> </tr> <tr> <td>2100</td> <td>Equity shares of Rs. 10/- each fully paid-up, in the name of seven nominees of ISE</td> </tr> <tr> <td>=====</td> <td></td> </tr> <tr> <td>55,00,000</td> <td>Equity shares of Rs. 10/- each fully paid-up</td> </tr> </table>	54,97,900	Equity shares of Rs. 10/- each fully paid up, held in the name of Inter-connected Stock Exchange of India Ltd.	2100	Equity shares of Rs. 10/- each fully paid-up, in the name of seven nominees of ISE	=====		55,00,000	Equity shares of Rs. 10/- each fully paid-up
54,97,900	Equity shares of Rs. 10/- each fully paid up, held in the name of Inter-connected Stock Exchange of India Ltd.									
2100	Equity shares of Rs. 10/- each fully paid-up, in the name of seven nominees of ISE									
=====										
55,00,000	Equity shares of Rs. 10/- each fully paid-up									
4.	Extent of shareholding	As on March 31, 2006, the holding company held the entire share capital consisting of 55,00,000 equity shares of Rs. 10/- each fully paid-up in the subsidiary company.								
5.	Net aggregate amount of profit of the subsidiary company, so far as it concerns the Members of the Company									
	(a) not dealt with in the accounts of Inter-connected Stock Exchange of India Ltd. for the financial year ended March 31, 2006:									
	(i) For the financial year mentioned in 2 above.	Rs. 75,95,889								
	(ii) For the previous financial year.	Rs. 1,09,03,257								
	(b) dealt with in the accounts of Inter-connected Stock Exchange of India Ltd. for the financial year ended March 31, 2006:									
	(i) For the financial year mentioned in 2 above.									
	(ii) For the previous financial year.									

By order of the Board of Directors

sd/-  
P. V. Narasimham  
Chairman

August 5, 2006  
Vashi, Navi Mumbai

## GENERAL BODY MEETINGS

Location and time where the last three Annual General Meetings (AGMs) were held:

The last three Annual General Meetings, i.e. 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> annual general meetings, of the Company were held as per details given below:

No. of the Annual General Meeting	Date on which the meeting was held	Place of the Meeting
5 <sup>th</sup>	September 29, 2003	Registered Office the Company
6 <sup>th</sup>	September 28, 2004	Indian Merchants' Chamber Opp. Churchgate Station, Mumbai - 400020.
7 <sup>th</sup>	September 24, 2005	Registered Office the Company

## Extra-ordinary General Meetings (EGMs):

There has been no extra-ordinary general meeting of the Company since the 7<sup>th</sup> annual general meeting held on September 24, 2005.

By order of the Board of Directors

August 5, 2006  
Vashi, Navi Mumbai

Sd/-  
P. V. Narasimham  
Chairman

## AUDIT

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Member:
- PLACE: M  
DATE: 24

# AUDITORS' REPORT

*K. J. Shah*

The Members,

## Inter-connected Stock Exchange Of India Limited.

1. We have audited the attached Balance Sheet of **Inter-connected Stock Exchange of India Limited** as at 23<sup>rd</sup> November, 2005 and also the Profit and Loss Account for the period April 01, 2005 to November 23, 2005. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 5 and 6 of the said Order.
4. We draw attention to Note No 2.1 of Schedule 15 "Significant Accounting Policies and Notes to Account" in the financial statements. The Company is required to register itself as a Company limited by shares under section 12 of The Companies Act 1956, in accordance with the section 32 of The Companies Act, 1956, as per the ISE Scheme of Corporatisation and Demutualisation approved by SEBI, and accordingly the financial statements are prepared.
5. Further we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - iv. In our opinion the Balance Sheet, Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable to the company;
  - v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and the Notes forming parts of accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a. In the case of Balance Sheet of the state of affairs of company as at 23<sup>rd</sup> November, 2005.

and

- b. In the case of Profit and Loss Account of the profit for the period April 1, 2005 to November 23, 2005;

**FOR A. J. SHAH & COMPANY,**  
Chartered Accountants

Sd/-  
(Hiren Shah)  
Partner  
Membership No. 100052

PLACE: MUMBAI  
DATE: 24<sup>th</sup> June 2006

**Annexure to the Auditor's Report**

reference to the Annexure referred to in paragraph 3 of the report of the Auditors' to the Members of **Inter-connected Stock Exchange of India Limited** on the accounts for the period 1<sup>st</sup> April to 23<sup>rd</sup> November 2005, we report that:

The nature of the Company's business/activities during the period have been such that clauses (ii), (viii), (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) All the fixed assets have been physically verified by the management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) The company has not disposed off substantial part of fixed assets during the year.

The Company has not granted or taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly the sub-clauses (a), (b), (c), (d), (e), (f) and (g) of clause (iii) are not applicable to the company.

In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets and for the sale of services. The activities of the Company do not involve Purchase of inventory and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

According to the information and explanations given to us, there were no contract or arrangements during the year that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly sub-clause (b) of clause (v) is not applicable to the company.

According to the information and explanations given to us, the Company has not accepted any deposit during the year from public within the meaning of the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under. Hence, clause 4(vi) of the Order is not applicable.

In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

According to the information and explanations given to us and on the basis of our examination of the books of account,

- (a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the period.
- (b) According to the information and explanation given to us, there are no dues of sales tax/ income tax/ customs duty/ wealth tax/service tax/ excise duty and cess, which have not been deposited on account of disputes.

The Company does not have any accumulated losses. The company has not incurred any cash losses during the period under audit & also not incurred any cash losses immediately preceding year.

In our opinion and according to the information and explanation given to us, during the year the Company has not defaulted in repayment of dues to banks. The company did not have any repayments due to financial institutions or debenture holders during year.

According to the information and explanation given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.

According to the information and explanation given to us, the company has not given any guarantees for loans taken by others from banks and financial institutions.

According to the information and explanation given to us, there are no term loans obtained by the Company.

According to the information and explanations given to us and on an overall examination of the balance sheet of the company, funds raised on short-term basis have, prima facie, not been used during the period for long-term investment (fixed assets, etc.,)

The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

xvi. The Company has not issued any debentures during the year.

xvii. The Company has not raised any money by public issues during the year.

xviii. According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**FOR A. J. SHAH & COMPANY,**  
Chartered Accountants

Sd/-  
(Hiren Shah)  
Partner  
Membership No. 100052

PLACE: MUMBAI  
DATE: 24<sup>th</sup> June 2006

Government Securities	1,00,00,000	
Shareholders' Funds	1,00,00,000	
Other Funds	1,00,00,000	
Fixed Assets	1,00,00,000	
Current Assets, Loans and Advances	1,00,00,000	
Current Assets	1,00,00,000	
Loans and Bank Balances	1,00,00,000	
Subsidiaries	1,00,00,000	
Current Liabilities and Provisions	1,00,00,000	
Current Liabilities	1,00,00,000	
Provisions	1,00,00,000	
Net Current Assets	1,00,00,000	
Profit and Loss Account	1,00,00,000	
Total	1,00,00,000	1,00,00,000

As per our attached Report on page 10  
For A. J. Shah & Co.  
Chartered Accountants  
Mumbai  
Date: June 24, 2006  
Membership No. 100052  
Hiren C. Shah  
Partner

For and on behalf of the Board of Directors  
P. V. Narasimham  
Chairman  
Mumbai  
Date: June 24, 2006  
Membership No. 100052



**Inter-connected Stock Exchange of India Ltd.****Balance Sheet as at November 23, 2005**

Schedule	As at Nov. 23, 2005 (Rupees)	As at March 31, 2005 (Rupees)
<b>Sources of funds</b>		
<b>Shareholders' funds</b>		
Share Capital 1	-	-
Reserves and Surplus 2	203,177,336	312,017,890
<b>Total</b>	<b>203,177,336</b>	<b>312,017,890</b>
<b>Application of funds</b>		
<b>Fixed assets 3</b>		
Gross block (at cost)	99,735,887	139,458,493
Less: Depreciation	62,541,141	94,053,754
Net block	37,194,746	45,404,739
Capital work-in-progress	100,000	3,039,182
	37,294,746	48,443,921
<b>Investments 4</b>	<b>55,000,000</b>	<b>55,000,000</b>
<b>Current Assets, Loans and Advances</b>		
<b>Current Assets</b>		
Cash and Bank Balances 5	232,207,275	198,796,418
Sundry Debtors 6	1,623,300	2,714,003
Loans and Advances 7	35,958,899	12,036,666
	269,789,476	213,547,088
Less: <b>Current Liabilities and Provisions</b>		
Current liabilities 8	153,516,351	139,128,661
Provisions 9	5,390,532	2,973,587
	158,906,883	142,102,248
<b>Net Current Assets</b>	<b>110,882,592</b>	<b>71,444,839</b>
<b>Profit and Loss Account</b>		
		137,129,131
<b>Total</b>	<b>203,177,336</b>	<b>312,017,890</b>
<b>Significant Accounting Policies and Notes forming part of the Accounts 14</b>		

For and on behalf of the Board of Directors

As per our attached Report of even date  
For A. J. Shah & Co.,  
Chartered Accountants

Sd/-  
**HIREN C. SHAH**  
Partner  
Membership No 100052

Mumbai  
Date: June 24, 2006

Sd/-  
**P. V. Narasimham**  
Chairman

Navi Mumbai  
Date: June 24, 2006

Sd/-  
**V. Shankar**  
Managing Director

## Inter-connected Stock Exchange of India Ltd.

## Profit and Loss Account for the period ended November 23, 2005

Particulars	Schedule	Period ended November 23, 2005 (Rupees)	Year ended March 31, 2005 (Rupees)
<b>Income</b>			
Income from Operations	10	17,589,854	23,426,685
Other Income	11	25,891,942	11,978,978
<b>Total</b>		<b>43,481,796</b>	<b>35,405,664</b>
<b>Expenditure</b>			
Employee Costs	12	7,445,646	6,418,888
Administration and Operational Expenses	13	13,015,950	14,606,496
Depreciation/Amortisation		3,898,525	20,795,259
Less: Adjusted against Capital Reserve (Refer Note 10 of Schedule 14)		(1,828,852)	(6,542,161)
		2,069,673	14,253,098
<b>Total</b>		<b>22,531,269</b>	<b>35,278,482</b>
<b>Profit for the period</b>		<b>20,950,526</b>	<b>127,181</b>
Add: Provision of Earlier Years Written Back		-	489,393
Add: Prior Year Adjustment		216,811	-
<b>Profit available for Appropriation</b>		<b>21,167,337</b>	<b>616,574</b>
Balance brought forward from previous year		(137,129,131)	(137,745,704)
Less: Intangible Assets adjustment on initial adoption (Refer Note No 16 of Schedule 14)		(553,123)	-
Add: Transfer from Dealer Admission Fees (Refer Note No 9 of Schedule 14)		137,682,254	-
<b>Balance carried to the Balance sheet</b>		<b>21,167,337</b>	<b>(137,129,131)</b>
<b>Significant Accounting Policies and Notes forming part of the Accounts</b>	14		

