



TWELFTH ANNUAL REPORT 2009-10



Inter-connected Stock Exchange of India Limited



Inter-connected Stock Exchange of India Limited

Twelfth Annual Report 2009-10

Particulars	Page No.
Corporate Information	3
Directors' Report	7
Auditors' Report (for the period April 1, 2009 to March 31, 2010)	25
Balance Sheet (as at March 31, 2010)	28
Profit & Loss Account (for the period April 1, 2009 to March 31, 2010)	29
Schedule forming part of the Accounts (for the period April 1, 2009 to March 31, 2010)	30
Abstract	48

content



Inter-connected Stock Exchange of India Limited

BRANCH OFFICES

AHMEDABAD

105, 1ST Floor,
Shalibhadra Complex
Opp. Jain Derasar (Temple)
Nehru Nagar, Ambawadi, Ahmedabad - 380015
(Branch Incharge: Shri Madhusudhan Soneji)

KOLKATA

Eastern Regional Office
Mukti Chambers - 306 & 403
4, Clive Road
Kolkata: 700001
(Branch Incharge: Shri Ramesh Kumar)

COIMBATORE

683-686,
Stock Exchange Building
Trichy Road
Singanallur
Coimbatore - 641005
(Branch Incharge: Shri T. Umashankar)

TIRUNELVELI

64 - D , Nellai Plaza
2nd Floor, Madurai Road
Tirunelveli - 627001
(Branch Incharge: Shri S. P. Nagarajan)

DELHI

16/11, 3rd Floor, R.D. Chamber
Arya Samaj Road, Karol Bagh
New Delhi - 110005
(Branch Incharge: Shri Santosh Kumar)

NAGPUR

Saraswati Sadanam
Block No. 104/3, 1st Floor
Plot no. 85, Khare Town, Dharampeth
Nagpur - 440010
(Branch Incharge: Shri Jay Kumar Mishra)

HYDERABAD

101-103, 1st Floor, Kubera Towers, 1st Floor,
Naryanguda,
Hyderabad (AP) - 500029
(Branch Incharge: Shri K. V. Nagabushan)

PATNA

Ashiana Plaza, 8th Floor, Room No. 803
Budh Marg
Patna - 800 001
(Branch Incharge: Shri Himanshu Kumar)

GUWAHATI

Shine Tower, 2nd Floor,
S. J. Road, Arya Chowk,
Rehabari,
Guwahati - 781008
Assam
(Branch Incharge: Shri Naba Krishna Kalita)

INVESTOR POINTS

HYDERABAD

101-103, 1st Floor, Kubera Towers,
Naryanaguda,
Hyderabad (AP),
(Incharge: Shri K. V. Nagabushan)

TIRUNELVELI

64 - D , Nellai Plaza
2nd Floor, Madurai Road
Tirunelveli-627001
(Incharge: Shri S. P. Nagarajan)



CORPORATE INFORMATION

BOARD OF DIRECTORS

PUBLIC INTEREST DIRECTORS



Shri K. Rajendran Nair
Chairman



Shri A. K. Mago



Shri H. C. Parekh

SHAREHOLDER DIRECTORS



Shri K. D. Gupta



Shri P. Sivakumar



Shri K. V. Thomas



Shri Debaraj Biswal



Shri Dharmendra B. Mehta

TRADING MEMBER DIRECTORS



Shri Surendra Holani



Shri Rajeeb Ranjan Kumar

MANAGING DIRECTOR



Shri P. J. Mathew



CORPORATE INFORMATION

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Milind Nigam

AUDIT COMMITTEE

Shri K. D. Gupta
Shri P. Sivakumar
Shri Dharmendra B. Mehta

STATUTORY AUDITORS

M/s. A. J. Shah & Co.,
Chartered Accountants

INTERNAL AUDITORS

M/s. M. P. Chitale & Co.,
Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Pvt. Ltd.
E-2 & 3, Ansa Industrial Estate,
Saki-Vihar Road, Sakinaka, Andheri
(E) Mumbai-400 072

BANKERS

HDFC Bank Limited
Vashi Branch
Sector 17, Vashi
Navi Mumbai 400703.

Axis Bank Limited
Vashi Branch
Sector 17, Vashi
Navi Mumbai 400703.

REGISTERED OFFICE

International Infotech Park
Tower No. 7, 5th Floor
Sector - 30, Vashi
Navi Mumbai - 400703.

**Notice of the 12th Annual General Meeting of Inter-connected Stock Exchange of India Limited
to be held on Wednesday, September 29, 2010 at 12.30 p.m. at Chandragupta Hall,
2nd Floor, Hotel Abbott, Sector - 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai 400 703.**

NOTICE is hereby given that the 12th Annual General Meeting of the Members of Inter-connected Stock Exchange of India Ltd. will be held on Wednesday, September 29, 2010 at 12.30 p.m. at Chandragupta Hall, 2nd Floor, Hotel Abbott, Sector - 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai 400 703 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2010 and Profit & Loss Account for the period April 1, 2009 to March 31, 2010 and Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Shareholder Director in place of Mr. P. Sivakumar, who is liable to retire by rotation, as per the applicable provisions of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint a Shareholder Director in place of Mr. K. D. Gupta, who retires by rotation and is not eligible for re-appointment.
5. To appoint a Trading Member Director in place of Mr. Surendra Holani, who is liable to retire by rotation, as per the applicable provisions of the Articles of Association of the Company and being eligible, offers himself for re-appointment."
6. To appoint Auditors and to fix their remuneration.

Special Business

TO APPOINT A SHAREHOLDER DIRECTOR IN PLACE OF MR. ALOK KUMAR CHAKRAWAL WHO CEASED TO BE A DIRECTOR OF THE COMPANY.

BY ORDER OF THE BOARD

Date: September 2, 2010
Place: Vashi, Navi Mumbai

sd/-
MILIND NIGAM
COMPANY SECRETARY

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE PROXY TO BE EFFECTIVE, SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The explanatory statement as required under Section 173(2) of the Companies Act, 1956, in respect of the Special Business set out above is annexed hereto.
4. Members who hold Shares in dematerialized form are requested to write their Client ID and DP ID Nos. and those who hold shares in Physical form are requested to write their Folio No. in the attendance slip while attending the Meeting for easy identification of attendance at the Meeting.
5. Under the provisions of Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid up capital of at least Rs. 50,000/-.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 14.09.2010 to 29.09.2010 (both days inclusive). Dividend on equity shares as recommended by the directors, if declared at the ensuing Annual General Meeting, the payment of the dividend will be made to those shareholders whose name appears in the Register of Members of the Company as on



September 13, 2010. In respect of the shares held in electronic form (dematerialized mode), the dividend will be payable on the basis of the details of beneficial ownership, furnished by M/s. Central Depository Services (India) Limited for this purpose as at the end of business hours on September 13, 2010.

7. Members are requested to
 - i. Write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards the Audited Accounts for the financial year ended 31st March 2010, so as to enable the Company to keep the information ready.
 - ii. Bring their copy of the Annual Report and the Attendance Slip at the Annual General Meeting.
 - iii. Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their addresses, where the shares are held in electronic form such change is to be informed to the Depository Participant (DP) and not to the Company / R&TA.
 - iv. Quote Registered Folio Number or DP ID / Client ID in all the correspondence.
 - v. Approach the R & TA of the Company for consolidation of folios.
 - vi. Furnish bank account details to the R&TA / Depository Participant to prevent fraudulent encashment of dividend warrants.
 - vii. Avail of Nomination facility by filling in and forwarding the nomination form to the R&TA, if not already done.
 - viii. Send all share transfer lodgments (physical mode) / correspondence to the R&TA of the Company, Bigshare Services Pvt. Ltd., E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (E), Mumbai - 400 072 up to the date of book closure.
8. Members/ Proxies are requested to bring the Attendance Slip duly filled up for attending the Meeting.
9. Corporate Members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
10. All the documents referred to in the Notice are open for inspection at the Corporate Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
11. Members are requested to Contact for any query related to shares, dividend and other inquiry at the following address:

Inter-connected Stock Exchange of India Ltd.

International Infotech Park
Tower No. 7, 5th Floor
Sector 30, Vashi
Vashi, Navi Mumbai - 400 703
Ph.: +91-22-67941100

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:

Special Business:

Mr. Alok Kumar Chakrawal was appointed by the shareholders at its meeting held on September 29, 2009 as Shareholder Director of the Company. Mr. Chakrawal ceased to be a shareholder director as per the provisions of Articles of Association (AOA) of the Company.

None of the Directors is interested in the resolution.

BY ORDER OF THE BOARD

Date: September 2, 2010
Place: Vashi, Navi Mumbai

sd/-
MILIND NIGAM
COMPANY SECRETARY



Director's Report 2009-10

The Board of Directors of Inter-connected Stock Exchange of India Ltd. are pleased to present the Twelfth Annual Report for the year ended March 31, 2010 together with the Audited Statement of Accounts for the financial year 2009-10.

FINANCIAL HIGHLIGHTS

The financial performance of your Exchange for the year 2009-10, together with the comparable figures for the four previous years, has been as given below:

Comparative Financial Performance					(₹ in lakh)
Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
INCOME					
Admission Fees from Trading Members	163.09	190.35	16.75	153.05	5.80
Annual Subscriptions from Trading Members	110.00	88.66	85.18	83.52	61.51
Listing Fees	0.66	1.67	1.40	1.18	1.20
Transaction Charges	-	-	-	-	-
Income from DP Operations	182.66	154.70	185.63	128.42	81.24
Income from Training Programmes	6.95	12.44	22.72	30.24	19.30
Income from Research	0.43	1.01	1.09	0.30	-
Income from Rent	18.00	26.40	48.42	48.42	38.34
Interest on Bank Deposits	277.90	245.69	210.11	77.33	63.34
Others	29.66	75.87	15.54	57.13	47.00
Reimbursement by ISS for usage of ISE Assets	31.57	42.09	53.19	63.96	75.83
Management Services Fees	30.00	30.00	30.00	30.00	30.00
Income from Current Investments – Mutual Fund	-	-	21.41	-	-
Application fee & Admission fee for Additional Trading Rights	-	-	-	-	9.40
Profit on Sale of Assets	-	-	-	-	165.06
Total Income	850.92	868.88	691.44	673.55	598.02
EXPENDITURE					
Employee Cost	197.88	146.37	141.45	116.73	93.68
Administrative & Operational Expenses	274.36	304.66	225.38	267.47	166.98
DP Expenses	46.16	46.02	65.03	44.28	36.94
Training Programmes Expenses	2.19	3.76	8.31	7.57	36.16
Research Expenses	0.05	0.12	0.06	0.25	-
Depreciation	26.27	25.61	20.87	21.74	28.24
Total Expenditure	546.91	526.54	461.10	458.04	362.00
Profit/(Loss) before Taxation	304.01	342.34	230.34	215.51	236.02
Less: Provision for Tax and other adjustments	63.79	166.16	131.40	89.69	21.56
PROFIT/(LOSS) AFTER TAXATION	240.22	176.18	98.94	125.82	214.46

APPROPRIATIONS

Appropriations of the net profit for the period have been as under:

(₹ in lakh)

General Reserves	25.00
Proposed Dividend	42.00
Corporate Dividend Tax	0.59
Balance carried to Reserves and Surplus	464.95

DIVIDEND

Considering the good performance during the year under review, the Board of Directors of the Company in its meeting held on August 13, 2010 has recommended a dividend of ₹ 3 /- per equity share of ₹1/- each (300%), for the year ended March 31, 2010 and the same will be paid after the approval at the Annual General Meeting. The total dividend payout for the year 2009-10 (including dividend distribution tax) is ₹ 42.59 lakh.

MACRO-ECONOMIC REVIEW

Growth Scenario

After experiencing a distinct moderation in growth to 6.7 per cent in 2008-09, the Indian economy recovered in 2009-10 with a growth of 7.2 per cent (as per Central Statistical Organisation (CSO) advance estimates). Five of the eight sectors/sub-sectors of the economy recorded higher growth rates in 2009-10 (Chart1). There have been major changes in the overall annual growth rates between the old and the new series, with the exception of 2007-08. At the sectoral level, however, there have been changes in the growth rates and shares in GDP.

Quarterly growth trends during 2009-10 indicate moderation in Q3 after the strong recovery seen in Q2 (Table 1 and Chart 1). This moderation in growth resulted primarily from two factors: first, the adverse impact of deficient monsoon on agricultural output getting largely reflected in Q3 data. Second, the impact of high base in Q3 of 2008-09, when 'community, social and personal services' had exhibited a higher growth reflecting disbursement of Sixth Pay Commission arrears. If the impact of these two factors is netted out, Q3 growth maintains the momentum seen in earlier quarters. The acceleration in industrial growth has been particularly strong since December 2009.

Table1: Growth Rates of Real GDP@

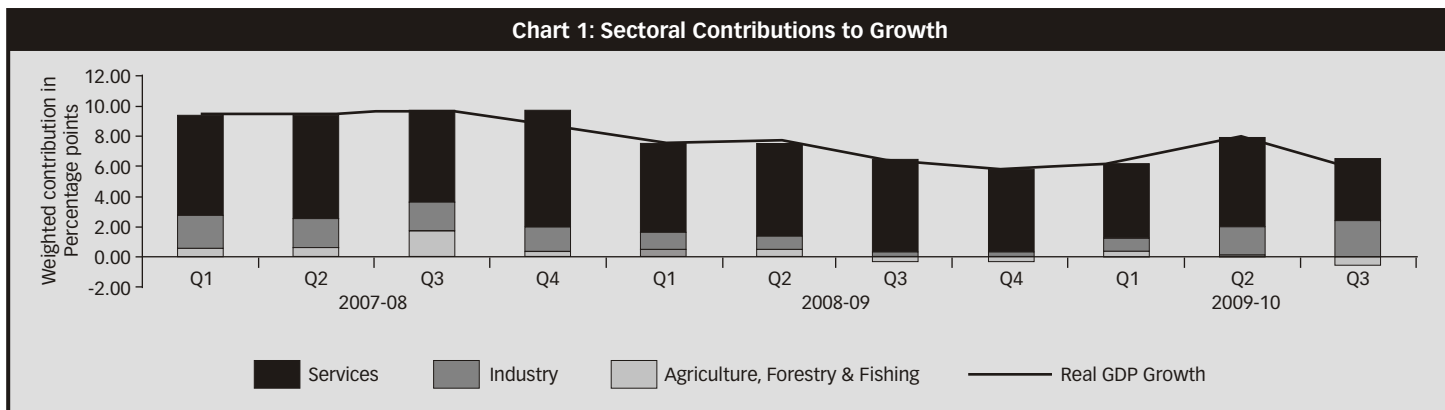
(%)

Sector	2008-09*	2009-10#	2008-09			2009-10		
			Q1	Q2	Q3	Q1	Q2	Q3
1. Agriculture and Allied Activities	1.60	-0.20	3.20	2.40	-1.40	2.40	0.90	-2.80
	(15.70)	(14.60)						
2. Industry	3.10	8.80	5.20	4.90	1.70	4.20	9.10	12.80
	(20.0)	(20.3)						
2.1 Mining and Quarrying	1.60	8.70	2.60	1.60	2.80	7.90	9.50	9.60
2.2 Manufacturing	3.20	8.90	5.90	5.50	1.30	3.40	9.20	14.30
2.3 Electricity, Gas & Water Supply	3.90	8.20	3.30	4.30	4.00	6.20	7.40	4.90
3. Services	9.30	8.50	9.40	9.40	10.30	7.70	8.90	6.60
	(64.40)	(65.10)						
3.1 Trade, Hotels, Restaurants, Transport, Storage & Communication	7.60	8.30	10.80	10.00	4.40	8.10	8.50	10.00
3.2 Financing, Insurance, Real Estate and Business Services	10.10	9.90	9.10	8.50	10.20	8.10	7.70	7.80
3.3 Community, Social and Personal services	13.90	8.20	8.70	10.40	28.70	6.80	12.70	-2.20
3.4 Construction	5.90	6.50	7.10	8.00	3.00	7.10	6.50	8.70
4. Real GDP at Factor Cost	6.70	7.20	7.60	7.50	6.20	6.10	7.90	6.00
	(100.00)	(100.00)						
a. Real GDP at Factor Cost (Base: 2004-05) (₹)	41,54,973	44,53,064						
b. GDP at current market prices (₹)	55,74,449	61,64,178						

Memo: @ : At 2004-05 Prices. * : Quick Estimates. # : Advance Estimates.
Note: Figures in paranthesis indicate shares in real GDP.

Source: Central Statistical Organisation.





Growth Outlook

Output growth in 2010-11 is expected to be higher than in 2009-10, assuming a normal monsoon. Support for sustained momentum in growth can be expected from all three major components, viz., agriculture, industry and services.

Nevertheless, apart from monsoon-related uncertainty, other downside risks to growth need to be recognised. First, private consumption demand needs to improve significantly to support the growth momentum. Second, global recovery, despite gaining strength, is expected to remain fragile, which has implications for exports. Third, the exit from fiscal stimulus and the growth-supportive monetary policy, unless calibrated carefully, could impact the growth process. Finally, the domestic saving rate has exhibited some decline, led by significant decline in public sector savings. This has adverse implications for the potential growth of the economy.

TRENDS IN EQUITY MARKET

Primary Market

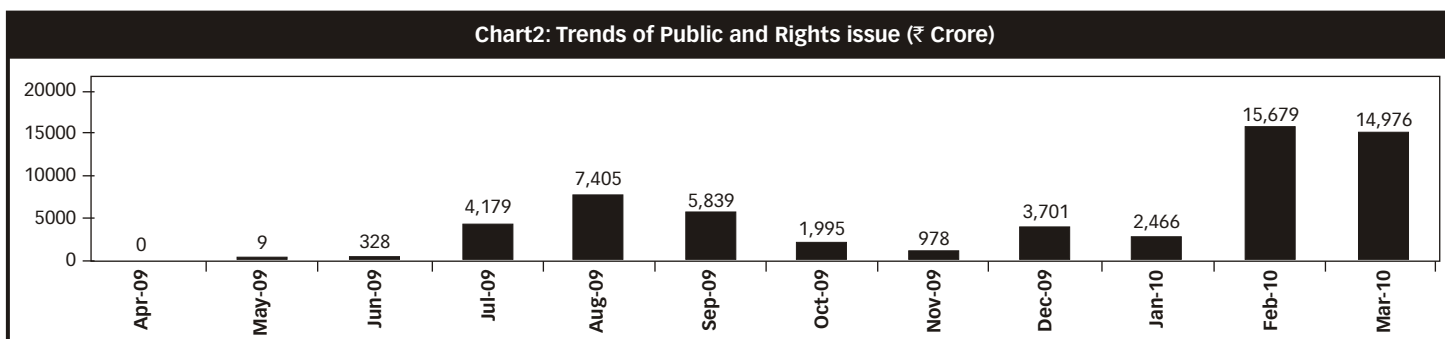
Table2: Fund Mobilised in the Primary Market

Items	2009-10		2008-09	
	No. of Issues	Amount (₹ Crore)	No. of Issues	Amount (₹ Crore)
a) Public Issues (i)+(ii)	47	49264.46	22	3582.35
i) Public issue (Equity/PCD/FCD) of which	44	46736.51	21	2082.35
IPOs	39	24696.05	21	2082.35
FPOs	5	20041.00	0	0.00
ii) Public Issue (Bond/NCD)	3	2500.00	1	1500.00
b) Rights Issues	29	8318.62	25	12637.16
c) QIP	62	42729.00	2	188.82
Total(a+b+c)	138	100312.08	49	16408.33

Note: PCD implies Partly Convertible Debenture, FCD implies Fully Convertible Debenture, IPOs imply Initial Public Offers, FPOs imply Follow on Public Offers, NCD implies Non Convertible Debenture

Source: SEBI

During 2009-10, there were 47 public issues which mobilised ₹ 49,264.46 crore and 29 rights issues which mobilised ₹ 8,318.62 crore as against 22 public issues which mobilised ₹ 3,582.35 crore and 25 rights issues which mobilised ₹ 12,637.16 crore during 2008-09 (Table 2).