As per our attached Report of even date  
For A. J. Shah & Co.,  
Chartered Accountants

Sd/-  
**HIREN C. SHAH**  
Partner  
Membership No 100052

Mumbai  
Date: June 24, 2006

For and on behalf of the Board of Directors

Sd/-  
**P. V. Narasimham**  
Chairman

Sd/-  
**V. Shankar**  
Managing Director

Navi Mumbai  
Date: June 24, 2006

## Inter-connected Stock Exchange of India Ltd.

## Schedules forming part of the Accounts

## SCHEDULE 1: SHARE CAPITAL

Particulars	As at Nov. 23, 2005 (Rupees)	As at Mar 31, 2005 (Rupees)
	Nil	Nil
<b>Authorised Capital</b> (Company Limited By Guarantee)		
<b>Issued, Subscribed And Paid Up</b> (Company Limited By Guarantee)	-	-
<b>Total</b>	-	-

## SCHEDULE 2 : RESERVES &amp; SURPLUS

Particulars	As at Nov. 23, 2005 (Rupees)	As at Mar 31, 2005 (Rupees)
<b>Free Reserves</b>		
Profit & Loss Account Balance	21,167,337	-
<b>Total Free Reserves</b>	<b>21,167,337</b>	<b>-</b>
<b>Capital Reserves</b>		
<b>Infrastructure Development Contribution</b> (Refer Note 6 of Schedule 14)	91,850,000	91,800,000
<b>Networking Equipment Contributions</b> Balance as per last Balance Sheet Add : Received during the period	3,405,444	18,557,167 429,764
Less : Adjustment towards Equipments trf to Dealers/Traders Less : Adjustment towards Depreciation (Refer Note 10 of Schedule 14)	1,828,852 1,576,591	9,039,326 6,542,161 3,405,444
<b>Dealer Admission Fees</b> Balance as per Balance Sheet Add: Received during the period (Refer Note 11.1 of Schedule 14)	173,011,111 3,500,000	172,011,111 2,500,000
Less : Repaid during the period Less : Transferred to Profit & Loss A/c (Refer Note 9 of Schedule 14)	(500,000) (137,682,254) 38,328,857	(1,500,000) 173,011,111
<b>Total Capital Reserves</b>	<b>131,755,448</b>	<b>268,216,555</b>
<b>Earmarked Reserves</b>		
<b>Settlement Guarantee Fund</b> Balance as per last Balance Sheet Add: Additions during the period (including Rs. Nil, (Previous year Rs. 916,471/-) on transfer of credit balance of defaulter dealers/traders, initial contribution from trading members and accretion by way of gross interest of Rs. 4,672,800/-, (Previous year Rs. 6,464,324/-) for the period on deposits etc made out of such funds in accordance with the Rules and Bye-laws of the Company)	43,020,959	35,300,164
<b>Investor Protection Fund</b> Balance as per last Balance Sheet Add: Additions during the period (accretion by way of appropriation from the listing fee income during the period)	5,407,403 48,428,363	7,720,795 43,020,959
<b>Investor Services Fund</b> Balance as per last Balance Sheet Add : Additions during the period (including Rs. 998,393/-, (Previous year Rs. 661767/-) on transfer of credit balances of expelled dealers/traders and accretion by way of gross interest of Rs.29,750/- for the period on deposits, etc made out of such funds in accordance with the Rules and Bye-laws of the Company and appropriation from listing fee income during the period) (Refer Note 14 of Schedule 14) Less : Expenses incurred on Investor Awareness Programme	94,669 3,669 98,338 685,707 1,042,143 -	93,369 1,300 94,669 43,277 698,317 55,887
<b>Total Earmarked Reserves</b>	<b>50,254,551</b>	<b>43,801,335</b>
<b>Total Reserves and Surplus</b>	<b>203,177,336</b>	<b>312,017,890</b>

Inter-connected Stock Exchange of India Ltd.

Schedules forming part of the Accounts

## Inter-connected Stock Exchange of India Ltd.

## Schedules forming part of the Accounts

## Schedule 3 : Fixed Assets

PARTICULARS	GROSS BLOCK (At cost)				DEPRECIATION				NET BLOCK	
	As at 01-04-2005	Additions	Deductions	As at 23-11-2005	As On 31-03-2005	For the period	Deductions / Adjustments	As At 23-11-2005	As at 23-11-2005	As at 31-03-2005
<b>Tangible Assets</b>										
Leasehold Land	870,626	-	-	870,626	90,554	9,215	-	99,769	770,857	780,072
Leasehold Premises	32,585,962	-	-	32,585,962	3,933,937	344,885	-	4,278,822	28,307,140	28,652,025
Machinery and Electrical Equipments	4,214,912	35,214	2,509,305	1,740,821	1,224,400	108,173	771,348	561,225	1,179,596	2,990,512
Furniture and Fixtures	5,073,428	-	-	5,073,428	2,131,888	202,743	-	2,334,631	2,738,797	2,941,540
Vehicles	420,809	725,000	-	1,145,809	253,909	56,908	(32)	310,849	834,960	166,900
Office Equipments	2,416,913	101,004	993,330	1,524,587	690,394	66,410	289,255	467,549	1,057,038	1,726,519
Computer Equipments including networking equipments	91,250,705	752,100	38,017,907	53,984,898	84,248,484	2,650,036	34,308,560	52,589,960	1,394,938	7,002,221
<b>Intangible Assets</b>										
Computer Software (Refer Note 16 of Schedule 14)	2,625,138	779,750	595,132	2,809,756	1,480,189	460,155	42,009	1,898,336	911,420	1,144,949
<b>Total</b>	<b>139,458,493</b>	<b>2,393,068</b>	<b>42,115,674</b>	<b>99,735,887</b>	<b>94,053,755</b>	<b>3,898,525</b>	<b>35,411,139</b>	<b>62,541,141</b>	<b>37,194,746</b>	<b>45,404,738</b>
<b>Previous Year</b>	<b>164,920,418</b>	<b>1,900,177</b>	<b>27,362,102</b>	<b>139,458,493</b>	<b>91,276,451</b>	<b>20,795,259</b>	<b>18,017,956</b>	<b>94,053,754</b>	<b>100,000</b>	<b>3,039,182</b>
Capital Work in Progress (Networking equipment pending installation) (Refer Note 18 of Schedule 14)									<b>37,294,746</b>	<b>48,443,920</b>
<b>Notes :</b>								<b>Total</b>		
1. Leasehold Premises represent cost of office premises, including improvements to premises, taken from CIDCO under lease for a period of 60 years, in respect of which a Lease Deed has been executed.										
2. Refer Note 17 of Schedule 14 with respect to sale of fixed assets.										

## Inter-connected Stock Exchange of India Ltd.

## Schedules forming part of the Accounts

## Schedule 3 : Fixed Assets

PARTICULARS	GROSS BLOCK (At cost)			DEPRECIATION			NET BLOCK		
	As at 01-04-2005	Additions	Deductions	As at 23-11-2005	As On 31-03-2005	For the period	Deductions / Adjustments	As at 23-11-2005	As at 31-03-2005
<b>Tangible Assets</b>									
Leasehold Land	870,626	-	-	870,626	90,554	9,215	-	99,769	770,857
Leasehold Premises	32,585,962	-	-	32,585,962	3,933,937	344,885	-	4,278,822	28,307,140
Machinery and Electrical Equipments	4,214,912	35,214	2,509,305	1,740,821	1,224,400	108,173	771,348	561,225	1,179,596
Furniture and Fixtures	5,073,428	-	-	5,073,428	2,131,888	202,743	-	2,334,631	2,738,797
Vehicles	420,809	725,000	-	1,145,809	253,909	56,908	(32)	310,849	834,960
Office Equipments	2,416,913	101,004	993,330	1,524,587	690,394	66,410	289,255	467,549	1,057,038
Computer Equipments including networking equipments	91,250,705	752,100	38,017,907	53,984,898	84,248,484	2,650,036	34,308,560	52,589,960	1,394,938
<b>Intangible Assets</b>									
Computer Software (Refer Note 16 of Schedule 14)	2,625,138	779,750	595,132	2,809,756	1,480,189	460,155	42,009	1,898,336	911,420
<b>Total</b>	<b>139,458,493</b>	<b>2,393,068</b>	<b>42,115,674</b>	<b>99,735,887</b>	<b>94,053,755</b>	<b>3,898,525</b>	<b>35,411,139</b>	<b>62,541,141</b>	<b>37,194,746</b>
<b>Previous Year</b>	<b>164,920,418</b>	<b>1,900,177</b>	<b>27,362,102</b>	<b>139,458,493</b>	<b>91,276,451</b>	<b>20,795,259</b>	<b>18,017,956</b>	<b>94,053,754</b>	<b>45,404,738</b>
Capital Work in Progress (Networking equipment pending installation) (Refer Note 18 of Schedule 14)									
<b>Notes :</b>								<b>Total</b>	<b>100,000</b>
1. Leasehold Premises represent cost of office premises, including improvements to premises, taken from CIDCO under lease for a period of 60 years, in respect of which a Lease Deed has been executed.									<b>3,039,182</b>
2. Refer Note 17 of Schedule 14 with respect to sale of fixed assets.									<b>48,443,920</b>

## Inter-connected Stock Exchange of India Ltd.

## Schedules forming part of the Accounts

## SCHEDULE 4 : INVESTMENTS

Particulars	As at Nov. 23, 2005 (Rupees)	As at Mar 31, 2005 (Rupees)
Term Investments (unquoted, at cost): In the shares of the wholly-owned subsidiary company, ISE Securities & Services Limited (5,500,000 equity shares of Rs.10/- each, fully paid up)	55,000,000	55,000,000
<b>Total</b>	<b>55,000,000</b>	<b>55,000,000</b>

## SCHEDULE 5 : CASH &amp; BANK BALANCES

Particulars	As at Nov. 23, 2005 (Rupees)	As at Mar 31, 2005 (Rupees)
Cash-in-hand	24,444	-
<b>Bank Balances:</b>		
<b>With Scheduled Banks</b>		
- in Current Accounts	2,673,715	1,304,745
* in Free Fund Accounts	181,354	132,144
* in Earmarked Fund Accounts (Refer Note 14 of Schedule 14)		
- in Deposit Accounts	95,408,222	94,795,606
* in Free Fund Accounts	133,919,543	102,563,924
* in Earmarked Fund Accounts (Refer Note 14 of Schedule 14)		
<b>Total</b>	<b>232,207,275</b>	<b>198,796,418</b>

## SCHEDULE 6 : SUNDRY DEBTORS

Particulars	As at Nov. 23, 2005 (Rupees)	As at Mar 31, 2005 (Rupees)
<b>Unsecured to the extent of Provision</b>		
Debts outstanding for a period exceeding six months	63,098	1,826,858
- Considered Good	-	46,880
- Considered Doubtful	-	-
Other Debts	1,560,202	887,145
- Considered Good	-	-
- Considered Doubtful	-	(46,880)
Less : Provision for Doubtful Debts (Refer Note 12.1 of Schedule 14)	-	-
<b>Total</b>	<b>1,623,300</b>	<b>2,714,003</b>

## SCHEDULE 7 : LOANS &amp; ADVANCES

Particulars	As at Nov. 23, 2005 (Rupees)	As at Mar 31, 2005 (Rupees)
<b>Unsecured</b>		
Advances given to the subsidiary company	27,703,412	3,279,129
Trade Deposits	2,768,430	2,228,430
Advances recoverable in cash or kind or for value to be received	276,984	51,721
- Staff Advances / Imprest for Expenses (Considered Good)	-	830,018
- Regional Stock Exchanges towards Annual Subscriptions	200,000	223,464
Considered Good	524,617	567,475
Considered Doubtful	-	-
Prepaid Expenses	99,815	119,770
Service Tax Credit Receivable	4,585,641	4,960,123
Tax Deducted at Source	36,158,899	12,260,130
	200,000	223,464
Less: Provision for Doubtful Advances	-	-
<b>Total</b>	<b>35,958,899</b>	<b>12,036,666</b>

## SCHEDULE 8 : C

Sundry Creditors  
- Small S  
- Others

Rent Deposit from  
Advance toward  
**Refundable De**  
- Base Mi  
- Settleme  
Advance toward  
pending registra

## SCHEDULE 9 : I

Gratuity  
Employees' Lea  
Employees' LTA  
Bonus  
Expenses  
Sales tax

## SCHEDULE 10

Admission Fee  
Dealer Re-adm  
Admission Fee  
Application Fe  
Annual Subscr  
- From P  
- From T  
- From D

Listing Fees  
Depository Pa  
Training Progr  
Reimburseme  
Charges for us  
Sub-broker An  
Connectivity C

## Inter-connected Stock Exchange of India Ltd.

## Schedules forming part of the Accounts

## SCHEDULE 8 : CURRENT LIABILITIES

Particulars	As at Nov. 23, 2005 (Rupees)	As at Mar 31, 2005 (Rupees)
Sundry Creditors		
- Small Scale Industrial undertakings (Refer Note 5 of Schedule 14)		
- Others	2,839,980	3,017,142
Rent Deposit from Subsidiary Company	2,839,980	3,017,142
Advance towards Share Capital on demutualisation	1,278,200	1,278,200
Advance towards admission fees, annual fees, etc from trading members, pending registration / approval of SEBI	840,000	310,000
<b>Refundable Deposits as per the Rules and Bye-laws of the Company</b>		
- Base Minimum Capital of trading members	61,264,795	49,288,950
- Settlement Stabilisation Fund	13,000,000	13,000,000
<b>Total</b>	<b>153,516,351</b>	<b>139,128,661</b>

## SCHEDULE 9 : PROVISIONS

Particulars	As at Nov. 23, 2005 (Rupees)	As at Mar 31, 2005 (Rupees)
Gratuity	1,339,557	703,348
Employees' Leave	1,567,532	888,546
Employees' LTA 2001-02	65,905	65,905
Bonus	871,224	628,278
Expenses	445,975	542,457
Sales tax	1,100,339	145,053
<b>Total</b>	<b>5,390,532</b>	<b>2,973,587</b>

## SCHEDULE 10 : INCOME FROM OPERATIONS

Particulars	For the period ended Nov. 23, 2005 (Rupees)	For the year ended March 31, 2005 (Rupees)
Admission Fees from Traders	20,000	45,000
Dealer Re-admission Fee	50,000	
Admission Fees for Additional Trading Rights (Refer Note 11 of Schedule 14)	330,000	240,000
Application Fees for Additional Trading Rights	940,000	4,160,000
Annual Subscription received :		
- From Promoter Exchanges	-	250,000
- From Traders	80,750	207,000
- From Dealers	4,251,667	4,534,375
	4,332,417	4,991,375
Listing Fees	80,034	136,200
Depository Participant (DP) Operations	4,891,475	3,888,492
Training Programmes	899,903	-
Reimbursement of Expenses from subsidiary company	2,448,525	3,660,618
Charges for use of facilities from subsidiary company	2,887,500	6,300,000
Sub-broker Annual Fees	15,000	5,000
Connectivity Charges	695,000	-
<b>Total</b>	<b>17,589,854</b>	<b>23,426,685</b>

**Inter-connected Stock Exchange of India Ltd.****Schedules forming part of the Accounts****SCHEDULE 11 : OTHER INCOME**

SCHEDULE 11 : OTHER INCOME

SCHED

Particulars	For the period ended Nov. 23, 2005 (Rupees)	For the year ended March 31, 2005 (Rupees)
Gross Interest on Bank Deposits (TDS Rs. 1,651,118/-, previous year : Rs.1,908,058/-)	8,111,596	11,310,355
Less : Interest earned on Earmarked Funds	4,722,744	6,464,324
	3,388,852	4,846,031
Interest on short-term loan to subsidiary company	-	19,726
Interest on delayed payments from trading members	141,979	548,309
Interest on Income-tax refund	57,805	165,163
Rent (TDS Rs. 466,159/-, previous year Rs. 561,690/-)	2,350,679	2,701,851
Miscellaneous Income	829,398	1,686,907
Recovery of Insurance on Securities	-	1,520,285
Sundry credit balances written back	-	490,706
Advance towards networking equipment written back	599,313	
Provision for Doubtful Advances written Back	23,464	
Profit on Sale of Assets (Refer Note 17 of Schedule 14)	16,505,833	-
Management Services Fee	1,994,620	-
<b>Total</b>	<b>25,891,942</b>	<b>11,978,978</b>

**SCHEDULE 12 : EMPLOYEE COST**

Particulars	For the period ended Nov. 23, 2005 (Rupees)	For the year ended March 31, 2005 (Rupees)
Salaries [Net of recovery : Rs. 3,930,280/- (Previous year Rs. 5,006,437/-)]	5,405,705	5,744,184
Contribution to Provident and Other Funds [Net of recovery : Rs. 340,043 /- (Previous year Rs.440,475/-)]	376,776	389,278
Leave Encashment [Net of recovery : Rs. Nil/- (Previous year Rs. 1,48,378/-)]	882,606	(130,810)
Gratuity [Net of recovery : Rs. 236,713/- (Previous year Rs. 460,955/-)]	526,561	60,678
Staff Welfare	253,999	355,557
<b>Total</b>	<b>7,445,646</b>	<b>6,418,888</b>



## Schedules forming part of the Accounts

## SCHEDULE 13 : ADMINISTRATIVE &amp; OPERATIONAL EXPENSES

Particulars	For the period ended Nov. 23, 2005 (Rupees)	For the year ended March 31, 2005 (Rupees)
Telephone and Fax	299,099	283,015
Printing and Stationery	845,078	1,150,764
DP Operations	2,476,108	2,095,781
Training Programmes	1,691,536	-
Remuneration to Auditors (Refer Note 4 of Schedule 14)	145,612	264,480
Legal and Professional Charges	828,754	1,096,355
Electricity Charges	1,197,777	1,451,405
Water Consumption Charges	50,406	34,485
Board / Committee Meeting	125,342	301,499
Rent, Rates and Taxes	922,413	1,545,201
Repairs and Maintenance - Leasehold Premises	220,432	414,404
Repairs and Maintenance - Others	1,164,812	1,306,053
Travelling and Conveyance	410,255	619,023
Postage and Courier	1,151,295	903,653
Security	221,271	300,730
Insurance	99,878	178,937
Advertisement and Publicity	23,810	576,940
Books, Newspapers and Periodicals	40,033	34,794
Vehicle Maintenance	79,180	232,566
Membership and Subscription Charges	52,200	55,050
Miscellaneous Expenses (includes Rs. 164,678/-, (previous year		
Rs. Nil) excess depreciation written off)	323,705	360,573
Demutualisation Expenses	510,131	-
Short Provision for Depreciation	136,490	-
Bad Debts written off	46,880	549,689
Add: Provision for Doubtful Debts	-	46,880
Less: Provision for Doubtful Debts Write back	(46,880)	(330,925)
Advances written off	-	141,082
Fixed Assets written off	-	257,532
Loss on sale of Fixed Assets	-	110,231
Bank Charges	335	626,299
<b>Total</b>	<b>13,015,950</b>	<b>14,606,496</b>

**Schedule 14: Significant Accounting Policies and Notes forming part of the Accounts****1. Significant Accounting Policies****1.1 Basis of preparation of Financial Statements**

The accompanying financial statements have been prepared using the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956. Accounting policies are consistently applied, except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**1.2 Use of Estimates**

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The differences between actual results and estimates are recognised in the period in which the results are known / materialized.

**1.3 Revenue Recognition**

Admission fees, annual fees and contributions towards the Settlement Guarantee Fund received from dealers/traders are accounted on the basis of the date of grant of registration certificate by SEBI, as it signifies the conclusive point of entry of dealers/traders into the Company.

In appropriate circumstances, revenue is recognised when no significant uncertainty as to determination and realisation exist.

The revenue in respect of a settlement is accounted on the funds pay-in date of the settlement.

The interest income on investments of the Earmarked Funds, being accretions to the said funds, is credited to the funds, in accordance with the Rules and Bye-laws of the Company.

**1.4 Fixed Assets**

Fixed Assets are valued at cost. They are stated at historical cost including incidental expenses. The improvements to leased premises have been capitalised along with leasehold premises.

**1.5 Depreciation and Amortisation**

- i. Depreciation is provided on straight-line basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- ii. Depreciation on assets acquired/purchased during the period is provided on pro-rata basis.
- iii. Leasehold Land and Premises, including improvements, are amortised over the period of the lease.
- iv. Depreciation on networking equipment is charged to the Networking Equipment Contribution in the proportion of the total capital cost incurred and the amounts recovered from trading members'. (Refer Note 8).
- v. Intangible assets, comprising computer software, have been amortised on a straight-line method over 3 years from the year of acquisition or installation.

**1.6 Borrowing Costs**

Borrowing costs attributable to the acquisition of a fixed asset upto the date it is ready for use are capitalised as part of the cost of the fixed asset. Other borrowing costs are recognized as expenses in the period in which they are incurred.

**1.7 Investments**

Investment in the subsidiary company being of long-term nature is stated at cost and no loss is recognised in the fall of its net worth unless it is a permanent fall. Current investments are valued at lower of cost or market value of such investments.

**1.8 Retirement Benefits**

Company's contribution to the provident fund of the employees is charged to revenue. The Company's liability for gratuity is funded through Life Insurance Corporation of India (LIC) and is charged to revenue on the basis of LIC's actuarial valuation.

**1.9 Settlement Transactions**

The transactions pertaining to settlement, which are conducted in a fiduciary capacity, do not form part of the Accounts of the Company.

**1.10 Dealers' Admission Fees**

The Dealers Admission Fees, which are one-time admission fees paid by the Dealers for acquiring the right to trade on the Company are considered as capital contributions on Registration of the Dealer with SEBI and classified accordingly.