Source: SEBI

Private Placement of Corporate Debt

As per SEBI Guidelines, corporates are required to report funds raised through private placement of debt issues to the stock exchanges. The funds raised through private placement reported to BSE and NSE during FY 2009-10 are as under :

Month/Year	BSE		NSE	
	No. of Issues	Amount (₹Crore)	No. of Issues	Amount (₹Crore)
April-09	34	2059	32	13836
	(15)	(540)	(74)	(7888)
May-09	18	2144	44	11096
	(31)	(2255)	(31)	(6271)
Jun-09	34	6731	46	16,615
	(65)	(2789)	(49)	(6582)
July-09	58	5530	48	9119
	(21)	(1,087)	(33)	(1,891)
Aug-09	31	1,702	58	17,118
	(16)	(150)	(41)	(9,047)
Sept-09	22	3,254	61	12,290
	(14)	(3,014)	(80)	(14,434)
Oct-09	30	2,731	63	12,130
	(32)	(1,662)	(18)	(8,524)
Nov-09	96	10,617	66	8,918
	(54)	(5,035)	(80)	(15,437)
Dec-09	60	3,618	55	11,208
	(33)	(4,192)	(88)	(30,333)
Jan-10	41	3,764	93	18,888
	(50)	(4,502)	(93)	(22,342)
Feb-10	111	14,049	40	13,685
	(31)	(10,650)	(62)	(29,322)
Mar-10	73	6,749	82	19,096
	(31)	(4,304)	(19)	(14,914)
2009-10	608	62,948	688	1,64,000
	(393)	(35,877)	(668)	(1,52,070)

Note: Figures in parentheses relate to the respective period in the previous year. Private placement of debt may include common issues reported to both the exchanges.

Source: BSE and NSE

In the corporate debt market, ₹ 6,749 crore was raised through 73 issues by way of private placement in March 2010 which were reported to BSE, whereas, ₹ 19,096 crore raised through 82 issues were reported to NSE.

Secondary Market

Category	Public Sector	Private Sector	Total	Cumulative Assets Under Management
2008-09	5,721	-34,018	-28,296	-
2009-10	28,152	54,928	83,080	-
Feb-2010	-414	6,779	6,365	7,66,870
Mar-2010	-34,283	-1,27,883	-1,62,166	6,13,979

Source: SEBI

During March 2010, mutual funds witnessed a liquidation of ₹ 1,62,166 crore by investors of which ₹ 1,27,883 crore were from private sector mutual funds and ₹ 34,283 crore were from public sector mutual funds. The market value of asset under management stood at ₹ 6,13,979 crore as on March 31, 2010, indicating a decrease of 19.94 percent over previous month (Table 4).

During 2009-10, net resource mobilisation by Mutual Funds has been of ₹ 83,080 crore of which ₹ 54,928 crore were from private sector and ₹ 28,152 crore were from public sector. During the year 2008-09, net resource mobilisation by Mutual Funds was (-) ₹ 28,296 crore of which (-) ₹ 34,018 crore were from private sector and ₹ 5,721 crore were from public sector.



Chart3: Movement of BSE Sensex and S&P CNX Nifty

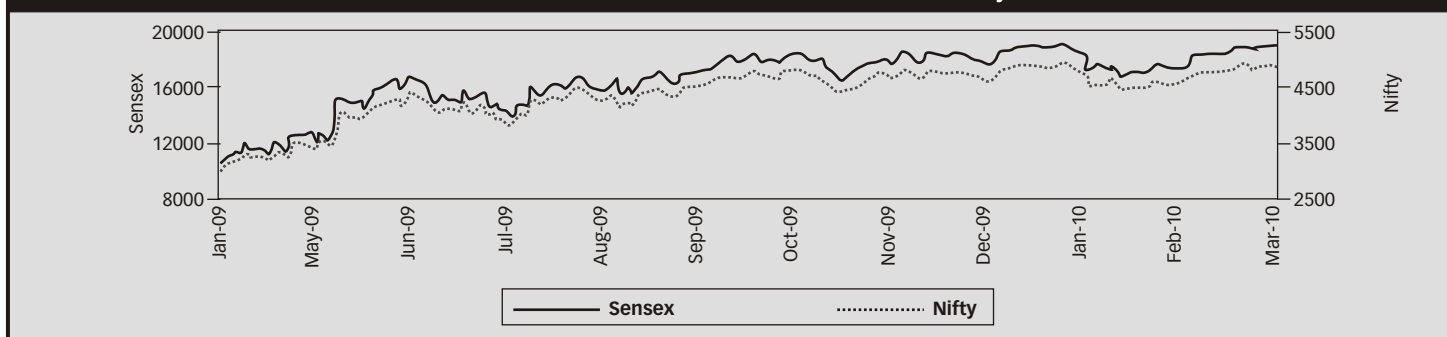


Table5: Major Stock Market indicators

Particulars	2007-08	2008-09	2009-10	Feb-10	Mar-10	% Change over the Previous Month
A. Indices*						
BSE Sensex	15644.44	9708.5	17527.77	16429.55	17527.77	6.68
S&P CNX Nifty	4734.5	3020.95	5249.1	4922.30	5249.10	6.64
S&P CNX 500	3825.85	2294.85	4313.25	4127.55	4313.25	4.50
B. Market Capitalisation* (₹ Cr)						
BSE	51,38,014	30,86,075	61,65,619	59,04,929	61,65,619	4.41
NSE	48,58,122	28,96,194	60,09,173	57,55,305	60,09,173	4.41
C. Gross Turnover (₹ Cr)						
BSE	1,57,88,555	11,00,074	13,78,809	82,510	99,779	20.93
NSE	35,51,038	27,52,023	41,29,214	2,45,143	2,86,246	16.77
D. P/E Ratio *						
BSE Sensex	20.11	13.65	21.32	20.15	21.32	5.81
BSE 100 Index	19.95	15.3	21.08	20.68	21.08	1.93
S&P CNX Nifty	20.63	14.3	22.33	20.92	22.33	6.74

*As on the last trading day of respective financial year/month.

Source: BSE/NSE

The P/E ratio of BSE Sensex was 21.32 as on March 31, 2010 as against 13.65 as on March 31, 2009. The P/E ratio of S&P CNX Nifty was 22.33 as on March 31, 2010 against 14.30 as on March 31, 2009.

The market capitalisation of BSE increased by 4.41 percent from ₹ 59,04,929 crore as on February 26, 2010 to ₹ 61,65,619 crore as on March 31, 2010. The market capitalisation of NSE, stood at ₹ 60,09,173 crore on March 31, 2010 as compared to ₹ 57,55,305 crore on February 26, 2010. The monthly turnover of BSE increased by 20.93 percent from ₹ 82,510 crore in February 2010 to ₹ 99,779 crore in March 2010. Similarly, NSE also witnessed an increase of 16.77 percent from a turnover of ₹ 2,45,143 crore in February 2010 to ₹ 2,86,246 crore during March 2010. (Table 5).

Chart4 : Activity in the Indian Stock Markets Turnover(NSE & BSE)

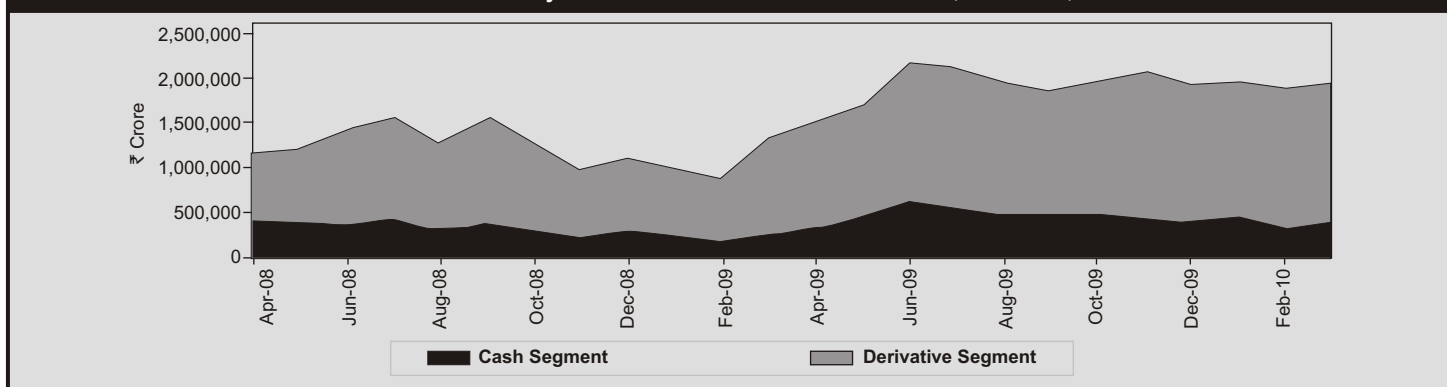
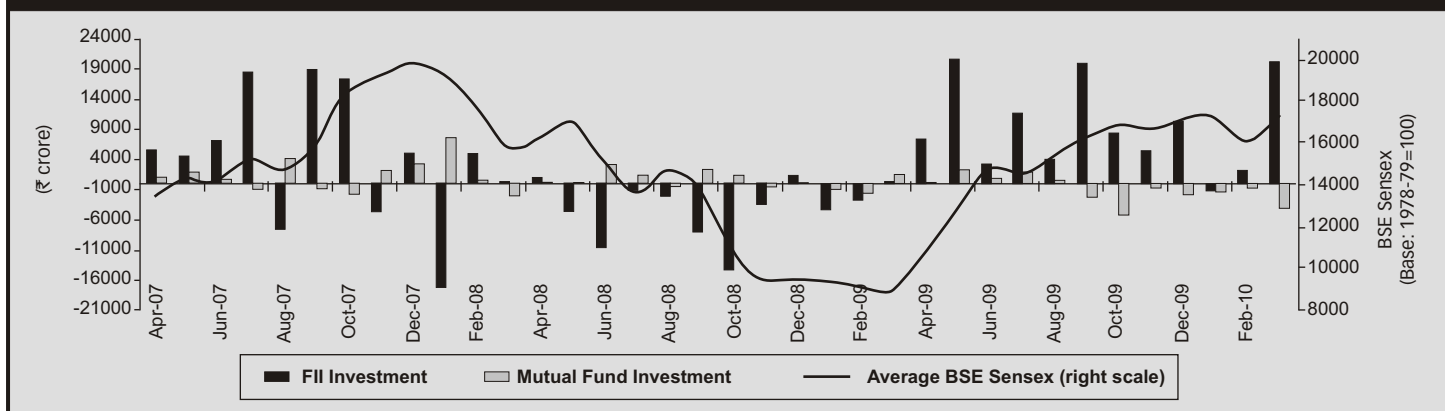


Chart 5: FII and Mutual Fund Investment in the Stock Market



Stock prices displayed a continuous upward momentum throughout the year, except for some occasional corrections during the last two quarters caused by Dubai World default and the Greek sovereign debt concerns. Following the optimism on account of measures announced in the Union Budget 2010-11 such as the roadmap for fiscal consolidation and PSU divestment, stock prices recorded further gains. As at end-March 2010, the Sensex and the Nifty both registered gains of 81 per cent and 74 per cent, respectively, over end-March 2009 (Chart 3). The gains in stock prices were associated with substantial increase in the activity in the derivative segment surpassing the pre global crisis level (Chart 4). The gains in stock prices were also led by the FII investments, while at the same time mutual funds turned net sellers. FIIs made net purchases of US\$ 23.7 billion in the Indian equity market during 2009-10 (net sales of US\$ 10.4 billion in 2008-09), while the mutual funds' net sales during 2009-10 amounted to ₹ 10,512 crore (net purchases of ₹ 6,985 crore in of 2008-09) (Chart 5).

OPERATIONS OF THE EXCHANGE

(i) Trading Membership

The status of registration of trading members on the Exchange was as given in Table 6.

Table 6: Status of Trading Members		(No.)
Position as on 31.03.2009		792
Fresh Registration		15
Resignation		16
Default		46
Expulsion		Nil
Position as on 31.03.2010		745
Change (+/-)		- 47

The distribution of the trading members across the different geographical regions of the country as on March 31, 2010 was as given in Table 7.

Table 7: Geographical distribution of Trading Members			
Sr. No.	Region	States	Trading Members
1	West	Goa, Gujarat, Maharashtra	298
2	North	Haryana, Delhi, Punjab, Rajasthan, Uttarakhand and Uttar Pradesh	127
3	East	Assam, Bihar, Orissa and West Bengal	202
4	South	Andhra Pradesh, Karnataka, Kerala and Tamilnadu	96
5	Central	Jharkhand, Chhattisgarh and Madhya Pradesh	22
Total			745

(ii) Listing

During the financial year 2009-10, no new companies were listed on your Exchange. As at the end of March 2010, there were 5 Companies listed on your Exchange. The total market capitalization of the listed companies is ₹ 452.71 crore (previous year it was ₹ 552 crore).

The Exchange is in the process of reviving its trading platform.



(iii) Depository Participant (DP) Operations

The growth in DP Operations during the last two years of operations of your Exchange in terms of the number of demat accounts opened and number of instructions processed were as shown in Table 8.

Particulars	2009-10	2008-09
Income (₹ in lakh)	182.66	154.70
Expenditure (₹ in lakh)	46.16	46.02
Net Income (₹ in lakh)	136.50	108.68
No. of beneficiary accounts	37,826	33,460
No. of instructions processed	14,66,952	9,94,296
No. of collection centers	165	154
No. of DP branches	9	8
No. of investor points	2	2

The number of DP accounts opened with your Exchange grew from 33,460 in 2008-09 to 37,826 in 2009-10 i.e. 4,366 new Beneficiary Owner (BO) accounts were opened in 2009-10.

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

(iv) Training Programme

The training courses conducted by your Exchange are aimed at improving the financial literacy levels in the securities market. These courses are conducted not from the point of purely 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 market 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 in reducing operational risks and improving confidence levels in the market.

Details of training programmes conducted during 2009-10 are given in Table No. 9

Sr. No.	Name of Training Programme	Date	No. of Participants
1.	Capital Market (SIES College) Sion (E)	April 4 – 18, 2009	54
2.	Capital Market (Part Time)	June 1 -19,2009	09
3.	Capital Market (Marathi)	July 4 – 6,2009	08
4.	Capital Market (Marathi)	Aug. 1 – 3,2009	12
5.	Capital Market (Marathi)	Sep.5 – 7, 2009	05
6.	Compliance by Brokers & Sub-brokers	Sep.12, 2009	08
7.	Capital Market (Marathi)	Sep.- 19 – 21,2009	09
8.	Equity Research Valuation	Nov. 20 – 22,2009	16
9.	Capital Market (Sree Chaitanya Eng.College Karimnagar.A.P.)	Nov.25 - 27, 2009	320
10.	Capital Market	Dec.5 – 7,2009	21
11.	Derivatives F & O	Dec.19 – 20,2009	09
12.	Capital Market (MGM College) Kamothe	Jan. 4 – 8, 2010	60
13.	Capital Market (MGM College) Kamothe	Jan. 5 – 9, 2010	63
14.	Capital Market (MGM College) Kamothe	Jan.18 – 25, 2010	39
15.	Capital Market (CLSA) Pune	Jan.22 – 23,2010	22
16.	Capital Market (JDBIMS) Juhu	Jan.28 – Feb. 26, 2010	15
17.	Equity Research Valuation	Feb. 5 -7,2010	11
18.	Capital Market (Times Now) L. Parel	Feb. 6 -7,2010	25
19.	Anti Money Laundering (ISE/ISS Employees)	Feb. 20,2010	37
20.	Capital Market (SIES College) Sion (E)	March 22 – 31,2010	29
21.	Capital Market (Pillai College) Panvel	March 22 – 31,2010	64

The training department has tied-up with Trinity Academy, Kurla, Mumbai and K.B.P. College, Navi Mumbai in addition to the Indira Institute of Management, Pune to start Certified/Diploma course in the Capital Market for various market intermediaries and management students.

The Exchange is in the process of tie up arrangements with Investors Relations Society for Investor Relations Programme as also with Grow More Consultancy, Dombivli for Capital Market Courses. Your Exchange will further continue to conduct programmes in collaboration with other recognised institutions/management colleges.

Your Exchange has been conducting classroom training programmes at Mumbai and Hyderabad. A need was felt to take the training programmes to other centres also. In order to expand its reach across the nation and take the Institution to a new technologically advanced level through ISE online, in portal, your Exchange has joined hands with CMS Ltd. to provide e-learning modes of Training Programmes on Capital Market and related subjects, where-in participants will be given learning kits containing pre-recorded lectures, study materials, presentations, etc. on a high-speed pen-drive. Towards this end an MOU has been signed between your Exchange and CMS Ltd.

All the video recordings on the module and the Course Contents have been completed during the year. This e-learning module would be launched by September, 2010.

During the Year, the Exchange has launched a new module "Anti Money Laundering Programme" which has been successful.

The Exchange arranged the following three training programs for the staff of ISE and ISS:

1. Functioning of Surveillance - Trading, Clearing & Settlement
2. Currency Derivatives
3. Capital Market - Basics including Primary Market, D.P. & Personnel, Financial & Investment Planning
4. Anti Money Laundering Programme.

Your Exchange has conducted 10 in-house programmes with different organisations in the year 2009-10.

The Training department is aggressively marketing to conduct programmes in future with special emphasis on In-house programmes in Colleges and Financial Institutions.

(v) Research Centre

Your Exchange's Research Cell was established in November 2005 with the objective of carrying out quality research on various facets of the Indian financial system in general and capital market in particular. The Research Cell has gone through many changes to provide prudent and systematic information on vibrant activities of share markets. Your Exchange's Research Cell publishes 'V Share' a financial magazine which was structured and designed keeping in view the current updates of the market. The significant part of the magazine is an analytical review on sector and company. Cover story is a unique part of 'V Share' and it has received appreciation and encouragement from its readers. Apart from sector and company analysis, other important areas are IPO, mutual funds and global market overview.

The Research Cell has also introduced a separate section titled 'Value bites' in its 'V Share' magazine. This section undertakes Value Investing of the selected stocks that helps in identifying undervalued or overvalued stocks. Apart from this, the Cell has also started providing research tools like 'Techni-trade Equities'. The Cell is having tie up with Capital Market etc. for providing data and other related material for equity research. The Research Cell plans to expand its activities by publishing a host of value based research publications, covering a number of areas as equities, derivatives and commodities.