**1.11 Networking Equipment Contributions**

The recoveries made by the Company from dealers/traders towards the networking equipment cost represent one-time charges collected towards the capital cost of the networking equipments installed to connect the dealers/traders with the central computer of the Company and are considered as Capital Reserves.

**1.12 Accounting for Provisions, Contingent Liabilities and Contingent Assets.**

As per AS 29, norms for Provisions, Contingent Liabilities and Contingent Assets, the company recognises provisions only when it has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognised for any possible obligation that arises from past events and the existence of which will be confirmed only by that occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**2. Demutualisation / Re-registration of the Company.**

2.1 SEBI, vide its order no. SEBI/MRD/49560/2005, dated September 15, 2005, has approved the ISE (Corporatisation & Demutualisation) Scheme, 2005 under section 4B(2) of the Securities Contracts (Regulation) Act 1956, whereby the Exchange is required to get converted into a corporate entity within 3 months from the date of the order. The approved scheme provides for the re-registration of Inter-connected Stock Exchange of India Ltd. as a Company limited by shares under section 12 of the Companies Act 1956, segregation of ownership, management and trading rights on the Exchange, restriction on voting rights of the shareholders who are also trading members, composition of the Governing Board etc. Accordingly, the Company was re-registered under the Companies Act, 1956 on November 24, 2005. The Company has received the certificate of commencement of business on March 9, 2006. The financial statements of the Company have been drawn up for the period from April 1, 2005 to November 23, 2005 i.e. before the date of re-registration.

2.2 Pursuant to the aforesaid approved scheme, on and from re registration date i.e. November 24, 2005, all assets, properties, undertakings, funds, reserves, intellectual property rights, obligations, liabilities, contracts, agreements, employees, notices, actions, resolutions passed, claims etc belonging to or in the possession or control of the existing company shall vest and shall be in possession or control of the re-registered Company.

**3. Gross Managerial Remuneration**

Particulars	November 23, 2005	March 31, 2005
Salaries & Allowances	5,35,180	8,57,036
Contribution to Provident Fund and other Funds	53,518	1,09,878
Monetary Value of Perquisites	NIL	NIL
Commission	NIL	NIL
<b>Total</b>	<b>5,88,698</b>	<b>9,66,914</b>

**4. Remuneration to Auditors**

Particulars	Period ended November 23, 2005	Year ended March 31, 2005
Audit Fees	1,00,000	2,20,400
For other services in respect of		
- consultancy charges	NIL	NIL
- others (including certification matters)	6,612	NIL
For Tax Audit	NIL	44,080
For taxation matters	39,000	NIL
<b>Total</b>	<b>1,45,612</b>	<b>2,64,480</b>

Settlement Gu
from levy on tr
Settlement St
Contribution to
from Register
Contribution to
Dealers/ Trade
Other receipts
Interest accrue
<b>Total</b>

\*Represents ref

The balances as  
of the Company

In Fixed I
In Bank A
<b>Total of I</b>
<b>Amount</b>
* Subseq

The balance on a  
Fund are as unde

<b>Non-cash cons</b>
<b>Bank Guarant</b>
- Recd
- Unrec
<b>Fixed Deposits</b>
- Regis
- Unreg
<b>Securities pled</b>
- Regis
- Unreg
<b>Undertakings u</b>
<b>behalf of Trade</b>
- Regis
- Unrec
<b>Total Non-Cash</b>
- Regis
- Unrec

\* The market valu  
forms part of the  
prevailing at NSE c

Accretion by way c
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The information provided in respect of sundry creditors to small scale industrial undertakings is at on the basis of information made available by the Company.

Infrastructure Development Fund represents non-refundable contributions made by the regional stock exchanges for setting up the Company. The Company proposes to issue Equity shares in proportion to the respective contributions received as part of its Corporatisation and Demutualisation scheme, within the timeframe specified in the approved Scheme of Corporatisation and Demutualisation on receipt of additional share application money from the said Members.

Shares, fixed deposits and bank guarantees received from Traders and Dealers in compliance with the Base Minimum Capital requirements (viz. capital adequacy norms), as prescribed in the Rules and Bye-laws, have been held as collateral securities, and accordingly, have not been accounted in the books of the Company.

SEBI, vide its Circular No. SEBI/SMD/SE/Cir-24/2003/18/06 dated June 18, 2003, has permitted the Company to refund Base Minimum Capital in excess of Rs. 1, 00,000/- to its dealers/traders after complying with the procedures prescribed there under, including obtaining No Objection Certificates (NOCs) from SEBI. Accordingly, in response to applications made by certain dealers/traders, the Company after receiving necessary approvals from SEBI, has during the period, refunded an aggregate amount of Rs. 5,20,000/-, (Previous year : Rs. 27,31,016/-) in cash, excluding bank guarantees / fixed deposit receipts / securities to such dealers/traders. The Base Minimum Capital for such dealers/traders, after the refund of excess Base Minimum Capital, is maintained at Rs. 1,00,000/-.

The Base Minimum Capital is being maintained in the form of cash, bank fixed deposit receipts, approved securities or undertakings from the Promoter Exchanges, as permitted by SEBI.

The company has transferred an amount of Rs. 13,76,82,254/- received from Dealers as Admission fees to the extent of debit balance in the Profit & Loss A/c based on Experts Opinion stating that since the amount appearing in the Capital Reserve is actually realized from the dealers, the said amount is available to the company for appropriation against its losses incurred in the earlier years.

During the period, an amount of Rs. 18,28,852/-, (Previous year : Rs. 65,42,161/-) being the proportionate amount of depreciation for the central networking equipments, has been withdrawn from the Networking Equipment Contribution (referred as Capital Reserves in Schedule 2) and also disclosed as deduction from the Depreciation for the period.

During the period, the Company has received net amount aggregating to Rs 30,00,000/- (Previous year Rs. 10,00,000/-) from dealers/traders being one-time admission fees for acquiring the right to trade on the Exchange. The amount so collected is considered as capital reserve and classified in the Balance Sheet accordingly.

The Dealers Admission Fees (@ Rs.5,000/- per Dealer) aggregating to Rs. 3,30,000/- (Previous Year Rs. 2,40,000/-) is received from the transferee on transfer of additional Trading Rights.

Sundry Debtors (Schedule 7) include Rs. 725,061/- (Previous year Rs. 18,73,738/-) on account of various charges recoverable from Dealers/Traders, which are outstanding. The said debts are considered good for recovery by the Management in view of the various amounts deposited by the Dealers/Traders with the Company, which are available for adjustment against the dues as per the applicable Rules and Byelaws. However, the company has written off debtors to the tune of Rs 46,880 against which the provision for doubtful debts was made in the previous year due to non-availability of any deposits with the company.

Sundry Debtors include an amount of Rs. 15,000/- (Previous year Rs. 5,000) recoverable from Traders/Dealers towards their contribution to the Settlement Guarantee Fund. Steps are being taken to recover the same. The same amount has been accounted and earmarked.

During the period, the Company has encashed fixed deposits/bank guarantees/securities of defaulters/expelled Dealers/Traders and the surplus arising after adjustment of their respective dues have been transferred as per the Rules, Bye-laws and Regulations of the Company to the following Earmarked Reserves.

Particulars	As on November 23, 2005	As on March 31, 2005
Settlement Guarantee Fund	Nil	9,16,471
Investor Services Fund	9,98,393	6,61,767
<b>Total</b>	<b>9,98,393</b>	<b>15,78,238</b>

14. The details of the earmarked funds are as given hereunder:

**i) Settlement Guarantee Fund**

(All Figs. in Rs.)

Settlement Guarantee Fund	As on November 23, 2005	As on March 31, 2005
Settlement Guarantee Fund (including accretions from levy on transactions)	54,15,819	49,15,819
Settlement Stabilisation Fund	1,30,00,000	1,30,00,000
Contribution towards Base Minimum Capital (Cash component) from Registered Dealers/ Traders	6,12,64,795	4,92,88,950
Contribution towards SGF/BMC from Dealers/ Traders pending registration	2,17,41,232	1,49,71,231
Other receipts *	89,045	1,23,513
Interest accrued on above	4,30,12,543	3,81,05,140
<b>Total</b>	<b>14,45,23,434</b>	<b>12,04,04,653</b>

\*Represents refund of income tax deducted at source on the interest income of Earmarked Funds.

The balances as on November 23, 2005 in the Settlement Guarantee Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under.

(All Figs. in Rs.)

In Fixed Deposit (FTD)	13,23,46,468	10,20,74,329
In Bank Accounts	10,405	10,405
<b>Total of Deposits and Bank Balance</b>	<b>13,23,56,873</b>	<b>10,20,84,734</b>
<b>Amount outstanding as on November 23, 2005</b>		
* Subsequently transferred	1,21,66,561*	1,83,30,324*

The balance on account of the non-cash components (not accounted in the Books, refer Note no. 7) of the Settlement Guarantee Fund are as under:

(All Figs. in Rs.)

Non-cash component	As on November 23, 2005	As on March 31, 2005
<b>Bank Guarantees from Traders and Dealers</b>		
- Registered	5,00,000	9,00,000
- Unregistered	Nil	Nil
<b>Fixed Deposits under lien</b>		
- Registered	1,06,91,939	1,08,79,202
- Unregistered	6,61,470	15,20,260
<b>Securities pledged at (market value)*</b>		
- Registered	2,90,19,523	2,66,75,226
- Unregistered	Nil	18,39,345
<b>Undertakings given by regional stock exchanges on behalf of Traders of their Exchanges</b>		
- Registered	3,05,90,000	3,22,75,000
- Unregistered	1,36,00,000	2,86,00,000
<b>Total Non-Cash Component</b>		
- Registered	<b>7,08,01,462</b>	<b>7,07,29,428</b>
- Unregistered	<b>1,42,61,470</b>	<b>3,19,59,605</b>

\* The market value of the securities deposited by the trading members' towards their Base Minimum and Additional Capital, which forms part of the Settlement Guarantee Fund, has been computed after applying the appropriate margin on the stock prices prevailing at NSE on the last day of the financial period.

**ii) Investor Protection Fund**

(All Figs. in Rs.)

Particulars	As on November 23, 2005	As on March 31, 2005
Accretion by way of appropriation from the listing fee income	98,338	94,669

The balances as on November 23, 2005 in the Investor Protection Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under.

(All Figs. in Rs.)		
In Fixed Deposit	Nil	Nil
In Bank Accounts	1,06,254	1,01,337
<b>Total of Deposits and Bank Balance</b>	<b>1,06,254</b>	<b>1,01,337</b>
<b>Amount outstanding as on November 23, 2005</b>	<b>Nil</b>	<b>Nil</b>

iii) **Investor Service Fund**

(All Figs. in Rs.)

Particulars	As on November 23, 2005	As on March 31, 2005
Investor Service Fund (including Rs. 9,98,393/- on transfer of credit balances of expelled trading members and accretion by way of gross interest of Rs. 29,750/- for the period on deposits, etc made out of such funds in accordance with the Rules and Bye-laws of the Company and appropriation from listing fee income during the period)	17,27,850	6,85,707

The balances as on November 23, 2005 in the Investor Services Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under.

(All Figs. in Rs.)

In Fixed Deposit	15,73,074	Nil
In Bank Accounts	64,694	20,402
<b>Total of Deposits and Bank Balance</b>	<b>16,37,768</b>	<b>20,402</b>
<b>Amount outstanding as on November 23, 2005</b>		
* Subsequently transferred	90,082	6,65,305

15. During the financial year 2004-05, SEBI has de-recognised Mangalore Stock Exchange, one of the Promoter of the Company, against which Mangalore Stock Exchange has filed an appeal in the Securities Appellate Tribunal (SAT). The order of SAT is awaited. The members of the Mangalore Stock Exchange, who were registered as Traders with the Company and who had applied for conversion as Dealers have been classified as "Deemed Dealers" in accordance with the decision taken in the Extra-ordinary General Meeting, which has been duly approved by SEBI.
16. As a consequence of Accounting Standard 26 "Accounting for Intangibles" which has become applicable from April 1, 2005, during the period, the Company has changed its accounting policy in respect of Intangible Assets and has accordingly recast expenditure on Computer Software incurred up to November 23, 2005 aggregating Rs 15.22 Lakhs (Gross Rs. 32.67 Lakhs and accumulated amortization Rs. 17.45 Lakhs) hitherto accounted for as Computer Software under Schedule 5 'Fixed Assets' as 'Intangible Assets'. Had the change not been made the profit for the period would have been higher by Rs 5.53 Lakhs. The amortization of intangible assets amounting to Rs 4.60 Lakhs has been included in depreciation for the period in the Profit and Loss Account.
17. On the basis of valuation of the Government Approved Valuer as on September 15, 2005 valuing certain assets, the Company has sold some of its assets at the recommended price to its wholly owned subsidiary company i.e. ISE Securities & Services Ltd. (ISS).
18. During the period, company has adjusted capital work-in-progress of Rs. 2,939,182/-, (being advance paid to suppliers towards networking equipments), against advance contribution received from the dealers towards networking equipments Rs. 3,538,494/-. Surplus amount in Advance towards networking equipments Rs.599,312/- transferred to the Profit and Loss account.

19. **Related party transactions**

Disclosures as required by the Accounting Standard 18 (AS-18) "Related Party Disclosures" are given below:

The Company has entered into transactions with the following related parties

Sr. No.	Name of the Related Parties	Relationship	Country
1	ISE Securities & Services Ltd.	Subsidiary	India
2	Mr. V. Shankar Managing Director	Key Managerial Personnel	

## Transactions with related parties during the period:

(All Figs. in Rs.)

Sr. No.	Nature of Transactions	Subsidiaries	Key Management Personnel	Total
1	Sale of Fixed Assets	2,37,50,768		2,37,50,768
2	Rendering of Services	19,94,620	-	19,94,620
3	Finance (Including loans and equity contributions in cash or in kind)			
	- Loans (incl. interest)	Nil (Nil)	-	Nil (Nil)
	- Investment in Equity	Nil (Nil)	-	Nil (Nil)
	- Provision for diminution in value of Investment	Nil (Nil)	-	Nil (Nil)
4	Interest Income	Nil (19,726)	-	Nil (19,726)
5	Managerial Remuneration	-	5,88,698 (9,66,914)	5,88,338 (9,66,914)
6	Amt Outstanding as at November 23, 2005	-	-	-
	Loans (incl. Interest)	2,77,03,412 (32,79,129)	-	2,77,03,412 (32,79,129)
	Investment in Equity	5,50,00,000 (5,50,00,000)	-	5,50,00,000 (5,50,00,000)
	Managerial Remuneration	-	Nil	Nil

Note: Figures in bracket pertain to previous year.

20. Since the company is registered under the Companies Act as a non-profit making organization and the objects being charitable in nature, is entitled to claim benefit of section 11 of the Income Tax Act, 1961. In view of this, no provision is required to be made for income tax and Accounting Standard 22 on "Accounting for Taxes on Income" is not applicable.
21. Figures of the previous year have been regrouped/reclassified to make them correspond with the current periods figures, wherever necessary. Figures of the current period are not comparable as they are for 7 months 23 days as compared to 12 months for previous year.

For and on behalf of the Board of Directors

As per our attached Report of even date

For **A. J. Shah & Co.**,  
Chartered Accountants

Sd/-

**HIREN C. SHAH**  
Partner  
Membership No 100052

Mumbai  
Date: June 24, 2006

Sd/-  
**P. V. Narasimham**  
Chairman

Sd/-  
**V. Shankar**  
Managing Director

Navi Mumbai  
Date: June 24, 2006

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. REGISTRATION DETAILS**

Registration No.:	113147	State Code:	11
Balance Sheet Date:	23.11.2005		

**II. CAPITAL RAISED DURING THE YEAR**

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)**

Total Liabilities	3,62,084	Total Assets	3,62,084
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**SOURCES OF FUNDS**

Admission Fees/ Contribution to Infrastructure Development (From Members)	91,850	Reserves & Surplus	2,03,177
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Advance towards Share Capital on Demutualisation	8,40
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Secured Loan	NIL	Unsecured Loan	NIL
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**APPLICATION OF FUNDS**

Net Fixed Assets	37,295	Investments	55,000
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Net Current Assets	11,088	Misc. Expenditure	NIL
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Accumulated Losses	NIL
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**IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSANDS)**

Turnover	43,481	Total Expenditure	22,531
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Profit/(Loss) before Tax	21,167	Profit/(Loss) after Tax	21,167
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Earnings per share	NA	Dividend Rate	NA
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**V. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY**

Item Code No.	NIL
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Product Description	NA
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# AUDITORS' REPORT

The Members,  
Inter Connected Stock Exchange Of India Limited,  
(Re-registered u/s. 32 of Companies Act, 1956)

1. We have audited the attached Balance Sheet of **Inter-connected Stock Exchange of India Limited (Re-registered u/s. 32 of Companies Act, 1956)** as at 31<sup>st</sup> March, 2006 and also the Profit and Loss Account for the period November 24, 2005 to March 31, 2006. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 5 and 6 of the said Order.
4. We draw attention to Note No 2.1 of Schedule 15 "Significant Accounting Policies and Notes to Account" in the financial statements. The Company was required to register itself as a Company limited by shares under section 12 of The Companies Act 1956, in accordance with the section 32 of The Companies Act, 1956, as per the ISE Scheme of Corporatisation and Demutualisation approved by SEBI, and accordingly the financial statements are prepared.
5. Further we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - iv. In our opinion the Balance Sheet, Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable to the company;
  - v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and the Notes forming parts of accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a. In the case of Balance Sheet of the state of affairs of company as at 31<sup>st</sup> March, 2006.
    - and
    - b. In the case of Profit and Loss Account of the profit for the period November 24, 2005 to March 31, 2006;

FOR A. J. SHAH & COMPANY,  
Chartered Accountants

Sd/-

(Hiren Shah)  
Partner  
Membership No. 100052

PLACE: MUMBAI  
DATE : 24<sup>th</sup> June, 2006

**Annexure to the Auditor's Report**

With reference to the Annexure referred to in paragraph 3 of the report of the Auditors' to the Members of **Inter-connected Stock Exchange of India Limited (Re-registered u/s. 32 of Companies Act, 1956)** on the accounts for the period 24<sup>th</sup> November to 31<sup>st</sup> March, 2006, we report that:

- i) The nature of the Company's business/activities during the period have been such that clauses (ii), (viii), (xiii), and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- ii) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) All the fixed assets have been physically verified by the management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.  
(c) The company has not disposed off substantial part of fixed assets during the year.
- iii. The Company has not granted or taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly the sub-clauses (a), (b),(c), (d), (e), (f) and (g) of clause (iii) are not applicable to the company.
- iv. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets and for the sale of services. The activities of the Company do not involve Purchase of inventory and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. According to the information and explanations given to us, there were no contract or arrangements during the year that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly sub-clause (b) of clause (v) is not applicable to the company.
- vi. According to the information and explanations given to us, the Company has not accepted any deposit during the year from public within the meaning of the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under. Hence, clause 4(vi) of the Order is not applicable.
- vii. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- viii. According to the information and explanations given to us and on the basis of our examination of the books of account,
  - (a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the period.
  - (b) According to the information and explanation given to us, there are no dues of sales tax/ income tax/ customs duty/ wealth tax/service tax/ excise duty and cess, which have not been deposited on account of disputes.
- ix. The company does not have any accumulated losses. The company has not incurred any cash losses during the period, under audit.
- x. In our opinion and according to the information and explanation given to us, during the year the Company has not defaulted in repayment of dues to banks.
- xi. According to the information and explanation given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xii. According to the information and explanation given to us, the company has not given any guarantees for loans taken by others from banks and financial institutions.
- xiii. According to the information and explanation given to us, there are no term loans obtained by the Company.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, funds raised on short-term basis have, prima facie, not been used during the period for long-term investment (fixed assets, etc.)

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**Inter-connected Stock Exchange of India Ltd.**  
**(Re-registered u/s. 32 of Companies Act, 1956)**

**Balance Sheet as at March 31, 2006**

	Schedule	As at March 31, 2006 (Rupees)
<b>Sources of funds</b>		
<b>Shareholders' funds</b>		
Share Capital	1	840,000
Reserves and Surplus	2	200,862,230
Unsecured Loans	3	22,000,000
Deferred Tax Liability(Net) (Refer Note 16 of Schedule 15)		9,765,059
<b>Total</b>		<b>233,467,289</b>
<b>Application of funds</b>		
<b>Fixed assets</b>		
Gross block (at cost)	4	51,552,152
Less: Depreciation		14,020,139
Net block		37,532,014
Capital work-in-progress		-
		37,532,014
<b>Investments</b>	5	64,200,000
<b>Current Assets, Loans and Advances</b>		
Current Assets		
Cash and Bank Balances	6	253,062,973
Sundry Debtors	7	1,967,984
Loans and Advances	8	35,491,415
		290,522,372
Less: <b>Current Liabilities and Provisions</b>		
Current liabilities	9	154,471,428
Provisions	10	4,315,669
		158,787,096
<b>Net Current Assets</b>		131,735,276
<b>Profit and Loss Account</b>		-
<b>Total</b>		<b>233,467,289</b>
<b>Significant Accounting Policies and Notes forming part of the Accounts</b>	15	

As per our attached Report of even date  
**For A. J. Shah & Co.,**  
Chartered Accountants

**For and on behalf of the Board of Directors**

Sd/-  
**HIREN C. SHAH**  
Partner  
Membership No 100052

Sd/-  
**P. V. Narasimham**  
Chairman

Sd/-  
**V. Shankar**  
Managing Director

Mumbai  
Date: June 24, 2006

Navi Mumbai  
Date: June 24, 2006

## Inter-connected Stock Exchange of India Ltd.

(Re-registered u/s. 32 of Companies Act, 1956)