(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 ₹ 1,698.77 lakh as at March 31, 2009 to ₹ 1,765.54 lakh as at March 31, 2010. The details of the SGF are given in Table 10.

Table 10: Status of Settlement Guarantee Fund

(₹ in lakh)

Sr. No.	Item	31.3.2010	31.3.2009
1	Cash contribution from promoter Exchanges	130.00	130.00
2	Settlement Guarantee Fund (including accretions from levy on transactions)	73.61	72.96
3	Contribution towards Base Minimum Capital (Cash component) from Registered Trading Member's	771.05	814.49
4	Interest accrued on the cash component of SGF	790.88	681.32
	Total corpus	1,765.54	1,698.77



(vii) Investors' Protection Fund and Investors' Services Fund

Your Exchange maintains Investors' Protection Fund (IPF) and Investors' Services Fund (ISF) in accordance with the norms stipulated by SEBI. Details of these funds are given in Table 11(i) & (ii).

Table 11(i): Status of Investors' Protection Fund (IPF)

(Amount in ₹)

Investors' Protection Fund (IPF)

Particulars	2009-10	2008-09
Opening balance	103,338	101,638
Add: Accretion during the year	950	1,700
Less: Expenses incurred for Investor Awareness, education during the F.Y.2009-10	13,187	-
Closing balance as on March 31	91,101	103,338

Table 11(ii): Status of Investors' Services Fund (ISF)

(Amount in ₹)

Investors' Services Fund (ISF)

Particulars	2009-10	2008-09
Opening balance	18,90,058	17,46,835
Accretion during the year	134,713	143,223
Closing balance as on March 31	20,24,771	18,90,058

(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) 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 12.

Table 12: Details of Legal Cases

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
2008-09	3	Nil	Nil	3
2009-10	3	Nil	Nil	3

Regarding the three legal cases pending against your Exchange at the beginning of the year 2009-10, adequate legal measures are being taken to defend your Exchange.

There are no arbitration cases pending against your Exchange.

FUTURE PROSPECTS

The time to execute the very idea of "INTER-CONNECTED STOCK EXCHANGE OF INDIA" (ISE) has arrived. Important additional enablers are recent legal and regulatory provisions, technologies, products, high economic growth, renewed worldwide recognition of the grand role of 'Exchange Traded Markets' and also the urgent need for the regions of India to develop faster.

It is considered that the payback time to the shareholders has come. The Directors feel confident of getting your full support that is necessary for the success of your Exchange.



Specifically the Exchange, in association with its Promoting Exchanges is taking steps to revive its Trading Platform to facilitate a Common Trading Platform (CTP) and Common Clearing Corporation (CCC), to provide a liquid & vibrant national level market for all the companies listed on respective Stock Exchanges, their new listings and also to provide trading platform to Small and Medium Enterprises (SMEs).

In addition, the efforts of your Exchange to strengthen the current activities of DP, Research and Training are in full swing.

The Directors thank TCS for their commitment to treat “**INTER-CONNECTED STOCK EXCHANGE OF INDIA**” as their “**ANCHOR CUSTOMER**” for their Trading Software **TCS Bαncs** that is being marketed worldwide.

ISE's associate Exchanges and Institutions have built businesses and substantial brand value in their areas of operation. It is incumbent on your Exchange to “**INTER-CONNECT**” and combine all the strengths and opportunities for the benefit of shareholders and the nation that is moving fast forward to achieve global dominance.



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, 2010, Report of the Board of Directors and the Report of the Auditors for the year ended March 31, 2010 of 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.

In the Financial year 2009-10, ISE Securities & Services Limited posted net profit of ₹ 181.29 Lakh. The company earned a total income of ₹ 1059.66 lakh during the year, compared to ₹ 919.22 lakh during the previous year. Expenditure before depreciation, interest and tax during the year 2009-10 stood at ₹ 625.69 lakh, compared to ₹ 678.78 lakh during the preceding year. The other income earned during the year 2009-10 was ₹ 83.11 lakh, compared to ₹ 79.80 lakh for the previous year. After considering interest, finance charges and depreciation, the increase of income over expenditure for the year 2009-10 was ₹ 278.16 lakh as compared to ₹ 166.34 lakh for the previous year.

The investment of your Exchange in the subsidiary has not changed during the year. The entire shareholding of ₹ 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, 2010:

- a. the applicable accounting standards have been followed and no material departures have been made from the same;
- b. 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, 2010 and Profit & Loss Account for the year ended March 31, 2010;
- c. 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;
- d. the annual accounts have been prepared on a going-concern basis.



BOARD OF DIRECTORS

After the 11th Annual General Meeting held on September 29, 2009, eleven meetings of the Board of Directors were held, as detailed in Table 13

Meeting No.	Date	Venue
94th	September 17, 2009	At the Registered Office of the Company, Vashi
95th	October 9, 2009	At the Registered Office of the Company, Vashi
96th	November 21, 2009	At the Registered Office of the Company, Vashi
97th	January 8, 2010	At the Registered Office of the Company, Vashi
98th	February 19, 2010	At the Registered Office of the Company, Vashi
99th	April 9, 2010	At the Registered Office of the Company, Vashi
Emergency Meeting	May 25, 2010	At the Registered Office of the Company, Vashi
100th	June 11, 2010	At the Registered Office of the Company, Vashi
101st	June 30, 2010	At the Registered Office of the Company, Vashi
102nd	July 15, 2010	At the Registered Office of the Company, Vashi
103rd	August 13, 2010	At the Registered Office of the Company, Vashi

The changes which have taken place in the Board of Directors from September 29, 2009 till date are presented in Table 14:

Sr. No.	Name of Director	Particulars	Date of appointment/ re-appointment/ resignation/ retirement
1.	Shri Maninder Singh Grewal	Ceased to be a Shareholder Director	September 29, 2009
2.	Dr. Alok Kumar Chakrawal	Appointed as a Shareholder Director	September 29, 2009
3.	Shri D. B. Mehta	Appointed as a Shareholder Director	September 29, 2009
4.	Shri T. N. T. Nayar	Ceased to be a Shareholder Director	September 29, 2009
5.	Shri Debaraj Biswal	Appointed as a Shareholder Director	September 29, 2009
6.	Shri Rajiv Vohra	Ceased to be a Trading Member Director	September 29, 2009
7.	Shri Rajeeb Ranjan Kumar	Appointed as a Trading Member Director	September 29, 2009
8.	Shri S. Ravi	Ceased to be a Public Interest Director	November 21, 2009
9.	Shri A. K. Mago	Appointed as a Public Interest Director	November 21, 2009
10.	Shri H. C. Parekh	Appointed as a Public Interest Director	November 21, 2009
11.	Dr. Alok Kumar Chakrawal	Ceased to be a Shareholder Director	July 15, 2010
12.	Shri P. J. Mathew	Re-appointed as Managing Director	August 3, 2010

CONSTITUTION OF THE STATUTORY AND OPERATIONAL COMMITTEES

Your Exchange has constituted the various Statutory and Operational Committees, as required by SEBI. Details of the composition of these Committees for the year 2009-10, as well as for the previous year, are given in Table 15.

Table 15: Details of Committees

Central Arbitration Panel

Sr. No.	2009-10		2008-09	
	Name	Category	Name	Category
1	Shri K. Rajendran Nair	Public Interest Director	Shri S. Ravi	Public Interest Director
2	Shri A. K. Mago	Public Interest Director	Shri Sanjeev Puri	Shareholder Director
3	Shri K. D. Gupta	Shareholder Director	Shri K. D. Gupta	Shareholder Director
4	Shri Cyriac Thomas	Public Representative	Shri. T. D. Joshi	Public Representative
5	Shri Manubhai Parekh	Public Representative	Shri. J. J. Bhatt	Public Representative
6	Shri V. R. Agnihotri	Public Representative	Shri. Kirit P. Mehta	Public Representative
7	Dr. Jignesh Panchali	Public Representative	Shri. Subhash Chaajad	Public Representative
8	Shri S. N. Bhandari	Public Representative	Dr. D. K. Bhatia	Public Representative
9	Shri Surendra Holani	Trading Member Director	Shri. Ganesh Shanbag	Trading Member
10	Shri Rajeeb Ranjan Kumar	Trading Member Director	Shri. Sanjeev Khemani	Trading Member
11	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

Defaults Committee

Sr. No.	2009-10		2008-2009	
	Name	Category	Name	Category
1	Shri H. C. Parekh	Public Interest Director	Shri S. Ravi	Public Interest Director
2	Shri Debaraj Biswal	Shareholder Director	Shri T. N. T. Nayar	Shareholder Director
3	Shri P. Sivakumar	Shareholder Director	Dr. Shailendra Narain	Public Representative
4	Shri Wahidul Hasan	Public Representative	Shri Subhash Chhajad	Public Representative
5	Shri Bharat Meisheri	Public Representative	Shri Ashish Parikh	Trading Member
6	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

Disciplinary Action Committee

Sr. No.	2009-10		2008-2009	
	Name	Category	Name	Category
1	Shri K. D. Gupta	Shareholder Director	Shri K. D. Gupta	Shareholder Director
2	Shri Debaraj Biswal	Shareholder Director	Shri D. K. Bhatia	Public Representative
3	Shri Wahidul Hasan	Public Representative	Shri J. J. Bhatt	Public Representative
4	Shri Manubhai Parekh	Public Representative	Shri A. Lahiri	Public Representative
5	Shri Ashvin Jain	Public Representative	Shri Arunachalam	Trading Member
6	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

Investors Services Committee

Sr. No.	2009-10		2008-2009	
	Name	Category	Name	Category
1	Shri K. Rajendran Nair	Public Interest Director	Shri Rajendran Nair	Public Interest Director
2	Shri A.K. Mago	Public Interest Director	Shri S. Ravi	Public Interest Director
3	Shri D. B. Mehta	Shareholder Director	Shri Cyriac Thomas	Public Representative
4	Shri A. P. Bakliwal	Public Representative	Shri Vivekanand Patnaik	Public Representative
5	Shri Surendra Holani	Trading Member Director	Shri Rajiv Vohra	Trading Member
6	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director



SEBI Inspection Compliance Committee

Sr. No.	2009-10		2008-2009	
	Name	Category	Name	Category
1	Shri K. Rajendran Nair	Public Interest Director	Shri K. Rajendran Nair	Public Interest Director
2	Shri A. K. Mago	Public Interest Director	Shri S. Ravi	Public Interest Director
3	Shri H. C. Parekh	Public Interest Director	Shri Rajiv Vohra	Trading Member Director
4	Shri Rajeeb Ranjan Kumar	Trading Member Director	Shri P. J. Mathew	Managing Director, ISE
5	Shri P. J. Mathew	Managing Director		

Audit Committee

Sr. No.	2009-10		2008-2009	
	Name	Category	Name	Category
1	Shri K. D. Gupta	Shareholder Director	Shri K. D. Gupta	Shareholder Director
2	Dr. Alok Kumar Chakrawal (upto July 15, 2010)	Shareholder Director	Shri T. N. T. Nayar	Shareholder Director
3	Shri P. Sivakumar	Shareholder Director	Shri P. Sivakumar	Shareholder Director
4	Shri D. B. Mehta	Shareholder Director		

Ethics Committee

Sr. No.	2009-10		2008-2009	
	Name	Category	Name	Category
1	Shri K. Rajendran Nair	Public Interest Director	Shri S. Ravi	Public Interest Director
2	Shri H. C. Parekh	Public Interest Director	Shri Rajendran Nair	Public Interest Director
3	Shri Rajeeb Ranjan Kumar	Trading Member Director	Shri P. J. Mathew	Managing Director
4	Shri P. J. Mathew	Managing Director		

Screening (i.e. Membership Selection) Committee

Sr. No.	2009-10		2008-2009	
	Name	Category	Name	Category
1	Dr. M.Y. Khan	Public Representative	Dr. M. Y. Khan	Public Interest Director
2	Shri Cyriac Thomas	Public Representative	Shri A. Lahiri	Public Representative
3	Shri T. N. T. Nayar	Public Representative	Shri P. J. Mathew	Managing Director
4	Shri P. J. Mathew	Managing Director		

Listing Committee

Sr. No.	2009-10		2008-2009	
	Name	Category	Name	Category
1	Shri H. C. Parekh	Public Interest Director	Shri S. Ravi	Public Interest Director
2	Shri P. Sivakumar	Shareholder Director	Shri P. Sivakumar	Shareholder Director
3	Shri A. P. Bakliwal	Representative of Investors	Shri A. P. Bakliwal	Representative of Investors
4	Shri Henry Richards	Registrar of Companies- Mumbai	Shri D. K. Gupta	Registrar of Companies- Mumbai
5	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

HR & Remuneration Committee

Sr. No.	2009-10		2008-2009	
	Name	Category	Name	Category
1	Shri K. Rajendran Nair	Public Interest Director	Shri K. Rajendran Nair	Public Interest Director
2	Shri K. D. Gupta	Shareholder Director	Shri S. Ravi	Public Interest Director
3	Shri K. V. Thomas	Shareholder Director	Shri K. V. Thomas	Shareholder Director
4	Shri Debaraj Biswal	Shareholder Director	Shri Maninder Singh Grewal	Shareholder Director
5	Dr. A. K. Chakrawal (upto July 15, 2010)	Shareholder Director	Shri Surendra Holani	Trading Member Director
6	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

Business Development Committee

Sr. No.	2009-10		2008-2009	
	Name	Category	Name	Category
1	Shri H. C. Parekh	Public Interest Director	Shri S. Ravi	Public Interest Director
2	Shri K. V. Thomas	Shareholder Director	Shri K. V. Thomas	Shareholder Director
3	Dr. A. K. Chakrawal (upto July 15, 2010)	Shareholder Director	Shri Ashish Parikh	Trading Member
4	Shri Cyriac Thomas	Public Representative	Shri Rajeev Vohra	Trading Member
5	Shri Manubhai Parekh	Public Representative	Shri Cyriac Thomas	Public Representative
6	Shri Surendra Holani	Trading Member Director	Shri Manubhai Parekh	Public Representative
7	Shri P. J. Mathew	Managing Director		

Business Rules Committee

Sr. No.	2009-2010	
	Name	Category
1.	Shri Surendra Holani	Trading Member Director
2.	Shri Rajeeb Ranjan Kumar	Trading Member Director
3.	Shri Ashish Parikh	Trading Member
4.	Shri Bharat Meisheri	Trading Member
5.	Shri Mitesh Shah	Trading Member
6.	Shri P. J. Mathew	Managing Director

AUDITORS

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

The Auditors' Report relating to the accounts for the year ended March 31, 2010 does not contain any qualification.

PARTICULARS OF EMPLOYEES

Your Exchange had a total staff strength of 54 on its rolls as on March 31, 2010. In addition, 16 contractual 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.

CORPORATE GOVERNANCE

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

PUBLIC DEPOSIT

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

ACKNOWLEDGEMENTS

The Board of Directors of your Exchange wishes to place on record its deep sense of gratitude to SEBI and RoC for the support and encouragement extended to your Exchange. The Board of Directors also thanks all the promoter exchanges, shareholders 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.

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.

For and on behalf of the Board of Directors

Date: August 13, 2010
Place: Vashi, Navi Mumbai

sd/-
K. Rajendran Nair
Chairman



No.:

Date:.....

CIN: U671020MH2005PLC157556

Nominal Capital: 500 lakh

COMPLIANCE CERTIFICATE
(Rule 3 of Companies (Compliance Certificate) Rules, 2001)

To,
The Members,
Inter-connected stock exchange of India, Ltd.,
Infotech Park, Tower No. 7, 5th Floor,
Above Vashi Railway Station
Vashi, Navi Mumbai,

We have examined the registers, records, books and papers of Inter-connected Stock Exchange of India, Limited as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations, information and certifications furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions of the Act and the Rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate with the Registrar of Companies, Mumbai, within the time prescribed under the Act and the Rules made there under.
3. The Company being Public Limited Company the provision of this clause is not applicable.
4. The Board of directors met Ten (10) times during the financial year on 15th May 2009, 26th June 2009, August 7, 2009, 25th August 2009, 4th September, 2009, 17th September 2009, 9th October 2009, 21st November 2009, 8th January 2010 and 19th February 2010 respectively in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its register of members from 22nd September 2009 to 29th September 2009 during the financial year.
6. The Annual General Meeting for the Financial Year ended on 31st March 2009 was held on 29th September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. Two Extra-ordinary General Meetings were held during the financial year i.e. 3rd September 2009 and 20th November 2009.
8. The Company has not advanced loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into contracts falling within the purview of section 297 of the Act and complied with the applicable provision of section 297
10. The Company was not required to make any entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.



13. The Company

- i). has deliver share certificates after transfer of shares further there was no allotment/ transmission of securities during the financial year.
 - ii). has paid the dividend by issuing the account payee cheques in the name of concerned shareholder after declaration of dividend during the financial year.
 - iii). has delivered cheques in lieu of dividend warrants to members of the Company within 30 days from the date of declaration of dividend.
 - iv). as informed by the management company was not required to transfer any amounts in Unpaid dividend account, application money due for the refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of 7 years to Investor Education and Protection Fund.
 - v). has duly complied with the requirement of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted. The appointment and resignation of the directors was duly made during the financial year.
15. The Company has not appointed Managing Director / Whole time Director or Manager during the financial year.
16. The company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of Company Law Board, Registrar of Companies and /or such other authorities as may be prescribed under any of the provisions of the Act except Central Government and Regional Director.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not allotted any securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year. The Company has not issued any preference shares.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made borrowings during the year under Section 293(1)(d) of the Act.
25. The Company has not made loans and Investments, or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's Registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the Name of the Company during the year under scrutiny.
29. The Company in its 11th Annual General Meeting held on 29.09.2009 had altered the provisions of the Memorandum with respect to the Share Capital of the Company during the year under scrutiny and increased its Authorised Share Capital from ₹ 20 lakh to ₹ 5 crore.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.

32. The Company has not received any money as security from its employees during the financial year.

33. The Company has deposited the contributions towards Provident Fund during the financial year.

**For Neelesh Gupta & Co.,
Company Secretaries**

Place: Indore
Date: 19.08.2010

**CS. Neelesh Gupta
Proprietor
C. P. No. 6846**

ANNEXURE A

Registers as maintained by the Company:

1. Register of Members.
2. Minute's books of the meeting of the Board and Shareholders.
3. Register of Contracts, companies and firms in which directors of the companies are interested u/s 301 of the Act.
4. Register of Directors, Managing Director, Manager and Secretary u/s 303(1) of the Act.
5. Register of Directors' shareholding u/s 307 (1) of the Act.
6. Register of Directors' attendance at the meetings of the Board (Regulation 71 of Table A).
7. Register of Shareholders' attendance at their meeting.

ANNEXURE B

Forms and returns as filed by the company with the Registrar of Companies, during the financial year ended 31st March 2010.