## Profit and Loss Account for the period Nov. 24, 2005 to March 31, 2006

Particulars	Schedule	Period ended March 31, 2006 (Rupees)
<b>Income</b>		
Income from Operations	11	8,804,081
Other Income	12	7,299,749
<b>Total</b>		<b>16,103,830</b>
<b>Expenditure</b>		
Employee Costs	13	1,922,679
Administration and Operational Expenses	14	10,991,870
Depreciation/Amortisation		766,464
Less: Adjusted against Capital Reserve (Refer Note 9 of Schedule 15)		(11,529)
<b>Total</b>		<b>13,669,484</b>
<b>Profit before tax</b>		<b>2,434,345</b>
Less: Provision for taxation		
- Current tax (including taxation provision on interest credited to earmarked funds account of Rs. 1,245,819/-)		(1,600,000)
- Deferred Taxation		(486,041)
- Fringe Benefit Tax		(69,767)
<b>Profit after tax</b>		<b>278,537</b>
<b>Profit available for Appropriation</b>		<b>278,537</b>
<b>Balance carried to the Balance sheet</b>		<b>278,537</b>
<b>Earning Per Share (Rs.) (Basic &amp; Diluted) (Refer Note No 17 of Schedule 15)</b>		<b>0.33</b>
<b>Significant Accounting Policies and Notes forming part of the Accounts</b>	15	

As per our attached Report of even date  
For **A. J. Shah & Co.,**  
Chartered Accountants

Sd/-  
**HIREN C. SHAH**  
Partner  
Membership No 100052  
Mumbai  
Date: June 24, 2006

For and on behalf of the Board of Directors

Sd/-  
**P. V. Narasimham**  
Chairman

Sd/-  
**V. Shankar**  
Managing Director

Navi Mumbai  
Date: June 24, 2006

**Inter-connected Stock Exchange of India Ltd.**  
(Re-registered u/s. 32 of Companies Act, 1956)

Schedules forming part of Accounts

**SCHEDULE 1: SHARE CAPITAL**

Particulars	As at March 31, 2006 (Rupees)
<b>Authorised Capital</b> (20,00,000 Equity shares of Re 1/- each)	2,000,000
<b>Issued, Subscribed And Paid Up</b> (8,40,000 Equity shares of Re 1/- each fully paid up)	840,000
<b>Total</b>	<b>840,000</b>

**SCHEDULE 2 : RESERVES & SURPLUS**

Particulars	As at March 31, 2006 (Rupees)
<b>PART A : RESERVES &amp; SURPLUS as on November 24, 2005. (Refer Note No. 2.3 of Schedule 15)</b>	
<b>Free Reserves</b>	
Profit & Loss Account Balance	
Balance transferred from erstwhile Company, Inter-connected Stock Exchange of India Ltd., limited by guarantee	21,167,337
Less : Deferred Taxation adjustment on account of initial adoption of Accounting Standard 22, (Refer Note No. 16 of Schedule 15)	(9,279,018)
<b>Total Free Reserves</b>	<b>11,888,319</b>
<b>Capital Reserves</b>	
<b>Infrastructure Development Contribution</b>	
Balance transferred from erstwhile Company, Inter-connected Stock Exchange of India Ltd., limited by guarantee (Refer Note 6 of Schedule 15)	91,900,000
<b>Networking Equipment Contribution</b>	
Balance transferred from erstwhile Company, Inter-connected Stock Exchange of India Ltd., limited by guarantee	1,576,591
Less : Adjustment towards Depreciation (Refer Note 9 of Schedule 15)	11,529
	1,565,062
<b>Dealer Admission Fees</b>	
Balance transferred from erstwhile Company, Inter-connected Stock Exchange of India Ltd., limited by guarantee (Refer Note No. 2.4 of Schedule 15)	38,328,857
<b>Total Capital Reserves</b>	<b>131,793,919</b>
<b>Total of PART A : RESERVES &amp; SURPLUS</b>	<b>143,682,238</b>

**PART B :**Free Res:  
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<b>PART B : RESERVES &amp; SURPLUS (after November 24, 2005)</b>		
<b>Free Reserves</b>		
Profit & Loss Account Balance		278,537
<b>Total Free Reserves</b>		<b>278,537</b>
<b>Capital Reserves</b>		
Dealer Admission Fees Received during the period (Refer Note 10 of Schedule 15)		2,750,000
<b>Total Capital Reserves</b>		<b>2,750,000</b>
<b>Total of PART B : RESERVES &amp; SURPLUS</b>		<b>3,028,537</b>

<b>Particulars</b>	<b>As at March 31, 2006 (Rupees)</b>
<b>PART C : EARMARKED RESERVES</b>	
<b>Settlement Guarantee Fund</b>	
Balance transferred from erstwhile Company, Inter-connected Stock Exchange of India Ltd., limited by guarantee	48,428,363
Add: Additions during the period (initial contribution from trading members and accretion by way of interest of Rs.2,439,464/- net of income tax of Rs. 1,237,086/-, for the period on deposits etc made out of such funds in accordance with the Rules and Bye-laws of the Company) 3,307,486	
	51,735,849
<b>Investor Protection Fund</b>	
Balance transferred from erstwhile Company, Inter-connected Stock Exchange of India Ltd., limited by guarantee	98,338
Add: Additions during the period (accretion by way of appropriation from the listing fee income during the period)	250
	98,588
<b>Investor Services Fund</b>	
Balance transferred from erstwhile Company, Inter-connected Stock Exchange of India Ltd., limited by guarantee	1,727,850
Add: Additions during the period (including Rs. 568,267/- on transfer of credit balances of expelled trading members and accretion by way of interest of Rs. 15,901/- net of income tax Rs. 8,733/-, for the period on deposits, etc made out of such funds in accordance with the Rules and Bye-laws of the Company and appropriation from listing fee income during the period) (Refer Note 12 of Schedule 15)	589,168
Less: Expenses incurred on Investor Awareness Programme	
	2,317,018
<b>Total of PART C : Earmarked Reserves</b>	<b>54,151,455</b>
<b>Total Reserves and Surplus (TOTAL OF PART A+B+C)</b>	<b>200,862,230</b>

**SCHEDULE 3 : Unsecured Loans**

<b>Particulars</b>	<b>As at March 31, 2006 (Rupees)</b>
Temporary Overdraft against Company's Bank Fixed Deposits	22,000,000
<b>Total</b>	<b>22,000,000</b>

## Schedule 4 : Fixed Assets

PARTICULARS	GROSS BLOCK (At cost)			DEPRECIATION			NET BLOCK			
	As at 24-11-2005*	Additions	Deductions	As at 31-03-06	As On 31-11-2005*	For the period	Deductions / Adjustments	As At 31-03-2005	As at 31-03-2006	*As at Nov. 24, 2005
<b>Tangible Assets</b>										
Leasehold Land	870,626	-	-	870,626	99,769	4,976	-	104,745	765,881	770,857
Leasehold Premises	32,585,962	-	-	32,585,962	4,278,822	186,266	-	4,465,088	28,120,874	28,307,140
Machinery and Electrical Equipments	1,740,821	-	-	1,740,821	561,225	28,997	-	590,222	1,150,599	1,179,596
Furniture and Fixtures	5,073,428	214,012	-	5,287,440	2,334,631	110,403	-	2,445,034	2,842,406	2,738,797
Vehicles	1,145,809	-	-	1,145,809	310,849	38,174	-	349,023	796,786	834,960
Office Equipments	1,524,587	77,723	-	1,602,310	467,549	25,452	-	493,001	1,109,309	1,057,038
Computer Equipments including networking equipments	53,984,898	429,996	49,287,466	5,127,428	52,589,960	126,850	49,287,466	3,429,344	1,698,084	1,394,938
<b>Intangible Assets</b>										
Computer Software	2,809,756	382,000	-	3,191,756	1,898,336	245,346	-	2,143,681	1,048,075	911,420
<b>Total</b>	<b>99,735,887</b>	<b>1,103,731</b>	<b>49,287,466</b>	<b>51,552,152</b>	<b>62,541,141</b>	<b>766,464</b>	<b>49,287,466</b>	<b>14,020,139</b>	<b>37,532,014</b>	<b>37,194,746</b>
Capital Work in Progress (Networking equipment pending installation)										
								<b>Total</b>	<b>37,532,014</b>	

## Note :

- Leasehold Premises represent cost of office premises, including improvements to premises, taken from CIDCO under lease for a period of 60 years, in respect of which a Lease Deed has been executed.
- \* The assets are transferred from erstwhile company Inter-connected Stock Exchange of India Ltd., limited by guarantee, on corporatisation and demutualisation.



**Inter-connected Stock Exchange of India Ltd.**  
(Re-registered u/s. 32 of Companies Act, 1956)

**Schedules forming part of Accounts**

**SCHEDULE 5 : INVESTMENTS**

Particulars	As at March 31, 2006 (Rupees)
<b>Long Term Investments (unquoted, at cost)</b>	
In the shares of the wholly owned subsidiary company, ISE Securities & Services Limited (5,500,000 equity shares of Rs. 10/- each, fully paid up)	55,000,000
<b>Current Investments</b>	
In Mutual Funds (unquoted, lower of net asset value or cost)	9,200,000
- DSP Merrill Lynch FTP Series 3 (350000 units)	
- HSBC Advantage India Fund (312958 units)	
- SBI Blue Chip Fund (100000 units)	
- Standard Chartered (Indiabulls Bank Fund (150000 units)	
(Total NAV = Rs. 8,882,848/-)	
<b>Total</b>	<b>64,200,000</b>

**SCHEDULE 6 : CASH & BANK BALANCES**

Particulars	As at March 31, 2006 (Rupees)
<b>Cash-in-hand</b>	
<b>Bank Balances</b>	
<b>With Scheduled Banks</b>	
- in Current Accounts	
* in Free Fund Accounts	1,600,000
* in Earmarked Fund Accounts (Refer Note 13 of Schedule 15)	153,921
- in Deposit Accounts	
* in Free Fund Accounts	110,010,282
* in Earmarked Fund Accounts (Refer Note 13 of Schedule 15)	141,298,003
<b>Total</b>	<b>253,062,973</b>

**SCHEDULE 7 : SUNDRY DEBTORS**

Particulars	As at March 31, 2006 (Rupees)
<b>Unsecured</b>	
Debts outstanding for a period exceeding six months	
- Considered Good	
- Considered Doubtful	
<b>Other Debts</b>	
- Considered Good	1,967,984
- Considered Doubtful	
<b>Less : Provision for Doubtful Debts</b>	
<b>Total</b>	<b>1,967,984</b>

**Inter-connected Stock Exchange of India Ltd.**  
**(Re-registered u/s. 32 of Companies Act, 1956)**  
**Schedules forming part of Accounts**

**SCHEDULE 8 : LOANS & ADVANCES**

Particulars	As at March 31, 2006 (Rupees)
<b>Unsecured Considered Good</b>	
Advances given to the subsidiary company	24,350,407
Trade Deposits	4,098,104
Advances recoverable in cash or kind or for value to be received	
- Staff Advances / Imprest for Expenses	176,797
Prepaid Expenses	658,984
Service Tax Credit Receivable	201,014
Tax Deducted at Source	6,006,109
<b>Total</b>	<b>35,491,415</b>