Sr. No.	Name of the document	Companies Act, 1956	For	Filing Date [Receipt No.]
1.	Form 32	Section 257	29.09.2009	28.10.2009 (A71611156)
2.	Form 32	Section 257	29.09.2009	27.10.2009 (A71514632)
3.	Form 23AC	Section 220	31.03.2009	23.10.2009 (P37103496)
4.	Form 23ACA	Section 220	31.03.2009	23.10.2009 (P37103496)
5.	Form 20B	Section 159	29.09.2009	28.11.2009 (P42668947)
6.	Form 66	Section 383A	31.03.2009	08.10.2009 (P35500636)
7.	Form DIN 3	Section 266D	21.11.2009	07.12.2009 (A74129552)
8.	Form 32	Section 257	29.09.2009	29.10.2009 (A71645899)
9.	Form 5	Section 94	29.09.2009	28.10.2009 (A71610612)
			29.09.2009	28.10.2009 (D00052142)
10.	Form 32	Section 283	25.08.2009	28.08.2009 (A68196864)
11.	Form 32	Section 257	21.11.2009	08.12.2009 (A74184235)
12.	Form 32	Section 257	21.11.2009	18.12.2009 (A74885880)

END OF COMPLIANCE CERTIFICATE



AUDITORS' REPORT

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 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended 31st March, 2010. 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. 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 and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement 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. On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. 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 31st March, 2010.
 - b. In the case of Profit and Loss Account of the profit for the year ended on that date; and
 - c. In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

For A. J. SHAH AND COMPANY
CHARTERED ACCOUNTANTS
FRN. 109476W

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

Place: Mumbai

Date: August 13, 2010



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** on the accounts for the period ended 31st March, 2010, 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 not been physically verified by the management during the year.
 - (c) The company has not disposed off substantial part of fixed assets during the year.
- iii)
 - (a) According to the information and explanation given to us, the Company has not granted any loans to the companies, firms and other parties covered in the register maintained under section 301 of the companies act 1956 and accordingly the sub-clauses (b) and (c) of clause (iii) are not applicable to the company.
 - (d) The Company has not 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 (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) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
 - (a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered in the register have been so entered.
 - (b) According to the information and explanations given to us, these contracts or arrangements with ISE Securities & Services Ltd. are management services, rent and others mainly in the nature of reimbursement of cost incurred by ISE Ltd. for ISE Securities and Services Ltd. and hence the prices for which, are reasonable.
- 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)
 - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, 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 except in case of service tax where certain balances have not been paid which are still not quantified.
 - (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 year, 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.



- x) 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 year for long-term investment.
- xv) 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 AND COMPANY
CHARTERED ACCOUNTANTS
FRN. 109476W

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

Place: Mumbai
Date: August 13, 2010

Inter-connected Stock Exchange of India Ltd.

Balance Sheet as at March 31, 2010

Particulars	Schedule	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Sources of funds			
Shareholders' funds			
Share Capital	1	1,400,000	1,400,000
Reserves and Surplus	2	435,919,869	405,080,274
Unsecured Loans	3	-	-
Deferred Tax Liability (Net) (Refer Note 13 of Schedule 16)		2,476,733	8,715,201
Total		439,796,602	415,195,475
Fixed assets			
Gross block (at cost)	4	60,466,544	57,750,889
Less: Depreciation		23,206,199	20,601,351
Net block		37,260,345	37,149,538
Capital work-in-progress		23,249,247	10,302,057
		60,509,592	47,451,595
Investments	5	55,000,000	55,000,000
Current Assets, Loans and Advances			
Current Assets			
Cash and Bank Balances	6	419,064,840	428,056,380
Sundry Debtors	7	7,846,926	4,730,527
Loans and Advances	8	39,990,592	18,891,493
		466,902,358	451,678,400
Less: Current Liabilities and Provisions			
Current liabilities	9	103,325,318	118,811,615
Provisions	10	39,290,030	21,379,440
		142,615,348	140,191,055
Net Current Assets		324,287,010	311,487,345
Miscellaneous Expenditure (to the extent not written off or adjusted)	11	-	1,256,535
Total		439,796,602	415,195,475
Significant Accounting Policies and Notes forming part of the Accounts	16		

For and on behalf of Board of Directors

As per our attached Report of even date

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

Sd/-
(Hiren Shah)
Partner
Membership No 100052

Place: Mumbai
Date: August 13, 2010

Sd/-
K. Rajendran Nair
Chairman

Sd/-
P. J. Mathew
Managing Director

Sd/-
Milind Nigam
Company Secretary

Place: Mumbai
Date: August 13, 2010



Inter-connected Stock Exchange of India Ltd.

Profit and Loss Account for the period April 01, 2009 to March 31, 2010

Particulars	Schedule		Year ended March 31, 2010 (Rupees)	Year ended March 31, 2009 (Rupees)
Income				
Income from Operations	12		52,535,537	52,091,958
Other Income	13		32,556,397	34,796,070
Total			85,091,934	86,888,028
Expenditure				
Employee Costs	14		19,787,918	14,637,432
Administration and Operational Expenses	15		32,276,269	35,455,192
Depreciation/Amortisation			2,692,860	2,655,504
Less : Adjusted against Capital Reserve (Refer Note 8 of Schedule 16)			(66,160)	(94,463)
			2,626,700	2,561,041
Total			54,690,887	52,653,665
Profit before tax			30,401,047	34,234,363
Less : Provision for taxation				
- Current tax (including taxation provision on interest credited to earmarked funds account of Rs.5,710,817/- (previous year: Rs.40,06,650/-))			(14,420,000)	(15,669,100)
- Deferred Tax Saving/ (Expenses) (Refer Note 13 of Schedule 16)			6,238,468	(690,125)
- Fringe Benefit Tax (Previous year short provision paid)			(29,546)	(257,461)
- Excess Provision of Income Tax of earlier year			1,831,864	-
Net profit after tax			24,021,833	17,617,677
Add: Balance brought forward from last year			29,232,696	16,559,174
Profit available for Appropriation			53,254,529	34,176,851
Less: Proposed Dividend		4,200,000		
Less: Tax on Proposed Dividend (net of Rs.6,54,308/- (previous year Rs. 93,473/-) credit- available on tax on dividend declared by the subsidiary company)		59,483	4,259,483	3,182,387
Less: Transfer to General Reserve			2,500,000	1,761,768
Balance carried to the Balance sheet			46,495,046	29,232,696
Earning Per Share (Rs.) (Basic & Diluted) (Refer Note 14 of Schedule 16)			17.16	12.58
Significant Accounting Policies and Notes forming part of the Accounts	16			

For and on behalf of Board of Directors

As per our attached Report of even date

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

Sd/-
(Hiren Shah)
Partner
Membership No 100052

Place: Mumbai
Date: August 13, 2010

Sd/-
K. Rajendran Nair
Chairman

Sd/-
P. J. Mathew
Managing Director

Sd/-
Milind Nigam
Company Secretary

Place: Mumbai
Date: August 13, 2010



Inter-connected Stock Exchange of India Ltd.

Schedules forming part of Accounts

SCHEDULE 1: SHARE CAPITAL

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Authorised Capital (5,00,00,000 Equity shares of Re 1/- each)	50,000,000	2,000,000
Issued, Subscribed And Paid Up (14,00,000 Equity shares of Re 1/- each fully paid up)	1,400,000	1,400,000
Total	1,400,000	1,400,000

SCHEDULE 2 : RESERVES & SURPLUS

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
PART A : RESERVES & SURPLUS (before November 24, 2005)		
Free Reserves Profit & Loss Account Balance (Surplus in P&L as per last Balance Sheet)	11,888,319	11,888,319
Total Free Reserves	11,888,319	11,888,319
Capital Reserves Infrastructure Development Contribution As per last Balance Sheet	91,900,000	91,900,000
	91,900,000	91,900,000
Networking Equipment Contribution Balance transferred from erstwhile Company, Inter-connected Stock Exchange of India Ltd., limited by guarantee Less : Adjustment towards Depreciation (Refer Note 8 of Schedule 16)	1,370,369 66,160	1,464,832 94,463
	1,304,209	1,370,369
Dealer Admission Fees As per last Balance Sheet	38,328,857	38,328,857
	38,328,857	38,328,857
Total Capital Reserves	131,533,066	131,599,226
TOTAL OF PART A : RESERVES & SURPLUS	143,421,385	143,487,545

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
PART B : RESERVES & SURPLUS (after November 24, 2005)		
Free Reserves Profit & Loss Account Balance	46,495,046	29,232,696
Share Premium Account As per last Balance Sheet	138,038,315	138,038,315
	138,038,315	138,038,315



Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
General Reserves		
As per last Balance Sheet	3,899,725	2,137,957
Add: Transfer from Profit & Loss Account	2,500,000	1,761,768
	6,399,725	3,899,725
TOTAL OF PART B : RESERVES & SURPLUS	190,933,086	171,170,736

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
PART C : EARMARKED RESERVES		
Settlement Guarantee Fund Opening Balance	88,428,594	66,891,866
Add: Additions during the period: (including Rs. Nil (previous year: Rs. 589,998) on transfer of credit balance of Defaulter Trading Members, Rs.Nil (previous year: 13,000,000/-) by way of Settlement Stabilisation Fund, accretion by way of interest of Rs.16,597,382/-, (previous year: Rs.11,781,139/-) net of income tax of Rs. 5,641,450/- (previous year Rs. 4,004,409/-) for the period on deposits etc made out of such funds in accordance with the Rules and Bye-laws of the Company, contributions from the Trading Members: Rs.65,000/- (previous year: Rs. 170,000/-))	11,020,932	21,536,728
	99,449,526	88,428,594
Investor Protection Fund Opening Balance	103,338	101,638
Add: Additions during the period (accretion by way of appropriation from the listing fee income during the period)	950	1,700
Less: Expenses incurred for Investor Awareness, education during the F.Y. 2009-10	13,187	-
	91,101	103,338
Investor Services Fund Opening Balance	1,890,058	1,746,835
Add : Additions during the period Additions during the period:Accretion by way of interest of Rs.111,856/- net of income tax Rs.69,367/- (previous year: Rs. 109,223/-net of income tax Rs. 56,241/-, for the period on deposits, etc made out of such funds in accordance with the Rules and Bye-laws of the Company, Rs. 3,857/- (previous year Nil) towards sale of securities and appropriation from listing fee income during the period: Rs. 19,000/-, previous year: Rs.34,000/-)	134,713	143,223
	2,024,771	1,890,058
TOTAL OF PART C : EARMARKED RESERVES	101,565,398	90,421,990
TOTAL RESERVES AND SURPLUS (TOTAL OF PART A+B+C)	435,919,869	405,080,274

SCHEDULE 3 : UNSECURED LOANS

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Temporary Overdraft against Company's Bank Fixed Deposits	-	-
Total	-	-

SCHEDULE 4 : FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 01-04-2009	Additions	Deductions	As at 31-03-2010	As at 01-04-2009	For the period	Deductions / Adjustments	As At 31-03-2010	As at 31-03-2010	As at 01-04-2009
Tangible Assets										
Leasehold Land	870,626	-	-	870,626	147,357	14,191	-	161,548	709,078	723,269
Leasehold Premises	32,585,962	-	-	32,585,962	6,059,996	531,151	-	6,591,147	25,994,815	26,525,966
Machinery and Electrical Equipments	3,797,525	71,217	-	3,868,742	1,018,063	183,180	-	1,201,243	2,667,499	2,779,462
Furniture and Fixtures	7,194,364	1,017,317	127,379	8,084,302	3,561,183	486,114	88,013	3,959,284	4,125,018	3,633,181
Vehicles	725,000	-	-	725,000	261,914	68,875	-	330,789	394,211	463,086
Office Equipments	1,936,163	496,847	-	2,433,010	792,681	111,514	-	904,195	1,528,815	1,143,482
Computer Equipments including networking equipments	6,176,803	483,156	-	6,659,959	5,121,730	688,933	-	5,810,663	849,296	1,055,071
Intangible Assets										
Computer Software	4,464,446	774,497	-	5,238,943	3,638,427	608,903	-	4,247,330	991,613	826,021
Total	57,750,889	2,843,034	127,379	60,466,544	20,601,351	2,692,860	88,013	23,206,199	37,260,345	37,149,538
Cap WIP - Machinery & Electrical Equipment									5,272,913	2,385,792
Cap WIP - Furniture & Fixtures									665,618	15,875
Cap WIP - Computer									7,714,826	57,000
Cap WIP - Computer Software									9,595,890	7,843,390
Capital Work in Progress - Total									23,249,247	10,302,057
Total									60,509,592	47,451,595

Note : 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.

SCHEDULE 5 : INVESTMENTS

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Long 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
Current Investments In Mutual Funds (unquoted, lower of net asset value or cost)	-	-
Total	55,000,000	55,000,000

SCHEDULE 6 : CASH & BANK BALANCES

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Cash-in-hand	-	-
Bank Balances:		
With Scheduled Banks		
- in Current Accounts		
* in Free Fund Accounts	808,181	785,301
* in Earmarked Fund Accounts (Refer Note 11 of Schedule 16)	137,466	180,245
- in Deposit Accounts		
* in Free Fund Accounts	225,197,122	249,385,540
* in Earmarked Fund Accounts (Refer Note 11 of Schedule 16)	192,922,071	177,705,294
(Bank lien against Fixed Deposit (for Overdraft facility) is Rs.7.50 Crores)		
Total	419,064,840	428,056,380



SCHEDULE 7 : SUNDRY DEBTORS

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Unsecured		
Debts outstanding for a period exceeding six months		
- Considered Good	7,686,668	4,625,308
- Considered Doubtful	433,017	251,355
Other Debts		
- Considered Good	160,258	105,219
- Considered Doubtful	40,518	-
	8,320,461	4,981,882
Less : Provision for Doubtful Debts	473,535	251,355
Total	7,846,926	4,730,527

SCHEDULE 8 : LOANS & ADVANCES

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Unsecured Considered Good, unless otherwise stated)		
Advances given to the subsidiary company/ expenses recoverable from subsidiary company	2,314,554	1,037,208
Trade Deposits	3,868,211	3,367,068
Advances recoverable in cash or kind or for value to be received	1,188,210	1,005,759
Staff Advances	129,186	169,792
Advance Tax/ Income Tax refund receivable (Net of Provision for Tax)	32,490,431	13,311,666
Total	39,990,592	18,891,493

SCHEDULE 9 : CURRENT LIABILITIES

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Sundry Creditors		
- Micro Small & Medium Enterprises (Refer Note 5 of Schedule 16)	-	-
- Others	10,747,673	4,447,688
	10,747,673	4,447,688
Rent Deposit from Subsidiary Company	2,500,000	2,500,000
Refundable Deposits as per the Rules and Bye-laws of the Company		
- Base Minimum Capital of trading members	77,104,855	81,449,141
- Trading Member Security Deposit	2,100,000	800,000
Advance towards admission fees, annual fees, etc from trading members, pending registration / approval of SEBI	5,872,500	24,626,598
Depository Participant received in advance	4,765,173	4,437,856
Trading Member Annual Fees received in advance	49,451	233,522
Subscription income received in advance	5,666	26,810
Advance Listing Fees	180,000	290,000
Total	103,325,318	118,811,615

SCHEDULE 10 : PROVISIONS

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Gratuity	263,952	228,679
Employees' Leave Encashment	807,421	383,361
Performance Linked Bonus	3,007,149	1,915,913
Contingencies	862,925	-
Taxation	30,089,100	15,669,100
Proposed Dividend	4,200,000	2,800,000
Tax on Proposed Dividend	59,483	382,387
Total	39,290,030	21,379,440

SCHEDULE 11: MISCELLANEOUS EXPENDITURE

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Miscellaneous Expenditure	1,256,535	2,513,069
Less: Written off	1,256,535	1,256,534
Total	-	1,256,535

SCHEDULE 12 : INCOME FROM OPERATIONS

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Depository Participant (DP) Operations	18,266,318	15,469,822
Training Programmes	695,014	1,243,984
Subscription for Research Publications	43,069	101,233
Annual Subscription from trading members	10,999,727	8,866,000
Admission Fees	16,308,643	19,035,000
Listing Fees	65,550	167,300
Reimbursement of Expenses	3,157,216	4,208,619
Management Services Fee (TDS : Rs. 352,902/-; Previous Year : 381,224/-)	3,000,000	3,000,000
Total	52,535,537	52,091,958

SCHEDULE 13 : OTHER INCOME

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Gross Interest on Bank Deposits (TDS: Rs.4,363,280/-, Previous Year: Rs.5,940,819/-)	38,896,403	32,455,095
Less : Interest earned on Earmarked Funds (net of Income Tax Rs. 5,710,817/-, previous year: Rs.4,060,650/-)	11,106,404	7,885,953
	27,789,999	24,569,142
Dividend from Subsidiary Company	550,000	5,500,000
Interest on short-term loan from subsidiary company	-	157,808
Interest on delayed payments from trading members	429,342	215,742
Rent (TDS : Rs. 312,930/-; Previous Year : 773,327/-)	1,800,000	2,639,957
Miscellaneous Income	1,630,696	449,996
Bad Debts Recovery	91,292	-
Provision no longer required	-	1,263,425
Interest on Income Tax Refund	265,068	-
Total	32,556,397	34,796,070



SCHEDULE 14 : EMPLOYEE COST

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Salaries and allowances (Net of recovery: Rs.1,745,642/-, previous year: Rs.2,663,046/-)	16,470,065	12,607,069
Contribution to Provident and other funds (Net of recovery: Rs.Nil, previous year: Rs.51,048/-)	1,167,966	937,032
Leave Encashment (Compensated Absences) (Includes Rs.603,771/- relating to previous year)	914,780	464,598
Gratuity	278,318	25,326
Staff Welfare (Net of recovery: Rs.43,075/-, previous year: Rs. Nil -/-)	956,789	603,407
Total	19,787,918	14,637,432

SCHEDULE 15 : ADMINISTRATION & OPERATIONAL EXPENSES

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Telephone and Fax	824,005	816,639
Printing and Stationery	1,314,423	1,267,231
DP Operations	4,616,108	4,602,359
Training Expenses	219,440	375,534
Research Expenses	5,300	11,501
Remuneration to Auditors (Refer Note 4 of Schedule 16)	533,942	673,448
Legal and Professional Charges	6,256,583	1,189,375
Power, Fuel & Water Charges	4,106,232	3,859,100
Board / Committee Meeting	710,500	483,258
Rent, Rates and Taxes	2,587,084	2,909,121
Repairs and Maintenance - Leasehold Premises	355,433	330,648
Repairs and Maintenance - Others	1,511,831	1,466,299
Travelling and Conveyance	2,399,439	1,855,927
Postage and Courier	1,725,821	1,865,350
Security	729,300	336,799
Insurance	95,396	124,535
Advertisement and Publicity	646,256	1,650,712
Books, Newspapers and Periodicals	15,682	23,258
Vehicle Maintenance	102,860	148,387
Bank Charges	9,473	36,680
Miscellaneous Expenses	414,534	114,082
Lodging & Boarding Exp	561,393	552,174
Provision for Doubtful Debts	222,180	76,355
Provision for Contingencies	862,925	-
Tax paid	3,287	669,719
Loss on sale of current investment	-	8,260,357
Loss on Sale of Fixed Assets	6,485	15,485
Sebi Fees	100,200	300,200
Bad Debts	71,715	84,125
Interest Paid	5,011	-
Donation to Prime Minister's National Relief Fund	-	100,000
Sundry Balance Write Off	6,896	-
Miscellaneous Expenses write off-Demutualisation Expenses	1,256,535	1,256,534
Total	32,276,269	35,455,192

SCHEDULE 16: 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 year. The differences between actual results and estimates are recognised in the year in which the results are known / materialised.

1.3 Revenue Recognition

Admission fees and annual fees will be treated as income once admission of Trading Member has been approved by Screening committee and Board.

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 exists.

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, Bye-laws and Regulations 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 except in case of Computers Equipments and Computer Software which would be depreciated over 5 years and 3 years respectively.
- ii. Depreciation on assets acquired/purchased during the year is provided on pro-rata basis.
- iii. Leasehold Land and Premises, including improvements, are amortised over the year 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 year 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 the cost or Net realisable value of such investments.



1.8 Employees Benefits :

(a) Provident Fund:

The company's contributions paid and payable during the year towards Provident Fund are made to Regional Provident Fund Commissioner & are charged in Profit & Loss Account every year.

(b) Gratuity:

The company's contributions paid and payable during the year towards Gratuity are made to Gratuity Fund managed by Life Insurance Corporation of India (LIC). The net present value of company's obligation towards gratuity to employees is actuarially determined based on the projected unit credit method. Actuarial gains and losses are immediately recognised in the Profit & Loss Account.

(c) Compensated Absences:

The employees of the company are entitled to compensated absences. The employee can carry forward unutilised accrued compensated absence and utilise it in future years or receive cash compensation at retirement or resignation for the unutilised accrued compensated absences. Such compensated absences are treated as Long term benefit to employees. The net present value of company's obligation towards such Long term compensated absences to employees is actuarially determined based on the projected unit credit method. Actuarial gains and losses are immediately recognised in the Profit & Loss Account.

(d) Other Employee Benefits:

Liability on account of other benefits are determined on an undiscounted basis and recognized over the year of service, which entitles the employees to such benefits.

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 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.

1.11 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.

1.12 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 and 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.

1.13 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment,

depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

1.14 Miscellaneous Expenditure Demutualisation Expenditure

Demutualisation expenditure has been amortised over three years.

2. Capital commitment and Contingent Liabilities not provided for:

2.1 Claims against company not acknowledged as debts of Rs. 1,598,842/- (Previous Year Rs. 1,500,000/-)

Disclosure under Accounting Standard 29:

Provisions, Contingent Liabilities and contingent Assets:

Company has estimated the provision for contingencies against the various claims against the company, for which details are given as under:

Particulars	Opening Balance	Provision made during the year	Adjustment made during the year	Closing Balance
Provision for contingencies	Nil	862,925	Nil	862,925

2.2

Particulars	April 1, 2009 to March 31, 2010 (Rs.)	April 1, 2008 to March 31, 2009 (Rs.)
Estimated amount of contract remaining unexecuted on capital account and not provided for. Advance given Rs. 23,249,247/- (previous year Rs. 10,302,057/-)	29,300,000	12,138,139

3. Remuneration paid to Managing Director (included in Employee Cost under Schedule: 14):

Particulars	April 1, 2009 to March 31, 2010 (Rs.)	April 1, 2008 to March 31, 2009 (Rs.)
Salaries & Allowances*	2,740,046	2,096,291
Contribution to Provident Fund and other Funds	251,478	225,094
Monetary Value of Perquisites	NIL	NIL
Commission	NIL	NIL
Total	2,991,524	2,321,385

* includes Performance Link Bonus for the year ended March 31, 2009 amounting to Rs. 393,736/-

4. Remuneration to Auditors:

Particulars	April 1, 2009 to March 31, 2010 (Rs.)	April 1, 2008 to March 31, 2009 (Rs.)
Audit Fees	333,026	343,914
Tax Audit Fees	77,210	77,210
Certification & Other Expenses	-	122,346
Out of Pocket Expenses	1,867	36,157
To Associate Firm: Taxation related services	121,839	93,821
Total (Net of Service Tax)	533,942	673,448

5. The company has compiled the details of vendors' status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The Company contends that no overdue amounts alongwith interest have been payable to enterprise covered under

MSMED Act and generally payments are made to vendors within the stipulated time/agreed credit terms.

6. 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, Bye-laws and Regulations, have been held as collateral securities, and accordingly, have not been accounted in the books of the Company.
7. 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.100,000/- 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 year refunded an aggregate amount of Rs. 2,367,811/- in cash, excluding bank guarantees / fixed deposit receipts / securities to such trading members.

The Base Minimum Capital is being maintained in the form of cash, bank fixed deposit receipts, approved securities and/or undertakings from the Promoter Exchanges, as permitted by SEBI.
8. During the year, an amount of Rs. 66,160/-, 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 2) and has also been disclosed as deduction from the Depreciation for the year.
9. Sundry Debtors (Schedule 7) include Trading members, listed companies and other sundry debtors from whom an amount of Rs.8,320,461/- is outstanding on account of various charges including DP charges recoverable. Out of this, an amount of Rs.222,180/- (Previous year Rs.76,355/-) has been provided as doubtful debts during the year Marh 31, 2010. The remaining debts are considered good for recovery by the Management in view of the various amounts deposited and collaterals given by the trading members with the Company, which are available for adjustment against the dues, as per the applicable Rules, Bye-laws and Regulations.
10. During the year, the Company has encashed fixed deposits/bank guarantees/securities of defaulters/expelled trading 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, 2010	As on March 31, 2009
Settlement Guarantee Fund	Nil	Nil
Investor Services Fund	Nil	Nil
Total	Nil	Nil

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

i) a) Settlement Guarantee Fund (Registered Trading Members):

Settlement Guarantee Fund	As on March 31, 2010 (Rs.)	As on March 31, 2009 (Rs.)
Settlement Guarantee Fund (including accretions from levy on transactions)	7,360,817	7,295,817
Settlement Stabilisation Fund	13,000,000	13,000,000
Contribution towards Base Minimum Capital (Cash component) from Registered Trading Member's	77,104,855	81,449,141
Interest accrued on above	79,088,709	68,132,777
Total	176,554,381	169,877,735

The balances as on March 31, 2010 in the Settlement Guarantee Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under:

Particulars	As on March 31, 2010 (Rs.)	As on March 31, 2009 (Rs.)
With Bank in Fixed Deposits	176,543,976	175,796,476
With Bank in Current Account	10,405	10,405
Total of Deposits and Bank Balance	176,554,381	175,806,881
Amount outstanding as on March 31, 2010	Nil	Nil
To be transferred to Normal Fund	14,239,818	Nil

b) Settlement Guarantee Fund (pending registration under current liabilities):

Settlement Guarantee Fund	As on March 31, 2010 (Rs.)	As on March 31, 2009 (Rs.)
Contribution towards SGF/ BMC from Trading Members pending registration	5,287,500	6,992,500
Total	5,287,500	6,992,500

c) The balance on account of the non-cash components (**not accounted in the Books, refer Note 6**) of the Settlement Guarantee Fund are as under (certified by the management and relied upon by the auditor):

Non-cash component	As on March 31, 2010 (Rs.)	As on March 31, 2009 (Rs.)
Bank Guarantees from trading members		
- Registered	Nil	100,000
- Unregistered	Nil	Nil
Fixed Deposits under lien		
- Registered	6,449,408	7,842,404
- Unregistered	304,225	104,225
Securities pledged, (at market value)*		
- Registered	18,307,376	13,044,335
- Unregistered	Nil	Nil
Undertakings given by the regional stock exchanges on behalf their trading members		
- Registered	20,600,000	29,100,000
- Unregistered	8,400,000	13,400,000
Total Non-Cash Component		
- Registered	45,356,784	50,086,739
- Unregistered	8,704,225	13,504,225

- The market value of the securities deposited by the trading members towards their Base Minimum and Additional Capital, which form 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 year.

ii) Investor Protection Fund:

Particulars	As on March 31, 2010 (Rs.)	As on March 31, 2009 (Rs.)
(Rs. 950/- (previous year: Rs. 1,700/-) accretion by way of appropriation from the listing fee income and Rs. 13,187/- (previous year Nil) expenses incurred for Investor Awareness, education during the year)	91,101	103,338

The balances as on March 31, 2010 in the Investor Protection Fund are earmarked in accordance with the Rules, Bye-laws and Regulations of the Company as under:

Particulars	As on March 31, 2010 (Rs.)	As on March 31, 2009 (Rs.)
With Bank in Fixed Deposits	Nil	Nil
With Bank in Current Account	91,101	111,254
Total of Deposits and Bank Balance	91,101	111,254
Amount outstanding as on March 31, 2010	Nil	Nil
To be transferred to Normal Fund	21,103	Nil

iii) Investor Services Fund:

Particulars	As on March 31, 2010 (Rs.)	As on March 31, 2009 (Rs.)
(Including Rs. 19,000/- (previous year: Rs. 34,000/-) appropriation from listing fee income during the year, Rs. 111,856/- (previous year: Rs. 109,223/-) accretions by the way of interest on fixed deposit and Rs. 3,857/- (previous year: Nil) towards sale of securities.	2,024,771	1,890,058

The balances as on March 31, 2010 in the Investor Services Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under:

Particulars	As on March 31, 2010 (Rs.)	As on March 31, 2009 (Rs.)
With Bank in Fixed Deposits	2,009,914	1,908,818
With Bank in Current Account	14,857	58,585
Total of Deposits and Bank Balance	2,024,771	1,967,403
Amount outstanding as on March 31, 2010	Nil	Nil
To be transferred to Normal Fund	128,363	Nil

12 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. P. J. Mathew Managing Director	Key Managerial Personnel	India

Transactions with related parties during the year:

(Amount in Rupees)

Sr. No	Nature of Transactions	Subsidiary	Key Management Personnel	Total as on March 31, 2010	Total as on March 31, 2009
1	Rendering of Services (net of Service Tax)	3,000,000	-	3,000,000	3,000,000
2	Finance (Including loans and equity contributions in cash or in kind)				
	- Loans (incl. interest)	Nil	-	Nil	Nil
	- Investment in Equity	Nil	-	Nil	Nil
	- Provision for diminution in value of Investment	Nil	-	Nil	Nil
3	Interest Income	Nil	-	Nil	157,808
4	Remuneration paid to Managing Director	-	2,991,524	2,991,524	2,321,385
5	Amt Outstanding as at March 31, 2010	-	-	-	-
	Loans (incl. interest)	Nil	-	Nil	Nil
	(Maximum outstanding during the year)	Nil	-	Nil	50,000,000
	Investment in Equity	55,000,000	-	55,000,000	55,000,000
	Managerial Remuneration	-	Nil	Nil	Nil
	Recovery of expenditure	2,314,554	-	2,314,554	1,037,208
	Deposit from subsidiary	2,500,000	-	2,500,000	2,500,000
6	Reimbursement of Expenses	5,044,986	-	5,044,986	6,668,629
7	DP Charges	6,072,768	-	6,072,768	5,421,785
8	Rent	1,800,000	-	1,800,000	2,814,200

13. 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 net deferred tax adjustment of Rs. 6,238,468/- adjusted from the profits and loss account.

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

Particulars	As on March 31, 2009 (Rupees)	Adjustment during the year (Rupees)	As on March 31, 2010 (Rupees)
Deferred Tax Liability			
- Depreciation	(9,008,669)	5,713,514*	(3,295,155)
(* Net of prior year adjustment of Rs. 6,235,918/-)			
Total Deferred Tax Liability	(9,008,669)	5,713,514*	(3,295,155)
Deferred Tax Assets			
- Provision for doubtful debts	85,436	75,519	160,955
- Provision for gratuity	77,728	11,989	89,717
- Provision for compensated absence	130,304	144,138	274,442
- Provision for contingency	-	293,308	293,308
Total Deferred Tax Assets	293,468	524,954	818,422
Net Deferred Tax Liabilities	(8,715,201)	6,238,468	(2,476,733)

14. Earnings Per Share:

Sr. No	Particulars	As on March 31, 2010	As on March 31, 2009
1.	Profit After Tax (Rs.)	24,021,833	17,617,677
2.	Number of shares outstanding at the end of the year	1,400,000	1,400,000
3.	Basic and Diluted Earnings Per Share for face value of Rs.1/- each	17.16	12.58

15. Impairment of Assets:

In the opinion of the management there is no impairment of the assets and hence no provision is made for the same.

16. Disclosures under AS 15 Employee Benefits:

i) The following table sets out the status of the defined benefit Gratuity Plan as required under AS 15:

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Present Value of Funded Obligations	1,060,838	737,558
Fair Value of Plan Assets	(796,886)	(508,879)
Present Value of Unfunded Obligations	0	0
Unrecognised Past Service Cost	0	0
Amount not Recognised as an Asset (limit in Para 59(b))	0	0
Net Liability	263,952	228,679
Amount in Balance Sheet		
Liability	263,952	228,679
Assets	0	0
Net Liability	263,952	228,679

(Amount Rs.)

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Current Service Cost	274,121	354,080
Interest on Defined Benefit Obligation	79,771	114,460
Expected Return on Plan Assets	(56,296)	(41,983)
Net Actuarial Losses / (Gains) Recognised in Year	(38,647)	(602,797)
Past Service Cost	0	0
Losses / (Gains) on " Curtailments & Settlements"	0	0
Losses / (Gains) on " Acquisition / Divestiture"	0	0
Effect of the limit in Para 59(b)	0	0
Total, Included in "Employee Benefit Expense"	(258,949)	(176,240)
Actual Return on Plan Assets	64,331	34,619

(Amount Rs.)

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	737,558	1,089,987
Current Service Cost	274,121	354,080
Interest Cost	79,771	114,460
Actuarial Losses / (Gain)	(30,612)	(610,161)
Past Service Cost	0	0
Actuarial Losses/ (Gain) due to Curtailment	0	0
Liabilities Extinguished on Settlements	0	0
Liabilities Assumed on Acquisition/ (Settled on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	0	(210,808)
Closing Defined Benefit Obligation	1,060,838	737,558
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	508,879	273,092
Expected Return on Plan Assets	56,296	41,983
Actuarial Gain/ (Losses)	8,035	(7,364)
Assets Distributed on Settlements	0	0
Contribution by Employer	223,676	411,976
Assets Acquired on Acquisition / (Distributed on Divestiture)	0	(489,025)
Exchange Difference on Foreign Plans	0	0
Benefits Paid	0	0
Closing Fair Value of Plan Assets	796,886	508,879
Expected Employer's Contribution Next Year	500,000	500,000

Category of Assets (% Allocation)	Year ended 31 March 2010 (Amount Rs.)	Year ended 31 March 2010 (%)	Year ended 31 March 2009 (%)
Government of India Securities	0	0%	0%
Corporate Bonds	0	0%	0%
Special Deposit Scheme	0	0%	0%
Equity Shares of Listed Companies	0	0%	0%
Property	0	0%	0%
Insurer Managed Funds	796,886	100%	100%
Others	0	0%	0%
Grand Total	796,886	100%	100%



Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Discount Rate (p.a.)	8.30%	7.95%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.)	7.00%	7.00%

(ii) Other Long term Employee Benefits:

Amount of Rs.914,780/- (includes Rs. 603,771/- relating to previous year) is recognised as an expense towards Other Long term Employee Benefits-Compensated Absences (Leave Encashment) included under the Schedule-14: 'Employee Cost' in profit and loss account.

17. Previous year figures have been regrouped wherever necessary.

Signatures to Schedules 1 to 17

For and on behalf of Board of Directors

As per our attached Report of even date

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

Sd/-
K. Rajendran Nair
Chairman

Sd/-
P. J. Mathew
Managing Director

Sd/-
(Hiren Shah)
Partner
Membership No 100052

Sd/-
Milind Nigam
Company Secretary

Place: Mumbai
Date: August 13, 2010

Place: Mumbai
Date: August 13, 2010

Inter-connected Stock Exchange of India Ltd.

Cash Flow Statement for the year ended March 31, 2010

	2009-10		2008-09	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
A. Cash Flow from Operating activities				
Net Profit before tax		30,401,047		34,234,363
Adjustment for :				
Interest on Bank Fixed Deposits	(27,789,999)		(24,569,142)	
Interest on Loan from Subsidiary	-		(157,808)	
Dividend received from Subsidiary	(550,000)		(5,500,000)	
Interest on Income Tax refund	(265,068)		-	
Provision for Doubtful Debts	222,180		76,355	
Miscellaneous expenditure -Demutalisation Expenditure	1,256,535		1,256,534	
Loss on sale of Assets	6,485		15,485	
Loss on sale / revaluation of Investments	-		8,260,357	
Depreciation	2,626,700		2,561,041	
		(24,493,167)		(18,057,178)
Operating Profits before working capital changes:		5,907,880		16,177,185
Adjustments for:				
(Increase)/Decrease in Sundry debtors and Other Receivable	(5,299,520)		576,475	
Increase/(Decrease) in Sundry Creditors and Other Liabilities	(13,072,804)		(38,327,638)	
Staff Advances	40,606		232,022	
		(18,331,718)		(37,519,140)
Cash generated from operation		(12,423,838)		(21,341,955)
Direct taxes paid (includes fringe benefit tax) net of income tax refund	(17,111,379)		(11,868,044)	
Total taxes paid		(17,111,379)		(11,868,044)
Net Cash from Operating Activities (A)		(29,535,217)		(33,209,999)
B. Cash Flow From investing Activities				
Fixed Deposits Interest earned	27,789,999		24,569,142	
Interest from Subsidiary Company	-		157,808	
Loan to Subsidiary Company	-		(50,000,000)	
Loan repaid by Subsidiary Company	-		50,000,000	
Dividend from Subsidiary Company	550,000		5,500,000	
Purchase of Fixed Assets including Capital work in Process	(15,790,224)		(11,421,625)	
Sale of Assets	32,881		19,000	
Sale of Investment (Mutual Fund)	-		7,305,218	
Net Cash (used in) from Investing Activities (B)		12,582,656		26,129,543

	2009-10		2008-09	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
C. Cash Flow from financing activities				
Dividend of 2008-2009 paid	(2,800,000)		(1,400,000)	
Tax on Dividend of 2008-2009 paid	(382,387)		(237,930)	
Amount received in Settlement Guarantee Fund and interest earned thereon	11,020,932		21,536,728	
Amount received in Investor Protection Fund	(12,237)		1,700	
Amount received in Investor Service Fund and interest earned thereon	134,713		143,223	
Net Cash (Used In) / from financial activities (C)		7,961,021		20,043,721
Net (decrease)/Increase in cash and cash equivalents (A+B+C)		(8,991,540)		12,963,265
Cash and cash equivalents at the beginning of the year		428,056,380		415,093,115
Cash and cash equivalents at the end of the period March 31, 2010		419,064,840		428,056,380

Notes : 1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard-3 issued by the Institute of Chartered Accounting of India.
2. For notes to accounts and significant accounting Policies refer Schedule '16'

For and on behalf of Board of Directors

As per our attached Report of even date

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

Sd/-
K. Rajendran Nair
Chairman

Sd/-
P. J. Mathew
Managing Director

Sd/-
(Hiren Shah)
Partner
Membership No 100052

Sd/-
Milind Nigam
Company Secretary

Place: Mumbai
Date: August 13, 2010

Place: Mumbai
Date: August 13, 2010



Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Company's Interest in Subsidiary Companies for the financial year 2009-10

	Name of the Subsidiary Company	ISE Securities & Services Ltd
1.	The Financial year of the Subsidiary Companies ended on	March 31, 2010
2.	Date from which they became Subsidiary Companies	January 18, 2000
3.	a) Number of shares held by Inter-connected Stock Exchange Ltd. with its nominee in the subsidiaries at the end of the financial year of the Subsidiary Companies	55,00,000 equity shares of Rs.10/- each fully paid up
	b) Extent of Interest of Holding Company at the end of the financial year of the Subsidiary Companies	99.99% (0.01% of the shares are held by the nominees of the holding company)
4.	The net aggregate amount of the Subsidiary Companies Profit/(Loss) so far it is concerns the members of the Holding Company	
	a) Not dealt with in the Holding Company's accounts :	
	i) For the financial year ended 31st March, 2010	Rs 1,81,29,375
	ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries.	Rs 10,166,513
	b) Dealt with in the Holding Company's accounts:	
	i) For the financial year ended 31st March, 2010	N.A.
	ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	N.A.