**SCHEDULE 9 : CURRENT LIABILITIES**

Particulars	As at March 31, 2006 (Rupees)
Sundry Creditors	
- Small Scale Industrial undertakings (Refer Note 5 of Schedule 15)	-
- Others	4,822,091
	4,822,091
Rent Deposit from Subsidiary Company	1,278,200
<b>Refundable Deposits as per the Rules and Bye-laws of the Company</b>	
- Base Minimum Capital of trading members	63,774,260
- Settlement Stabilisation Fund	13,000,000
Advance towards admission fees, annual fees, etc from trading members, pending registration / approval of SEBI	71,596,876
<b>Total</b>	<b>154,471,428</b>

**SCHEDULE 10 : PROVISIONS**

Particulars	As at March 31, 2006 (Rupees)
Gratuity	352,973
Employees' Leave Expenses	965,646
Bonus	4,179
Taxation	1,600,000
Sales tax	1,100,339
<b>Total</b>	<b>4,315,669</b>

**SCHEDULE 11 : INCOME FROM OPERATIONS**

Particulars	For the period ended March 31, 2006 (Rupees)
Admission Fees from trading members	10,000
Annual Subscription from trading members	1,803,583
Admission Fees for Additional Trading Rights (Refer Note 10 of Schedule 15)	170,000
Listing Fees	40,266
Depository Participant (DP) Operations	3,232,987
Training Programmes	1,030,519
Reimbursement of Expenses from subsidiary company	2,246,726
Connectivity Charges	270,000
<b>Total</b>	<b>8,804,081</b>

**Inter-connected Stock Exchange of India Ltd.**  
**(Re-registered u/s. 32 of Companies Act, 1956)**

**Schedules forming part of Accounts**

**SCHEDULE 12 : OTHER INCOME**

Particulars	For the period ended March 31, 2006 (Rupees)
Gross Interest on Bank Deposits (TDS : Rs. 880,369/-)	5,522,997
Less : Interest earned on Earmarked Funds (net of income tax Rs. 1,245,819/-)	2,577,979
	2,945,018
Dividend from Mutual Fund	51,454
Interest on short-term loan from subsidiary company	65,096
Interest on delayed payments from trading members	514,842
Rent (TDS : Rs. 394,125/-)	1,483,047
Miscellaneous Income	649,411
Sundry credit balances written back	65,905
Profit on sale of computer	519,596
Management Services Fee	1,005,380
<b>Total</b>	<b>7,299,749</b>

**SCHEDULE 13 : EMPLOYEE COST**

Particulars	For the period ended March 31, 2006 (Rupees)
Salaries and allowances [Net of recovery : Rs. 33,53,218/-]	1,979,129
Contribution to Provident and other funds [Net of recovery : Rs. 147,933/-]	170,247
Leave Encashment [Net of recovery : Rs. Nil/-]	(98,748)
Gratuity [Net of recovery : Rs. Nil/-]	(363,487)
Staff Welfare	235,539
<b>Total</b>	<b>1,922,679</b>

**SCHEDULE 14 : ADMINISTRATIVE & OPERATIONAL EXPENSES**

Particulars	For the period ended March 31, 2006 (Rupees)
Telephone and Fax	320,002
Printing and Stationery	1,627,315
DP Operations	1,218,082
Training Programmes	1,924,718
Remuneration to Auditors (Refer Note 4 of Schedule 15)	262,362
Legal and Professional Charges	835,039
Power, Fuel & Water Charges	882,612
Board / Committee Meeting	185,040
Rent, Rates and Taxes	471,759
Repairs and Maintenance - Leasehold Premises	110,216
Repairs and Maintenance - Others	547,159
Traveling and Conveyance	337,918
Postage and Courier	1,073,006
Security	139,336
Insurance	3,758
Advertisement and Publicity	634,081
Books, Newspapers and Periodicals	20,436
Vehicle Maintenance	45,804
Bank Charges	1,432
Miscellaneous Expenses	167,528
Sundry balance written off	184,268
<b>Total</b>	<b>10,991,870</b>

**Inter-connected Stock Exchange of India Ltd.**  
 (Re-registered u/s. 32 of Companies Act, 1956)  
 Schedules forming part of Accounts

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Legal and Professional Charges	835,039
Power, Fuel & Water Charges	882,612
Board / Committee Meeting	185,040
Rent, Rates and Taxes	471,759
Repairs and Maintenance - Leasehold Premises	110,216
Repairs and Maintenance - Others	547,159
Traveling and Conveyance	337,918
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Security	139,336
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Books, Newspapers and Periodicals	20,436
Vehicle Maintenance	45,804
Bank Charges	1,432
Miscellaneous Expenses	167,528
Sundry balance written off	184,268
<b>Total</b>	<b>10,991,870</b>

**Annexure 15: Significant Accounting Policies and Notes forming part of the Accounts****Significant Accounting Policies****Basis of preparation of Financial Statements**

The accompanying financial statements have been prepared using the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956. Accounting policies are consistently applied, except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**Use of Estimates**

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The differences between actual results and estimates are recognised in the period in which the results are known / materialised.

**Revenue Recognition**

Admission fees, annual fees and contributions towards the Settlement Guarantee Fund received from trading members are accounted on the basis of the date of grant of registration certificate by SEBI, as it signifies the conclusive point of entry of trading members' into the Company.

In appropriate circumstances, revenue is recognised when no significant uncertainty as to determination and realisation exist.

The revenue in respect of a settlement is accounted on the funds pay-in date of the settlement.

The interest income on investments of the Earmarked Funds, being accretions to the said funds, is credited to the funds, in accordance with the Rules and Bye-laws of the Company.

**Fixed Assets**

Fixed Assets are valued at cost. They are stated at historical cost including incidental expenses. The improvements to leased premises have been capitalised along with leasehold premises.

**Depreciation and Amortisation**

- i. Depreciation is provided on straight-line basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- ii. Depreciation on assets acquired/purchased during the period is provided on pro-rata basis.
- iii. Leasehold Land and Premises, including improvements, are amortised over the period of the lease.
- iv. Depreciation on networking equipment is charged to the Networking Equipment Contribution in the proportion of the total capital cost incurred and the amounts recovered from trading members'. (Refer Note 8).
- v. Intangible assets, comprising computer software, have been amortised on a straight-line method over 3 years from the year of acquisition or installation.

**Borrowing Costs**

Borrowing costs attributable to the acquisition of a fixed asset upto the date it is ready for use are capitalised as part of the cost of the fixed asset. Other borrowing costs are recognized as expenses in the period in which they are incurred.

**Investments**

Investment in the subsidiary company being of long-term nature is stated at cost and no loss is recognised in the fall of its net worth unless it is a permanent fall. Current investments are valued at lower of cost or market value of such investments.

**Retirement Benefits**

Company's contribution to the provident fund of the employees is charged to revenue. The Company's liability for gratuity is funded through Life Insurance Corporation of India (LIC) and is charged to revenue on the basis of LIC's actuarial valuation.

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**1.9 Settlement Transactions**

The transactions pertaining to settlement, which are conducted in a fiduciary capacity, do not form part of the Accounts of the Company

**1.10 Trading Members' Admission Fees**

The Trading Members' Admission Fees, which are one-time fees paid by the trading members' for acquiring the right to trade on the Company are considered as capital contributions and classified accordingly.

**1.11 Networking Equipment Contributions**

The recoveries made by the Company from trading members towards the networking equipment cost represent one-time charges collected towards the capital cost of the networking equipments installed to connect the trading members' with the central computer of the Company and are considered as Capital Reserves.

**1.12 Taxation**

Provision for current Income Tax is computed on the taxable income after considering allowances, deductions and exemptions determined in accordance with the prevailing tax laws.

Deferred tax assets and liabilities are recognised for the timing differences between profit as per financial statements and the taxable profits based on the tax rates that have been enacted or substantially enacted at the Balance Sheet date. Deferred tax assets are recognised only if there is reasonable certainty that sufficient future taxable income will be available against which tax assets can be realised.

**1.13 Accounting for Provisions, Contingent Liabilities and Contingent Assets**

As per AS 29, norms for Provisions, Contingent Liabilities and Contingent Assets, the Company recognises provisions only when it has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognised for any possible obligation that arises from past events and the existence of which will be confirmed only by that occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**2. Re-registration of the Company under Corporatisation and Demutualisation Scheme approved by SEBI**

**2.1** SEBI, vide its order no. SEBI/MRD/49560/2005, dated September 15, 2005, has approved the ISE (Corporatisation & Demutualisation) Scheme, 2005 under section 4B(2) of the Securities Contracts (Regulation) Act 1956, whereby the Exchange was required to get converted into a corporate entity within 3 months from the date of the order. The approved scheme provides for re-registration of Inter-connected Stock Exchange of India Ltd. as a company limited by shares under section 12 of the Companies Act 1956, segregation of ownership, management and trading rights on the Exchange, restriction on voting rights of the shareholders who are also trading members, composition of the Governing Board etc. Accordingly, the Company was re-registered under the Companies Act, 1956 on November 24, 2005. The financial statements of the Company have been drawn up for the period from November 24, 2005 to March 31, 2006, i.e. from the date of re-registration in accordance with the scheme of corporatisation and demutualisation.

**2.2.1** Pursuant to the aforesaid scheme, on and from the reregistration date i.e. November 24, 2005, all assets, properties, undertakings, funds, reserves, intellectual property rights, obligations, liabilities, contracts, agreements, employees, notices, actions, resolutions passed, claims, etc. belonging to or in the possession or control of the erstwhile company shall vest and be in the possession or control of the re-registered Company.

**2.3** Pursuant clause 11 of the aforesaid scheme, Assets and Reserves as on November 23, 2005 are not available for the distribution to the Members of the Company and accordingly the same have been segregated from the re-registered Company's Reserves and Surplus

**2.4** Dealer Admission Fee transferred from erstwhile company, Inter-connected Stock Exchange of India Ltd., limited by guarantee, is after adjusting accumulated Profit & Loss account debit balance of erstwhile company.

**Managerial Remuneration**

Particulars	March 31, 2006
Salaries & Allowances	2,99,648
Contribution to Provident Fund and other Funds	29,965
Monetary Value of Perquisites	NIL
Commission	NIL
<b>Total</b>	<b>3,29,613</b>

**Remuneration to Auditors**

Particulars	For the period November 24, 2005 to March 31, 2006
Audit Fees	2,02,742
For other services in respect of	
- consultancy charges	-
- others (including certification matters)	-
For Tax Audit	56,120
For taxation matters	3,500
<b>Total</b>	<b>2,62,362</b>

The information provided in respect of sundry creditors to small scale industrial undertakings is at on the basis of information made available by the Company.

Infrastructure Development Fund represents non-refundable contributions made by the regional stock exchanges for setting up the Company. The regional stock exchanges were eligible to subscribe to the equity share capital of the Company, consequent to its re-registration as a share capital company, in proportion to their original contributions to the Infrastructure Development Fund. Accordingly, the Company has issued equity shares on receipt of the appropriate subscriptions amounts towards the share capital. The procedures followed in this regard are in conformity with the Corporatisation and Demutualisation Scheme approved by SEBI.

Shares, fixed deposits and bank guarantees received from trading members' in compliance with the Base Minimum Capital requirements (viz. capital adequacy norms), as prescribed in the Rules and Bye-laws, have been held as collateral securities, and accordingly, have not been accounted in the books of the Company.

SEBI, vide its Circular No. SEBI/SMD/SE/Cir-24/2003/18/06 dated June 18, 2003, has permitted the Company to refund Base Minimum Capital in excess of Rs. 1,00,000/- to its trading members' after complying with the procedures prescribed there under, including obtaining No Objection Certificates (NOCs) from SEBI. Accordingly, in response to applications made by certain trading members, the Company after receiving necessary approvals from SEBI, has during the period, refunded an aggregate amount of Rs. 3,94,507/- in cash, excluding bank guarantees / fixed deposit receipts / securities to such trading members'. The Base Minimum Capital for such trading members, after the refund of excess Base Minimum Capital, is maintained at Rs. 1,00,000/-.

The Base Minimum Capital is being maintained in the form of cash, bank fixed deposit receipts, approved securities or undertakings from the Promoter Exchanges, as permitted by SEBI.

During the period, an amount of Rs. 11,529/-, being the proportionate amount of depreciation for the central networking equipments, has been withdrawn from the Networking Equipment Contribution (referred to as Capital Reserves in schedule 1) and has also been disclosed as deduction from the Depreciation for the period.

During the period, the Company has received net amount aggregating to Rs 27,50,000/- from the trading members', being one-time admission fees for acquiring the right to trade on the Exchange. The amount so collected is considered as Capital Reserve and classified in the Balance Sheet accordingly.

The admission fees received from the transferee on acquisition of the Additional Trading Right from the transferor at the rate of Rs. 5,000/-, aggregating to Rs. 1,70,000/- has been classified as income.

Sundry Debtors (Schedule 7) include Rs. 84,595/- on account of various charges recoverable from trading members, which are outstanding. The said debts are considered good for recovery by the Management in view of the various amounts deposited by the trading members' with the Company, which are available for adjustment against the dues, as per the applicable Rules and Bye-laws.

During the period, the Company has encashed fixed deposits/bank guarantees/securities of defaulters/expelled trading

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members' and the surplus arising after adjustment of their respective dues have been transferred as per the Rules, Bye-laws and Regulations of the Company to the following Earmarked Reserves.

Particulars	As on March 31, 2006
	Nil
Settlement Guarantee Fund	5,68,267
Investor Services Fund	5,68,267
<b>Total</b>	

13. The details of the Earmarked Funds are as given hereunder:

ii) Settlement Guarantee Fund		As on March 31, 2006
<b>Settlement Guarantee Fund</b>		
Settlement Guarantee Fund (including accretions from levy on transactions)		56,20,819
Settlement Stabilisation Fund		1,30,00,000
Contribution towards Base Minimum Capital (Cash component) from Registered Trading Members'		6,37,74,260
Contribution towards SCF/BMC from Trading Members' pending registration		2,26,48,732
Other receipts *		-
Interest accrued on above		4,73,52,115
<b>Total</b>		<b>15,23,95,926</b>

\*Represents refund of income tax deducted at source on the interest income of Earmarked Funds.

The balances as on March 31, 2006 in the Settlement Guarantee Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under.

In Fixed Deposit	13,91,09,027
In Bank Accounts	10,405
<b>Total of Deposits and Bank Balance</b>	<b>13,91,19,432</b>
<b>Amount outstanding as on March 31, 2006</b>	<b>1,32,76,494*</b>
* Subsequently transferred	

The balance on account of the non-cash components (not accounted in the Books, refer Note 7) of the Settlement Guarantee Fund are as under :

Non-cash component		As on March 31, 2006
<b>Bank Guarantees from trading members'</b>		
- Registered		4,00,000
- Unregistered		Nil
<b>Fixed Deposits under lien</b>		
- Registered		1,04,28,409
- Unregistered		6,61,470
<b>Securities pledged, (at market value)*</b>		
- Registered		2,95,89,235
- Unregistered		Nil
<b>Undertakings given by the regional stock exchanges on behalf their trading members'</b>		
- Registered		3,07,00,000
- Unregistered		1,32,00,000
<b>Total Non-Cash Component</b>		<b>7,11,17,644</b>
- Registered		<b>1,38,61,470</b>
- Unregistered		

\* The market value of the securities deposited by the trading members' towards their Base Minimum and Additional Capital, which forms part of the Settlement Guarantee Fund, has been computed after applying the appropriate margin on the stock price prevailing at NSE on the last day of the financial period.

(ii) **Investor Protection Fund**

Particulars	As on March 31, 2006
Accretion by way of appropriation from the listing fee income	98,538



The balances as on March 31, 2006 in the Investor Protection Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under.

In Fixed Deposit	Nil
In Bank Accounts	1,06,454
<b>Total of Deposits and Bank Balance</b>	<b>1,06,454</b>
<b>Amount outstanding as on March 31, 2006</b>	<b>Nil</b>

### iii) Investor Services Fund

Particulars	As on March 31, 2006
(Including Rs. 568,267/- on transfer of credit balances of expelled trading members and accretion by way of gross interest of Rs. 24,634/- for the period on deposits, etc made out of such funds in accordance with the Rules and Bye-laws of the Company and appropriation from listing fee income during the period)	23,67,478

The balances as on March 31, 2006 in the Investor Services Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under.

In Fixed Deposit	22,24,544
In Bank Accounts	36,961
<b>Total of Deposits and Bank Balance</b>	<b>22,61,505</b>
<b>Amount outstanding as on March 31, 2006</b>	<b>1,05,973</b>
* Subsequently transferred	

14. During the financial year 2004-05, SEBI has de-recognised Mangalore Stock Exchange, one of the Promoter of the Company, against which Mangalore Stock Exchange has filed an appeal in the Securities Appellate Tribunal (SAT). The order of SAT is awaited. The members of the Mangalore Stock Exchange, who were registered as Traders with the Company and who had applied for conversion as Dealers have been classified as "Deemed Dealers" in accordance with the decision taken in the Extra-ordinary General Meeting, which has been duly approved by SEBI.

### 15. Related party transactions

Disclosures as required by the Accounting Standard 18 (AS-18) "Related Party Disclosures" are given below:

The Company has entered into transactions with the following related parties

Sr. No	Name of the Related Parties	Relationship	Country
1	ISE Securities & Services Ltd.	Subsidiary	India
2	Mr. V. Shankar Managing Director	Key Managerial Personnel	

Transactions with related parties during the period:

Sr. No	Nature of Transactions	Subsidiaries	Key Management Personnel	Total
1	Sale of Fixed Assets	-	-	-
2	Rendering of Services (net of Service Tax)	10,05,380	-	10,05,380
3	Finance (Including loans and equity contributions in cash or in kind)			
	- Loans (incl. interest)	4,40,00,000	-	4,40,00,000
	- Investment in Equity	Nil	-	Nil
	- Provision for diminution in value of Investment	Nil	-	Nil
4	Interest Income	98,332	-	98,332
5	Managerial Remuneration	-	3,29,613	3,29,613
6	Amt Outstanding as at March 31, 2006	-	-	-
	Loans (incl. interest)	2,43,50,407	-	2,43,50,407
	Investment in Equity	5,50,00,000	-	5,50,00,000
	Managerial Remuneration	-	Nil	Nil

### Deferred Taxation

Pursuant to Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has recorded a cumulative net deferred tax liability of Rs. 92.79 lakhs adjusted from the profits and loss account balance transferred from the erstwhile Company Inter-connected Stock Exchange of India Ltd., limited by guarantee.

The significant component and classification of deferred tax assets and liabilities on account of timing differences are:

Sr. No.	Particulars	March 31, 2006
1.	Profit After Tax (PAT) (Numerator used for calculation)	278,537
2.	Weighted average number of shares outstanding at the end of the year (Denominator used for calculation)	831,797
3.	Basic Earnings Per Share for face value of Rs.1/- each	0.33

18. The Company has been re-registered during the year, so the Financial Statements have been drawn up for the first time. Hence previous year's figures are not given.

**Signatures to Schedules 1 to 15**

As per our attached Report of even date  
**For A. J. Shah & Co.,**  
 Chartered Accountants

Sd/-  
**HIREN C. SHAH**  
 Partner  
 Membership No 100052  
 Mumbai  
 Date: June 24, 2006

**For and on behalf of the Board of Directors**

Sd/-  
**P. V. Narasimham**  
 Chairman

Sd/-  
**V. Shankar**  
 Managing Director

Nav Mumbai  
 Date: June 24, 2006

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. REGISTRATION DETAILS**

Registration No.:	<b>U 67120 MH 2005 PLC 157556</b>	State Code:	<b>11</b>
Balance Sheet Date:	<b>31.03.2006</b>		

**II. CAPITAL RAISED DURING THE YEAR**

Public Issue	<b>NIL</b>	Rights Issue	<b>NIL</b>
Bonus Issue	<b>NIL</b>	Private Placement	<b>NIL</b>

**III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS  
(AMOUNT IN RS. THOUSANDS)**

Total Liabilities	<b>3,92,254</b>	Total Assets	<b>3,92,254</b>
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**SOURCES OF FUNDS**

Paid up Capital	<b>840</b>	Reserves & Surplus	<b>2,00,862</b>
Admission Fees/ Contribution to Infrastructure Development (From Members)	<b>91,900</b>	Unsecured Loan	<b>22,000</b>
Secured Loan	<b>NIL</b>		

**APPLICATION OF FUNDS**

Net Fixed Assets	<b>37,532</b>	Investments	<b>64,200</b>
Net Current Assets	<b>1,31,735</b>	Misc. Expenditure	<b>NIL</b>
Accumulated Losses	<b>NIL</b>		

**IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSANDS)**

Turnover	<b>16,103</b>	Total Expenditure	<b>13,669</b>
Profit/(Loss) before Tax	<b>24,343</b>	Profit/(Loss) after Tax	<b>278</b>
Earnings per share	<b>0.33</b>	Dividend Rate	<b>NIL</b>

**V. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY**

Item Code No.	<b>NIL</b>
Product Description	<b>NA</b>



## **Inter-connected Stock Exchange of India Limited**

International Infotech Park, Tower 7, 5<sup>th</sup> Floor, Sector - 30  
Vashi, Navi Mumbai - 400 703. Maharashtra

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Tel. : (022) 6794 1100 / 2781 5056 / 58 / 59 / 60 62 Fax : (022) 2781 2061  
e-mail : helpdesk@iseindia.com Website : [www.iseindia.com](http://www.iseindia.com)



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