NOTE

The audited financials of ISE Securities & Services Ltd (Subsidiary Company) have been received for the year ended 31st March, 2010. Further the transaction is not material for the Group as a whole, and hence the accounts have not been consolidated.

For and on behalf of Board of Directors

Sd/-
K. Rajendran Nair
Chairman

Sd/-
P. J. Mathew
Managing Director

Place: Mumbai
Date: August 13, 2010

Sd/-
Milind Nigam
Company Secretary



Inter-connected Stock Exchange of India Ltd.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.:	U 67120 MH 2005 PLC 157556	State Code:	11
Balance Sheet Date:	31.03.2010		

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	5,82,412	Total Assets	5,82,412
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SOURCES OF FUNDS

Paid up Capital	1,400		
Deferred Tax Liability (Net)	2,477	Reserves & Surplus	4,35,920
Secured Loan	NIL	Unsecured Loan	NIL

APPLICATION OF FUNDS

Net Fixed Assets	60,510	Investments	55,000
Net Current Assets	3,24,287	Misc. Expenditure	NIL
Accumulated Losses	NIL		

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

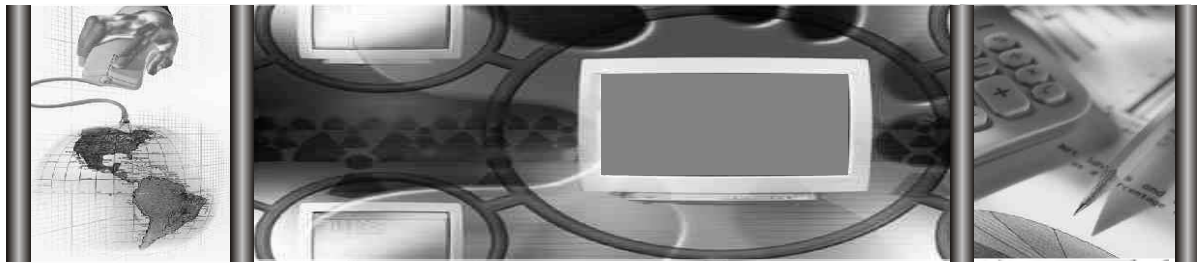
Turnover	85,092	Total Expenditure	54,691
Profit/ (Loss) before Tax	30,401	Profit/ (Loss) after Tax	24,022
Earnings per share	17.16	Dividend Rate	300%

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

Item Code No.	NIL
Product Description	NA



ELEVENTH ANNUAL REPORT 2009-10



ISE Securities & Services Limited

(Wholly-owned subsidiary of ISE)

CONTENTS

Particulars	Page No.
Corporate Information	51
Performance at a Glance	53
Directors' Report	54
Auditors' Report (for the period April 1, 2009 to March 31, 2010)	63
Balance Sheet (as at March 31, 2010)	66
Profit & Loss Account (for the period April 1, 2009 to March 31, 2010)	67
Schedule forming part of the Accounts (for the period April 1, 2009 to March 31, 2010)	68
Abstract	82

content

CORPORATE INFORMATION

BOARD OF DIRECTORS

PUBLIC REPRESENTATIVE DIRECTORS

Shri Wahidul Hasan
Shri Manubhai K. Parekh
Shri George Joseph

SHAREHOLDER REPRESENTATIVE DIRECTORS

Shri Cyriac Thomas
Shri C. A. Venkatesan

NOMINEE DIRECTOR OF ISE

Shri P. J. Mathew

AUDIT COMMITTEE

Shri Manubhai K. Parekh

Public Representative Director, Chairman of the committee

Shri Wahidul Hasan,

Public Representative Director

Shri George Joseph,

Public Representative Director

Shri C. A. Venkatesan,

Shareholder Representative Director

Shri P. J. Mathew,

Designated Director

(Nominee of Inter-connected Stock Exchange of India Limited)

CEO & WHOLE TIME DIRECTOR

Shri Sivaraman K. M.

SECRETARIAL AND LEGAL

Smt. Manisha Thakur
Company Secretary & Compliance Officer

STATUTORY AUDITORS

M/s. A. J. Shah & Co.,
Chartered Accountants

INTERNAL AUDITORS

M/s. Haribhakti & Co., Chartered Accountants

BANKERS

HDFC Bank Limited
ICICI Bank Limited
Axis Bank Limited
IDBI Bank Limited
State Bank of India

Corporation Bank
Vijaya Bank
Citibank N.A.
South Indian Bank Limited

REGISTERED OFFICE

International Infotech Park
Tower No. 7, 5th Floor
Sector - 30, Vashi
Navi Mumbai - 400703.



PERFORMANCE AT A GLANCE

(all figures in ₹ lakh)

Particulars	Financial Performance				
	09-10	08-09	07-08	06-07	05-06
Income					
Net Operational Income	368.98	294.41	462.25	355.47	333.08
Interest	496.95	431.41	309.96	187.66	169.97
Interest on Income Tax Refund	-	-	-	-	0.43
Networking Recoveries	86.15	91.20	91.48	121.55	101.09
Annual Fees	24.45	22.40	24.90	15.89	21.14
Other Income	83.11	79.80	74.01	57.66	58.91
Total Income	1059.66	919.22	962.60	738.24	684.62
Expenditure					
Administration & Operations Cost	315.42	361.62	344.15	281.16	240.71
Networking Cost	146.22	162.12	148.86	137.28	138.74
Employee Cost	162.12	155.04	176.55	143.61	89.70
Finance Cost	3.54	11.18	15.26	18.98	7.24
Rent to ISE	-	-	-	-	-
Re-imburement of Exps for ISE assets used	-	-	-	-	-
Others	1.92	-	1.10	0.38	0.11
Depreciation / Amortisation	152.25	62.91	80.63	83.63	94.19
Preliminary Expenses written-off	-	-	-	-	-
Expenses on Proposed Projects	-	-	-	-	-
Contingency Expenses	-	-	-	-	-
Total Expenditure	781.49	752.88	766.55	665.06	570.69
Profit / (Loss) before Taxation	278.16	166.34	196.04	73.19	113.93
Provision for : Current Tax	(130.00)	(87.00)	(101.06)	(28.50)	(2.79)
: Deferred Tax Expenses)/Savings	33.12	22.32	30.43	0.01	(35.17)
Net Profit / (Loss) after Taxation	181.29	101.66	125.42	44.70	75.97
Capital Structure					
Share Capital	550.00	550.00	550.00	550.00	550.00
Reserves & Surplus	486.09	349.84	280.34	193.54	196.52
Net Fixed Assets	148.77	251.81	297.93	347.52	352.27
Investments	67.10	67.10	67.10	67.10	67.10
Net Current Assets	808.79	602.62	643.97	970.22	462.05
Networth	1036.09	921.53	830.34	743.54	746.52
Earning per share (Rupees)	3.30	1.85	2.25	0.81	1.38

Director's Report 2009-10

The Board of Directors of ISE Securities & Services Limited (ISS) are pleased to present the Eleventh Annual Report for the year ended March 31, 2010, together with the Auditors' Report and Audited Accounts for the Financial Year 200910.

FINANCIAL PERFORMANCE

In the Financial year 2009-10 the Company has posted net profit of Rs.181.29 Lakhs. The company earned a total income of Rs.1059.66 lakhs during the year, compared to Rs. 919.22 lakhs during the previous year. Expenditure before depreciation, interest and tax during the year 2009-10 stood at Rs. 625.69 lakhs, compared to Rs. 678.78 lakhs during the preceding year. The other income earned during the year 2009-10 was Rs.83.11 lakhs, compared to Rs. 79.80 lakhs for the previous year. After considering interest, finance charges and depreciation, the increase of income over expenditure for the year 2009-10 was Rs.278.16 lakhs as compared to Rs. 166.34 lakhs for the previous year.

During the Financial year 2009-10 Rs.10 Lakhs is transferred to Reserves (Previous Year Rs.40 Lakhs).

The comparative picture of the financials of the Company for the last five years is presented in the table below:

While income increased, the expenditure also reduced from Rs 678.78 lakhs to Rs.625.69 lakhs. The profit increased from Rs. 166.34 lakh to Rs. 278.16 lakh.

Comparative Financial Performance					(₹ in lakh)
Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Brokerage	368.98	294.41	462.25	355.48	333.08
Other Income	690.67	624.81	500.35	382.76	351.53
Expenditure before Depreciation, Interest and Tax	625.69	678.78	670.66	562.45	469.25
Profit before Depreciation, Interest and Tax	433.96	240.43	291.94	175.79	215.36
Interest and Finance Charges	3.54	11.18	15.26	18.98	7.24
Depreciation	152.25	62.91	80.63	83.62	94.19
Profit/(Loss) before Tax	278.16	166.34	196.05	73.19	113.93
Provision for Tax	(130.00)	(87.00)	(101.06)	(28.50)	(2.79)
: Deferred Tax Expenses)/Savings	33.12	22.32	30.43	0.01	(35.17)
Profit/(Loss) after Tax	181.29	101.66	125.42	44.70	75.97
Interim Dividend	-	22.00	-	-	-
Proposed Dividend	38.50	5.50	33.00	-	27.50

DIVIDEND

The Board of Directors at their meeting held on 6th August, 2010 recommended payment of dividend, for the year ended March 31, 2010, of 7% on 55,00,000 equity shares of Rs. 10/- each subject to approval of the shareholders.

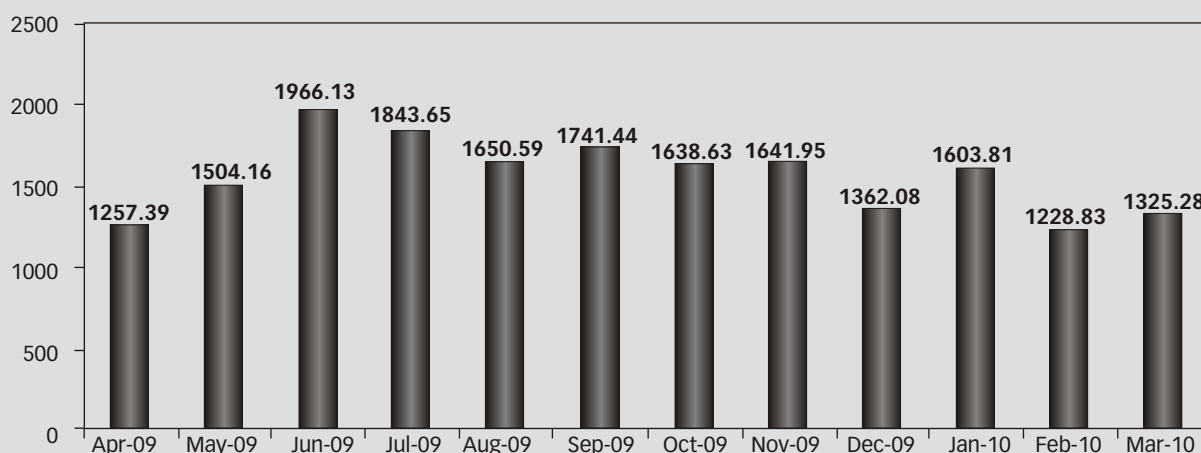
OPERATIONAL HIGHLIGHTS

During the year 2009-10, the Company recorded a turnover of Rs. 18,763 crores in the NSE capital market (CM) segment and Rs. 18,935 crores in the NSE futures & options (F&O) segment, aggregating to Rs. 37,698 crores. The corresponding figures for the preceding year were Rs. 14,234 crores in the CM segment and Rs. 15,738 crores in the F&O segment, i.e. a total of Rs. 29,972 crores. During the year 2009-10, turnover of Rs. 8,026 crores was recorded in BSE Equities segment. The corresponding figure for the preceding year was Rs. 5,222 crores. The turnover of NSE CM segment, NSE F&O segment and BSE Equities segment taken together was recorded at Rs.45,725 crores during the year 2009-10. The corresponding figure for the preceding year was Rs. 35,195 crores.

The month-wise statistics of the Company for the financial year in the Capital Market and Equity Derivatives (F&O) segments of NSE and Equities Segment of BSE are given below and the same are also represented below diagrammatically:

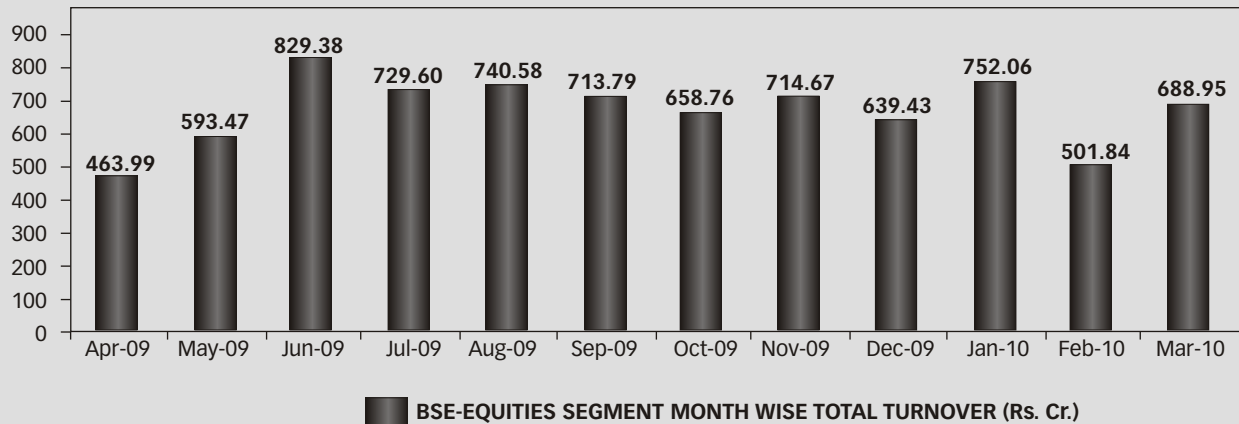
Month	NSE Capital Market, Futures & Options segments and BSE Equities segment						
	Total Turnover (Rs. Cr.)				Active Intermediaries		
	NSE Capital Market	BSE Equities	NSE Futures & Options	Total	NSE Capital Market	BSE Equities	NSE Futures & Options
April-2009	1257.39	463.99	1033.91	2755.29	204	186	93
May	1504.16	593.47	1430.59	3528.22	205	194	92
June	1966.13	829.38	1761.61	4557.12	205	195	99
July	1843.65	729.60	1392.99	3966.24	211	191	99
August	1650.59	740.58	1552.72	3943.89	210	194	96
September	1741.44	713.79	1883.27	4338.50	206	226	97
October	1638.63	658.76	1908.85	4206.24	210	196	105
November	1641.95	714.67	1638.94	3995.56	209	193	104
December	1362.08	639.43	1802.45	3803.96	216	192	103
January -2010	1603.81	752.06	2183.82	4539.69	217	188	104
February	1228.83	501.84	1356.44	3087.11	213	185	101
March	1325.28	688.95	989.94	3004.17	215	187	101
Total 2009-10	18763.94	8026.52	18935.53	45725.99			
Total 2008-09	14234.57	5222.98	15738.12	35195.67			
Total 2007-08	20332.64	7923.24	27726.24	55982.12			

ISS Turnover on NSE (Capital Market Segment)

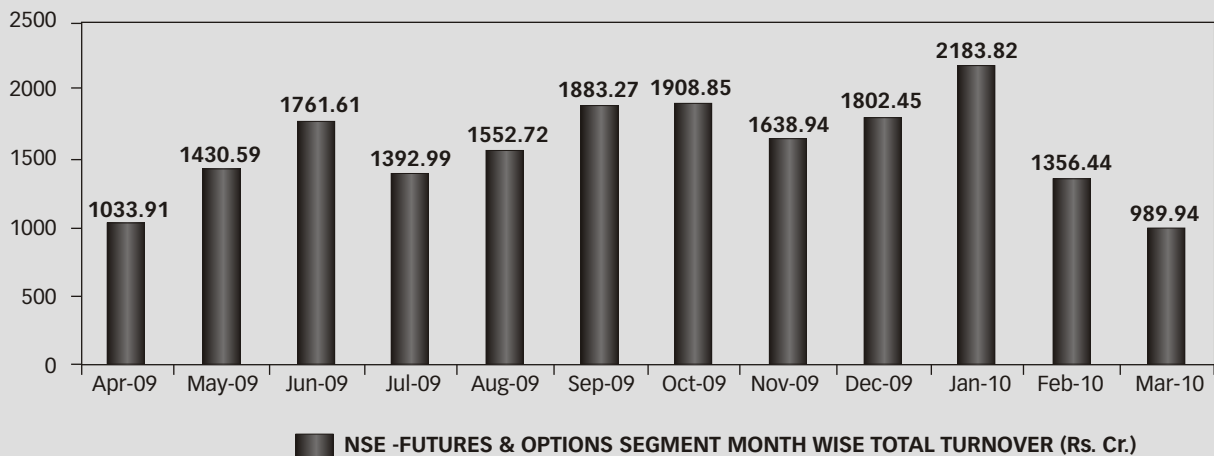


■ NSE-CAPITAL MARKET SEGMENT MONTH WISE TOTAL TURNOVER (Rs. Cr.)

ISS Turnover on BSE (Equities Segment)



ISS Turnover NSE (Futures & Options Segment)



TECHNOLOGY AND SYSTEMS

The Company has integrated back-office software for carrying out the share accounting, securities handling and funds handling functions. The company has purchased new back-office software named as SPARC, developed by Geojit Technologies Pvt. Ltd., which will provide better speed, strong internal controls, and integrated risk management across segments.

The Company uses cutting edge networking technologies, which has helped us to improve the efficiency of the network and is cost effective. The Company uses Fort iGATE firewall, which is the latest technology in network security system. All web-based servers and network are secured from external attacks through this firewall. Centralized anti-virus and anti-spam has been installed during the year. The Company has purchased and installed high end IBM servers for providing smooth functioning of the Back-office software and the Trading System. We have implemented PSEC-VPN for providing faster broadcast to Sub-brokers.

In order to provide reliable and speedy connectivity to intermediaries, the Company has decentralized its trading activities at Coimbatore and Kolkata.

The Company has introduced Internet trading facility for both, clients as well as sub-brokers using the software provided by BSE and NSE called "FASTRADE" and "NOW".

The Company endeavors to constantly upgrade its software and hardware to provide better services to the clients.

NEW LAUNCHES IN 2009-10

The Company has registered itself in Currency Derivatives segment of NSE and MCX-SX and operations under these segments will begin shortly. Company has also registered with AMFI (Association of Mutual Funds in India) as Mutual Fund Advisor and very soon will undertake the activity of distributing mutual fund schemes through Stock Exchange trading platform of BSE and NSE. Documentation for

obtaining trading membership of Currency Derivatives segment of United Stock Exchange of India Ltd. (USE) is under process.

OPERATIONS OF THE COMPANY

The status of registration of sub-brokers of the Company is as given in the following table.

PARTICULARS	NSE	BSE
No. of sub-brokers registered in ISS as on 31.03.2009. (includes Resignation of previous year)	502	307
Fresh Registrations	15	22
Resignations upto 31.03.2010	25	12
Position as on 31.03.2010	492	317
Change (+/-)	-10	10

The status of applications pending for registration as sub-brokers and authorized persons at various stages is given below for all the segments.

Pending application status for sub-broker registration as on July 24, 2010

Sr. No.	Particulars	No. of applications pending		
		NSE (Capital Market Segment)	BSE (Equities Segment)	NSE (F & O Segment)
1.	Documents pending from sub-broker applicants	NIL	01	04
2.	Applications under process by ISS (received recently)	NIL	NIL	NIL
3.	Applications pending at NSE	03	-	NIL
4.	Applications pending at BSE	-	06	-
5.	Applications pending at SEBI	04	03	-
	Total	07	10	04

The distribution of intermediaries across the different geographical regions of the country as on March 31, 2010 is as given below.

Geographical distribution of Registered Intermediaries					
Sr. No.	Region	States	Trading Members		Authorised Persons (NSE F&O)
			NSE	BSE	
1.	West	Goa, Gujarat, Maharashtra	196	115	84
2.	North	Haryana, Jammu & Kashmir, Delhi, Punjab, Rajasthan, Uttaranchal and Uttarpradesh	82	54	25
3.	East	Assam, Bihar, Jharkhand, Orissa and West Bengal	144	110	49
4.	South	Andhra Pradesh, Karnataka, Kerala and Tamilnadu	50	24	24
5.	Central	Chattisgarh and Madhya Pradesh	20	14	9
		TOTAL	492	317	191

OUTLOOK FOR THE YEAR 2010-11

The outlook for the future is promising. The current back-office software will be shortly replaced by new software named "SPARC", developed by Geojit Technologies Pvt. Ltd., in order to provide better services and access to its clients and sub-brokers and to improve internal controls.

The Directors of the company have emphasized the need to provide better services to the clients and sub-brokers. They are, therefore, closely monitoring the process of redressing investor grievance in order to ensure that all complaints are resolved speedily and effectively. In addition to the existing activities of securities trading, clearing and settlement, the Company proposes to exploit opportunities offered by the dynamic Indian Capital Market. The Company shall commence operations in Currency Derivatives segment of NSE and MCX-SX soon. Also it will be undertaking activity of Mutual Fund Distribution as a registered Mutual Fund Advisor through

exchange platform provided by NSE & BSE. The Company has also applied to United Stock Exchange (USE) for Trading Membership in Currency Derivatives segment.

OFFICE INFRASTRUCTURE

Registered office of the company is located at International Infotech Park, Tower No. 7, 5th Floor, Sector 30, Vashi, Navi Mumbai 400 703 and back office operations are carried from premises taken on rent which is located at F-102, International Infotech Park, Vashi. Apart from the Head office located at Vashi, decentralized support is provided to the intermediaries through Branch Offices located at Delhi, Kolkata, Nagpur, Coimbatore, Hyderabad, Manglore, Gauhati and Patna.

The present premises is not adequate for the operational requirements of the company hence it is proposed to purchase office premises at Navi Mumbai. The property purchase shall be partially funded through available resources and the balance would be sourced through a Bank Loan. The borrowing shall be secured by fixed and floating assets of the company, approval of the Members, in this regard, has been sought at the forthcoming AGM.

COMPLAINTS REDRESSAL, ARBITRATION AND LEGAL CASES

The client's / sub-broker's grievance handling mechanism has been streamlined and mitigated in a time bound manner so as to facilitate speedy resolution of complaints. Unresolved complaints are escalated to respective Heads of Department, CEO and if necessary to the MD of the Parent Exchange until the complaint is resolved. The Board of Directors of the company as well as the Parent Exchange review the unresolved complaints at every Board Meeting.

The complaints received are categorized and analyzed to identify and mitigate the cause of complaint. Wherever any policy change is required it is brought to the notice of the management for further directions.

SHARE CAPITAL

The present Shareholding pattern of your company is as follows:

Sr. No.	Shareholder's Name	Number of shares held	Face value per share (Rs.)	Amt Paid up (Rs.)	% of total
1	M/s Inter- connected Stock Exchange of India Limited	54,99,990	10	5,49,99,900	99.999818
2	Shri Dhanendra Kumar Gupta (Nominiee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
3	Shri Jayakrishna Padiyar (Nominiee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
4	Shri Krishna Wagle (Nominiee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
5	Ms. Sheenamol Varghese (Nominiee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
6	Shri Milind Nigam (Nominiee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
7	Shri P. J. Mathew (Nominiee of Inter- connected Stock Exchange of India Limited)	3	10	30	0.000056
8	Shri Gopal Krishna Singh (Nominiee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
9	Shri K. Rajendran Nair (Nominiee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
	TOTAL	55,00,000	10	5,50,00,000	100.000000



CHANGES IN THE BOARD OF DIRECTORS

The Board of Directors as on the date of this Report consist of:

Sr. No.	Name of the Director	Status	Date of Appointment / Re-appointment
1.	Shri Manubhai K. Parekh	Public Representative Director	October 21, 2008
2.	Shri Wahidul Hasan	Public Representative Director	October 21, 2008
3.	Shri George Joseph	Public Representative Director	October 21, 2008
4.	Shri C. A. Venkatesan	Shareholder Representative Director	September 04, 2009
5.	Shri Cyriac Thomas	Shareholder Representative Director	October 21, 2008
6.	Shri P. J. Mathew	Director [Nominee of Inter-connected Stock Exchange of India Limited (ISE)]	October 17, 2007
7.	Shri Sivaraman K. M.	Chief Executive Officer / Whole Time Director	January 29, 2010

Shri Vivekananda Pattanayak ceased to be a director with effect from September 04, 2009 upon completion of two consecutive terms as Shareholder Representative Director of the company. Shri Rohit Kumar Mangla, Chief Executive Officer and Director, resigned from the company with effect from July 13, 2009.

This year the status of Directors liable to retire by rotation is as follows :

- Shri P.J. Mathew, Managing Director / Nominee of Parent Exchange and Shri Sivaraman K.M., Whole-time Director, are not liable to retire by rotation.
- Shri Wahidul Hasan, Shri Manubhai Parekh and Shri George Joseph, Public Representative Directors were appointed by SEBI and are hence not liable to retire by rotation.
- 1/3 of the directors, except the foregoing, are eligible to retire by rotation. Accordingly one director will have to retire among the Shareholder Representative Directors. Among the Shareholder Representative Directors, Shri Cyriac Thomas held office since October 21, 2008, while Shri C.A. Venkatesan was appointed on 4th September, 2009. Shri Cyriac Thomas held office for a longer term; hence he shall retire by rotation at the ensuing AGM.

During the period under review, the following Board Meetings were held:

Board Meeting No.	Date
81	April 29, 2009
82	June 17, 2009
83	July 10, 2009
84	July 18, 2009
85	September 04, 2009
86	September 30, 2009
87	November 20, 2009
88	December 16, 2009
89	January 29, 2010
90	March 11, 2010
91	June 23, 2010

DETAILS OF ATTENDANCE OF THE DIRECTORS IN THE BOARD MEETINGS

During the period April 01, 2009 to July 24, 2010, the Board of Directors met 11 times. The attendance record of the Directors at each Board Meeting and the last Annual General Meeting held on September 04, 2009 is given below:

Sr. No.	Name of Director and Status	No. of Board Meetings held during their tenure	No. of Board Meetings attended	Status at 10th AGM
1.	Shri Manubhai K. Parekh <i>Public Representative Director</i>	11	10	Present
2.	Shri Wahidul Hasan <i>Public Representative Director</i>	11	10	Present
3.	Shri George Joseph <i>Public Representative Director</i>	11	10	Absent
4.	Shri Vivekananda Pattanayak <i>Shareholder Representative Director</i>	5	1	Present
5.	Shri C. A. Venkatesan <i>Shareholder Representative Director</i>	7	7	N.A.
6.	Shri Cyriac Thomas <i>Shareholder Representative Director</i>	11	11	Present
7.	Shri P. J. Mathew <i>Director</i>	11	11	Present
8.	Sivaraman K. M., <i>Chief Executive Officer / Whole Time Director</i>	3	3	N.A.
9.	Shri Rohit Kumar Mangla <i>Chief Executive Officer / Director</i>	3	3	N.A.

GENERAL BODY MEETINGS

Location and dates of the last three Annual General Meetings (AGMs):

The last three Annual General Meetings i.e. 8th, 9th and 10th Meetings of the Company were held on the following dates

8th AGM: June 28, 2007 (at the Registered Office of the Company)

9th AGM: September 02, 2008 (at the Registered Office of the Company)

10th AGM: September 04, 2009 (at the Registered Office of the Company)

Extra-ordinary General Meetings (EGMs):

There were no Extra-ordinary General Meetings held during the period under review.

AUDIT COMMITTEE

The Audit Committee was first constituted in October 2002. On account of appointment of Shri C. A. Venkatesan, new Shareholder Representative Director, the Audit Committee was reconstituted at 85th Board Meeting held on September 04, 2009. The present members of the Committee are Shri Manubhai K. Parekh (Chairman of the Committee), Shri Wahidul Hasan, Shri George Joseph, Shri C. A. Venkatesan and Shri P. J. Mathew. The role, powers and functions of the Audit Committee are as stated below:

- Monitor the internal controls to ensure the integrity of the financial performance reported to the shareholders.
- Provide by way of regular meetings, a line of communication between the Board and the Statutory & Internal Auditors.
- Consider the appointment of the Statutory and Internal Auditors.
- Review the interim and full year financial statements before recommending them to the Board.
- Review reports of the Internal Auditors and management's responses thereto.
- Review the Company's financial control systems, in particular, the procedures for identifying business risks (including financial

risks) and controlling their financial impact on the Company.

- Review the Company's policies for ensuring compliance with the relevant regulatory / legal requirements and the operational effectiveness of the policies and procedures.

During the period April 01, 2009 to July 24, 2010, the Audit Committee met 5 times i.e. on June 17, 2009, July 17, 2009, November 20, 2009, March 11, 2010 and June 23, 2010. The attendance record of the members of the Audit Committee is given below:

Sr. No.	Name of the Member	No. of Meetings of Audit Committee held during their tenure	No. of Meetings of Audit Committee attended
1.	Shri Manubhai K. Parekh	5	5
2.	Shri Wahidul Hasan	5	4
3.	Shri George Joseph	5	5
4.	Shri C. A. Venkatesan	3	3
5.	Shri Cyriac Thomas	2	2
6.	Shri P. J. Mathew	5	5

AUDITORS

M/s. A. J. Shah & Co., Chartered Accountants, were appointed by the Members in the Tenth Annual General Meeting as Statutory Auditors to hold office from the conclusion of the Tenth Annual General Meeting till the conclusion of the forthcoming (Eleventh) Annual General Meeting.

The qualification in the Auditors' Report for the year ended March 31, 2010 is as follows:

As stated in para 15 in Schedule 16 Significant Accounting Policies and the Other Notes forming parts of accounts, Sundry Debtors balances, unadjusted items in bank reconciliation, Client Obligations and balance in the Dividend Client Account, Deposits are subject to confirmation and reconciliation. Necessary effects if any, will be given upon completion of the reconciliation. In view of that the effect is not ascertainable, we are unable to comment on the effect of the same on the present financial statements.

The Board of Directors took note of all the observations of the Auditor in their Report and Annexure thereto for the year ended March 31, 2010. Their directions in this regard are given below:

1. As on date reconciliation is being carried out daily through a partially automated process. Reconciliation is expected to be automated during the year though the new back-office software "SPARC". As on the date of the Annual Report, all Sundry Debtors balances, unadjusted items in bank reconciliation, Client Obligations and balance in the Dividend Client Account, Deposits have been reconciled. The unadjusted items in the Bank Reconciliation will be posted before September 30, 2010.
2. The Board of Directors shall closely monitor the progress with regard to the observations of the Auditor and shall ensure that the company further strengthens its Internal Controls.

M/s. Haribhakti & Co., Internal Auditors of the Company, have been submitting half yearly reports on the functioning of the Company, which are placed before the Audit Committee and the Board. Recommendations / suggestions made by the Internal Auditors to streamline the administrative processes are taken up for implementation.

INTERNAL CONTROL SYSTEMS AND ADEQUACIES

Your Company has set up internal control systems commensurate with the size and nature of business. These systems ensure optimum use of resources and compliance with multiple regulatory authorities. Your Company is also being guided by the internal auditors and the Audit Committee in constantly upgrading the control procedures and systems. The Audit Committee also reviews the adequacy of the internal control procedures.

STATUTORY DISCLOSURE OF PARTICULARS

The disclosure requirement in terms of Section 217(1)(e) of the Companies Act, 1956, read with 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 the Company and therefore, no details are required to be given.

CORPORATE GOVERNANCE

The Company is committed to follow good corporate governance practices. The Chairman, other Directors, and the staff working for the Company, are committed to serving the cause of the intermediaries, investors, and the public at large with the highest level of efficiency.



All policies and strategic initiatives undertaken by ISS aptly reflect this commitment.

The disclosure specified under Schedule XIII of the Companies Act, 1956 regarding the remuneration and perquisites payable to Shri Sivaraman K. M. are given below:

Amount in Rs.

CTC Calculations of remuneration for Shri. Sivaraman K. M.		
(Scale: Rs.75,000/- - Rs.6,000/- - Rs.1,05,000/-)		
Basic		87,000/-
House Rent Allowance	@ 20% of the Basic Salary per month	17,400/-
Transportation Allowance	@ 4.17% of the Basic Salary per month	3,625/-
Medical Re-imburement	@ 4.17% of the Basic Salary per month	3,625/-
Gross Monthly		1,11,650/-
Gross Yearly		13,39,800/-
Provident Fund	@ 12% of the Basic Salary	1,25,280/-
Gratuity / Ex-gratia	@ half months' Basic Salary for each completed year of service	43,500/-
CTC		15,08,580/-
Variable salary:		
Fixed Performance Linked Bonus (payable half yearly)		3,41,420/-
		18,50,000/-

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and no material departure have been made from the same;
2. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true a fair view of the state of affairs of the Company as at March 31, 2010 and Profit & Loss Account for the year ended March 31, 2010;
3. 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 the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

Your Company has been able to operate efficiently because of the culture of professionalism and continuous improvement in all functions in order to ensure optimal utilization of resources.

Your Company sincerely acknowledges the support and co-operation extended by SEBI, which has played a pro-active role throughout. The Company also wishes to place on record its deep sense of gratitude to NSE and BSE for their unstinted support at all times.

The Directors gratefully acknowledge the continued support provided by the Parent Stock Exchange in conducting the affairs of the Company.

The Board wishes to place on record its appreciation for the excellent services rendered by Shri Vivekananda Pattanayak who served as Shareholder Representative Director of the company from April 26, 2007 till September 04, 2009.

The Directors also wish to place on record their sincere appreciation of the significant contributions made by the esteemed intermediaries and the employees.

By order of the Board of Directors

Date: August 06, 2010
Place: Vashi, Navi Mumbai

Sd/-
P. J. Mathew
Director

Sd/-
Sivaraman K. M
Chief Executive Officer/Director



AUDITORS' REPORT

The Members,
ISE Securities and Services Limited.
Mumbai.

1. We have audited the attached Balance Sheet of ISE Securities and Services Limited as at 31st March 2010 and also the Profit and Loss Account and the Cash Flow Statement for the period ended 31st March 2010. 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 (Auditors' Report) Order, 2003, (here in after referred to as "the Order") 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 paragraphs 4 & 5 of the said Order.
4. *As stated in para 15 in Schedule 16 Significant Accounting Policies and the Other Notes forming parts of accounts, Sundry Debtors balances, unadjusted items in bank reconciliation, Client Obligations and balance in the Dividend Client Account, Deposits are subject to confirmation and reconciliation. Necessary effects if any, will be given upon completion of the reconciliation. In view of the fact that the effect is not ascertainable, we are unable to comment on the effect of the same on the present financial statements.*
5. Further to our comments in the annexure referred to above, 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 and Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion the Balance Sheet and 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. On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. **Subject to Para 4 stated above**, in our opinion and to the best of our information and according to the explanations given to us, the said 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 the company as at 31st March 2010;
 - b. In the case of Profit and Loss Account of the profit for the year ended on that date; and
 - c. In the case of Cash Flow Statement, of the Cash flows for the period ended on that date.

For A. J. SHAH & COMPANY,
Chartered Accountants
FRN 109476W

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

PLACE: Mumbai
DATE: August 06, 2010



Annexure to the Auditors' Report

With reference to the Annexure referred to in paragraph 3 of the report of the Auditors' to the Members of ISE Securities & Services Ltd. on the accounts for the year ended 31st March 2010, we report that:

- (i) (a) *The Company has not maintained proper records showing full particulars including quantitative details and situation of its fixed assets.*
 - (b) *During the year the Management has not verified the Fixed Assets.*
 - (c) *During the year, the Company has not disposed of a substantial part of its fixed assets.*
- (ii) *As per the information and explanations given to us, the Company does not have any item of inventory. Accordingly, clause (ii) of the order is not applicable.*
- (iii) (a) *As per the information furnished, the Company has not granted any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence reporting under clause iii (a) / (b) / (c) / (d) of the Order is not applicable to the Company.*
 - (b) *The Company has not 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 (e), (f) and (g) of clause (iii) are not applicable to the company.*
- (iv) *According to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase and sale of fixed assets and rendering of services. However in our opinion internal control system for the operation of the company needs to be strengthened.*
- (v) *In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:*
 - (a) *to the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered in the register have been so entered.*
 - (b) *according to the information and explanations given to us, these contracts or arrangements with Interconnected Stock Exchange of India Ltd. (ISE) are management services, rent and others mainly in the nature of reimbursement of cost incurred by ISE Ltd. for ISE Securities and Services Ltd. and hence the prices for which, are reasonable.*
- (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, Section 58AA and any other relevant provisions 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 Company has an adequate internal audit system, which commensurate with the size of the company and nature of its business.*
- (viii) *According to the information and explanations given to us and on the basis of our audit procedures, the Company is not required to maintain cost records under section 209 (1) (d) of the Companies Act, 1956. Accordingly, clause 4 (viii) of the order is not applicable.*
- (ix) (a) *According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including, Income-tax (TDS), Service Tax, Stamp Duty, Annual SEBI Fees, Cess Tax and other statutory dues wherever applicable. Also, as at 31st March 2010, there were no undisputed dues payable for a period of more than six months from the date they became payable.*
 - (b) *According to the information and explanation given to us, and the records of the company examined by us, there are no dues in respect of Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax and Cess that have not been deposited on account of any dispute except in respect of disputed Income Tax / Service Tax liabilities for which details is given as under:*



Amount	Forum against matter is disputed	Matter for which disputed by the Company	Year / Period for which Dispute pending
Rs.8.04 Lacs	Income tax Appellate Tribunal. (ITAT)	Recognition of Income and Expenses	Financial Year 2003-04 (Assessment Year 2004-05).
Rs. 6.7 Lacs (Net of Rs 13.04 Refund of A.Y 2006-07).	Income tax Appellate Tribunal. (ITAT)	Recognition of Income and Expenses	Financial Year 2004-2005 (Assessment Year 2005-06).
Rs.42.62 Lacs	Commissioner of Income Tax (Appeal)	Recognition of Income and Expenses	Financial Year 2007-08 (Assessment Year 2008-09).
Rs.77.20 Lacs	Commissioner of Service Tax	Service Tax	October 2004 to September 2009

- (x) The company does not have accumulated losses as at 31st March 2010 and has not incurred cash loss in the financial year or in the financial year preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayments of the amounts due to banks during the year.
- (xii) Based on our examination of the records and the information and explanations 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.
- (xiii) Clause 4(xiii) of the Order is not applicable to the Company as the Company is not a chit fund company or Nidhi /mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. In respect of securities devolved on the company, adequate records have been maintained on a timely basis by the company. The securities are held in the name of the company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanation given to us and based on our audit procedures, the Company has not raised any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us and based on our audit procedures, the Company has not issued any debentures. Accordingly, clause 4 (xix) of the order is not applicable.
- (xx) According to the information and explanations given to us, the Company has not raised any money by public issues during the year.
- (xxi) To the best our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year, although there are instances where sub-brokers / clients accounts have become doubtful of recovery consequent upon erroneous credit / fraudulent activity.

For A. J. SHAH & COMPANY,
Chartered Accountants
FRN 109476W

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

PLACE: Mumbai
DATE: August 06, 2010



ISE Securities & Services Limited

BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Schedule	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Sources of funds			
Shareholders' funds			
Share Capital	1	55,000,000	55,000,000
Reserves & Surplus	2	48,609,146	34,984,079
Loan Funds			
Secured Loans	3	-	-
Deferred Tax Liability (Net)	6	-	2,169,016
Total		103,609,146	92,153,095
Applications of fund			
Fixed assets (at cost)			
Gross block	4	67,004,443	63,161,059
Less: Accumulated Depreciation / Amortisation		53,451,344	38,366,315
Net block		13,553,099	24,794,744
Capital Work in Progress		1,323,600	386,168
		14,876,699	25,180,912
Investments (at cost)	5	6,710,005	6,710,005
Deferred Tax Asset (Net)	6	1,143,433	-
Current Assets, Loans and Advances			
Current Assets			
Sundry Debtors	7	156,154,975	56,370,571
Cash and Bank Balances	8	613,577,935	455,235,310
Loans and Advances	9	101,052,484	122,541,388
Securities in Hand (Refer note 4 of Schedule 16 part C)		859,400	-
		871,644,794	634,147,269
Less: Current Liabilities and Provisions	10		
Current Liabilities		761,462,111	562,276,644
Provisions		29,303,674	11,608,447
Net Current Assets		80,879,009	60,262,178
Total		103,609,146	92,153,095
Significant Accounting Policies and Notes forming part of the Accounts	16		

As per our attached Report of even date

For and on behalf of the Board of Directors

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

Sd/-
P J Mathew
Director

Sd/-
Sivaraman K M
CEO & Whole Time Director

s/d
(Hiren Shah)
Partner
Membership No. 100052

Sd/-
Manisha Thakur
Company Secretary

Place: Mumbai
Date: August 06, 2010

Place: Vashi, Mumbai
Date: August 06, 2010



ISE Securities & Services Limited

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Particulars	Schedule	Year ended March 31, 2010 (Rupees)	Year ended March 31, 2010 (Rupees)	Year ended March 31, 2009 (Rupees)
Income				
Brokerage		325,242,367		187,821,125
Less: Commission to Subbrokers/ Authorised Persons		288,343,461		158,379,673
Interest on FDR (Tax deducted at source: Rs. 54,51,019, Previous Year 84,59,766/-)			36,898,906 49,695,792	29,441,452 43,140,829
Networking recoveries			8,615,690	9,120,156
Annual fees			2,445,000	2,240,000
Other income	11		8,311,035	7,980,343
Total			105,966,423	91,922,780
Expenditure				
Employee Cost	12		16,212,557	15,504,051
Communication & Networking Expenses	13		14,622,137	16,211,629
Administration and Operational Expenses	14		31,542,385	36,162,333
Finance Costs	15		354,085	1,118,470
Reduction in the value of securities in hand			192,504	-
Depreciation / Amortisation on Fixed Assets			15,225,829	6,291,761
Total			78,149,497	75,288,244
Profit / (Loss) before Taxation			27,816,926	16,634,536
Prior period income/expense (net)			-	-
Provision for: Current Tax			(13,000,000)	(8,500,000)
Deferred Tax (Expense)/Savings			3,312,449	2,231,977
Fringe Benefit Tax				(200,000)
Net Profit / (Loss) after Taxation			18,129,375	10,166,513
Balance brought forward from previous year			9,484,079	6,534,929
Surplus in profit and loss account available for appropriation			27,613,454	16,701,442
Less: Interim Dividend				2,200,000
Less: Tax on Interim Dividend				373,890
Less: Proposed Dividend			3,850,000	550,000
Less: Tax on Proposed Dividend			654,308	93,473
Less: Transfer to General Reserve			1,000,000	4,000,000
Surplus in Profit and Loss Account carried to Balance Sheet			22,109,146	9,484,079
Basic & Diluted Earnings Per Share of Rs. 10/- each (In Rupees) (Refer Pt. 14 of Part C of Notes to Accounts)			3.30	1.85
Significant Accounting Policies and Notes forming part of the Accounts	16			

As per our attached Report of even date

For and on behalf of the Board of Directors

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

Sd/-
P J Mathew
Director

Sd/-
Sivaraman K M
CEO & Whole Time Director

s/d
(Hiren Shah)
Partner
Membership No. 100052

Sd/-
Manisha Thakur
Company Secretary

Place: Mumbai
Date: August 06, 2010

Place: Vashi, Mumbai
Date: August 06, 2010



ISE Securities & Services Limited

Schedules forming part of the Balance Sheet

Schedule 1 : Share Capital

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Authorised 60,00,000 Equity Shares of Rs. 10/- each	60,000,000	60,000,000
Issued, Subscribed and Fully paid-up 55,00,000 Equity Shares of Rs.10/- each fully paid-up in cash (100% held by Inter-connected Stock Exchange of India Ltd and its nominees)	55,000,000	55,000,000
Total	55,000,000	55,000,000

Schedule 2 : Reserves & Surplus

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
General Reserves: As Per Last Balance Sheet	25,500,000	21,500,000
Add: Transfer from Profit and Loss Accounts	1,000,000	4,000,000
	26,500,000	25,500,000
Surplus in Profit & Loss Account	22,109,146	9,484,079
Total	48,609,146	34,984,079

Schedule 3 : Secured Loans

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
From Banks (Overdraft facility secured by bank fixed deposit receipts.) Refer Note 8 of Schedule 16 Part C	-	-
Total	-	-

Schedule 4 : Fixed Assets

(In Rupees)

Particulars	Gross Block (At Cost)				Depreciation/Amortisation				Net Block	
	As at 01-04-2009	Additions	Deductions	As at 31-03-2010	Upto 31-3-2009	For the Year	Deductions	As at 31-03-2010	As at 31-03-2010	As at 31-03-2009
Tangible Assets :										
Computers	17,041,836	1,558,807	140,800	18,459,843	9,728,543	7,658,768	140,800	17,246,511	1,213,332	7,313,293
Mobile phones	159,398	24,990		184,388	79,793	104,595		184,388	-	79,605
Office Equipment	2,234,654	11,715		2,246,369	347,754	117,861		465,615	1,780,754	1,886,900
Networking Equipment	12,188,279	56,500		12,244,779	6,740,462	1,979,584		8,720,046	3,524,733	5,447,817
Central Equipment	9,521,408			9,521,408	1,599,662	3,960,873		5,560,535	3,960,873	7,921,746
Plant & Machinery	810,642	408,169		1,218,811	111,118	56,246		167,364	1,051,447	699,524
Power Equipment	1,019,053			1,019,053	171,208	48,405		219,613	799,440	847,845
Furniture & Fixtures	207,434	121,444		328,878	6,106	49,976		56,082	272,796	201,328
Intangible Assets										
Computer Software	19,957,354	1,802,559		21,759,913	19,581,669	1,228,520		20,810,189	949,724	375,685
Assets Retired from Active use - computers	21,001			21,001	-	21,001		21,001	-	21,001
Total	63,161,059	3,984,184	140,800	67,004,443	38,366,315	15,225,829	140,800	53,451,344	13,553,099	24,794,744
Capital Work-in-Progress									1,323,600	386,168
Total									14,876,699	25,180,912



ISE Securities & Services Limited

Schedules forming part of the Balance Sheet

Schedule 5 : Investments

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Long term trade investments (unquoted, at cost) -		
130,000 Equity shares of Face value Re.1/- Fully paid of Bombay Stock Exchange Ltd - BSE(previous year 10000 equity shares). Out of this 120,000 shares are received as bonus shares during the year 2008-09 <i>(Refer Note 5 of Schedule 16 Part C)</i>	6,710,005	6,710,005
Total	6,710,005	6,710,005

Schedule 6 : Deferred Tax Liability

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Deferred Tax Asset	3,555,641	4,257,572
Less : Deferred Tax Liability	2,412,208	6,426,588
Net Deferred Tax Assets (Refer Note 15 of Schedule 16 Part C)	1,143,433	(2,169,016)

Schedule 7 : Sundry Debtors

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Debts outstanding for a period exceeding six months		
Considered good	968,992	-
Considered doubtful	5,790,830	8,575,125
Other Debts		
Considered doubtful	1,621,746	3,921,285
Considered good	155,185,983	56,370,571
	163,567,551	68,866,981
Less : Provision for Doubtful Debts	7,412,576	12,496,410
<i>(Refer note 7 of Schedule 16 Part C)</i>		
Total	156,154,975	56,370,571

Schedule 8 : Cash and Bank balances

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Cash-on-hand	-	-
Balances with Scheduled Banks		
- in Current Accounts		
Client Designated	55,057,300	68,530,020
Others	6,338,142	1,246,224
- in Deposit Accounts	552,182,493	385,459,066
<i>(Refer note 11, 12, 13 of Schedule 16 Part C)</i>		
Fixed deposit includes Rs. 31,65,171/- where bank has marked lien <i>(Previous Year Rs. 30,00,000/-)</i>		
Total	613,577,935	455,235,310

ISE Securities & Services Limited

Schedules forming part of the Balance Sheet

Schedule 9 : Loans & Advances (Unsecured and considered good)

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Advances recoverable in cash or kind for value to be received	8,783,341	8,206,356
Advance to employees	81,289	153,922
Income tax refund receivable/Advance tax/Fringe Benefit Tax paid (net of provision for taxation)	26,477,930	14,717,888
Other Current Assets		
Interest Accrued on Fixed Deposit with bank	12,205,898	16,995,562
Deposits/ Advances with Stock Exchanges/Clearing House	48,447,411	77,175,213
Other Deposits (including Rs.25,00,000/- to ISE, Holding Company,previous year Rs. 25,00,000)	5,056,615	5,292,447
	101,052,484	122,541,388

Schedule 10 : Current Liabilities & Provisions

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Total Outstanding dues to micro, small and medium enterprises (Refer note 19 of Schedule 16 part C)	-	-
Others :		
Settlement Obligations		
Settlement Obligations to Sub-Brokers/Clients/Authorised person	532,214,354	383,244,697
Margin, Base and Additional Capital Deposits		
Margin Deposits - Cash Segment deposits	208,856,830	159,829,988
VSAT deposit	1,278,562	1,278,562
Creditors for Expenses	10,900,918	11,895,143
Other Liabilities (includes Rs. 20,66,379/- (Previous Year Rs. 10,37,208/-) payable to InterConnected Stock Exchange Ltd)	8,211,447	6,028,254
Total (A)	761,462,111	562,276,644
Provisions		
Provision for Employee Benefits	3,299,366	2,091,084
Proposed Dividend	3,850,000	550,000
Tax on Proposed Dividend	654,308	93,473
Tax on Interim Dividend	-	373,890
Provision for Taxation	21,500,000	8,500,000
Total (B)	29,303,674	11,608,447
Total (A + B)	790,765,785	573,885,091

ISE Securities & Services Limited

Schedules forming part of the Balance Sheet

Schedule 11 : Other Income

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Technology Fees for F&O segment	250,000	400,000
Admission Fees for F&O segment	100,000	160,000
Mini Admin Charges	75,000	225,000
Penalty for delayed payin	1,757,507	1,976,099
Recovery of DP Charges (NET)	1,314,762	1,127,423
Sundry balances write back	580,283	2,506,754
Miscellaneous Income	2,285,965	440,001
Excess Provision Written Back	820,321	-
Income from sale of CRD Form (Net)	607,197	845,066
Dividend Received.	520,000	300,000
Total	8,311,035	7,980,343

Schedule 12 : Employee Cost

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Salary & Other Allowances (inclusive of Staff Deputation Cost - ISE - Rs. 11,86,487/-, Previous Year - Rs.17,15,766/-)	15,147,322	14,899,036
Leave Encashment (Previous year figure after adjusting write back of Rs. 29,544)	904,697	245,313
Gratuity (Previous year figure after adjusting write back of Rs.1,86,742/-)	160,538	359,702
Total	16,212,557	15,504,051

Schedule 13 : Communication & Networking Expenses

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
VSAT, VPN and other Communication expenses	10,751,596	10,704,111
Annual Maintenance Charges for Networking Equipment	3,552,131	4,930,303
Telephone Expenses	318,410	577,215
Total	14,622,137	16,211,630

Schedule 14 : Administration and Operational Expenses

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Annual Maintenance charges	1,379,669	1,024,934
Board Meeting Expenses	597,576	332,915
Brokerage for the rented premises	20,000	647,907
Sitting Fees	283,500	191,000
Reimbursement of actual Expenses (Refer Note 10 of Schedule 16 Part C)	3,474,115	4,297,250
Management Fees to ISE	3,000,000	3,000,000
Electricity Charges	640,518	265,086
Security Charges	643,203	376,614
Bad Debts	9,227,364	
Less :- Earlier Provision written back	(9,227,364)	

ISE Securities & Services Limited

Schedules forming part of the Balance Sheet

Schedule 14 : Administration and Operational Expenses

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Provision for Doubtful Debts (Refer Note 7 of Schedule 16 Part C)	4,143,531	4,087,311
Courier Charges	241,075	674,391
Custody Charges	11,613	18,777
Insurance	488,677	838,656
Legal, Professional Charges and Contract charges	6,176,290	3,758,644
Miscellaneous Expenses	1,187,047	1,257,691
MemberShip charges	379,166	231,476
Printing & Stationery	406,095	552,707
Rates & Taxes	8,220	2,500
Remuneration to Auditors (Refer Note 3 of Schedule 16 Part C)	547,782	635,652
Rent (includes Rs. 18,00,000/- paid to ISE (Previous Year Rs. 28,14,200/-)	5,732,694	5,584,329
Repairs & Maintenance-Others	275,753	286,890
Travelling charges	235,636	206,903
Fines & Penalties to Stock Exchanges	569,769	557,393
License Fees	19,356	15,644
Advertisement	93,280	224,640
Interest on delayed Service Tax payment	-	480,226
Sebi Turnover Fees	-	2,796,319
Sundry Balances write off	987,820	2,888,001
Service tax	-	928,477
Total	31,542,385	36,162,330

Schedule 15 : Finance Costs

Particulars	As at March 31, 2010 (Rupees)	As at March 31, 2009 (Rupees)
Bank Charges	164,797	745,707
Interest - Other than Fixed Loans	189,288	372,763
Total	354,085	1,118,470

Schedule 16

Notes to the Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended on that date.

A. Background

ISE Securities & Services Limited ("the Company") was incorporated under the Companies Act, 1956 on January 18, 2000. ISE Securities & Services Ltd. (ISS), a wholly - owned subsidiary of Inter-connected Stock Exchange Of India Limited (ISE) is a trading - cum -clearing Member of National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd. ISS, by virtue of being a stock exchange subsidiary, cannot trade on its own account and can only allow trading to its sub-brokers and authorised persons, who are required to be stock brokers of the parent stock exchange (ISE). As at March 31, 2010, ISE and its nominees hold 100 percent of the equity share capital of the Company. The Company is an active member of the capital market and futures & options segments of NSE & an active member of the equities segment of BSE.

Significant Accounting Policies and Notes to Accounts

B. Significant Accounting Policies.

a) Fundamental Accounting Assumptions

The Company follows the fundamental accounting assumptions of a going concern, consistency and accrual.



b) Method of Accounting

The financial statements are prepared and presented according to the historical cost convention and on an accrual basis in accordance with the requirements of the Companies Act, 1956 and comply with the accounting standards issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable.

c) Use of Estimates

The preparation of the financial statements are in conformity with the generally accepted accounting principles requiring management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Any revisions to accounting estimates are recognized prospectively when revised, in current and future periods.

d) Revenue recognition

- (i) Brokerage income, fines and penalties are recognised for all settlements completed during the year, with respect to funds pay-in and pay-out. Brokerage income includes net transaction charges received from sub-brokers, net of service tax and stamp duty.
- (ii) Interest, Networking Recoveries, Annual Fees and Other incomes are accounted for on an accrual basis based on certainty of recovery.

e) Fixed/Intangible Assets and Depreciation/Amortization

- i) Fixed assets are stated at cost, less accumulated depreciation. Cost includes all expenses related to acquisition of fixed assets.
- ii) Fixed assets, if any, retired from active use or held for disposal are stated at lower of costs (net of accumulated depreciation) or estimated net realizable value.
- iii) Depreciation is provided on straight-line basis at the rates specified in Schedule XIV of the Companies Act, 1956 except as stated at point (iv) and (v) below. Depreciation for an asset acquired / purchased during the period is provided on a pro-rata basis. Depreciation on additions to fixed assets, where actual cost does not exceed Rs. 5,000/-, has been provided at the rate of 100%, irrespective of the date of acquisition.
- iv) Fixed Assets such as Computer Equipments, Central Equipment and Mobile phones become obsolete within a span of one to three years, accordingly, the company has recently decided to amortize these equipments on a straight line basis over a period of three years, two years and one year respectively from the year of acquisition or installation.
- v) Intangible assets, comprising of computer software, are being amortized on a straight-line method over a period of three years from the year of acquisition or installation.

f) Investments

Long-term investments are stated at cost after deducting provision, if any, made for decline, other than temporary, in the values.

g) Securities in hand

Securities in hand represent the securities transferred/acquired as a result of auctions, defaults, system errors, operational mistakes and similar transactions. Securities in hand are valued at acquisition cost or market value, whichever is lower.

h) Taxes on Income

Provision for current income tax is made on the tax liability payable on the taxable income after considering tax allowances, deductions and exemptions, determined in accordance with the prevailing tax laws.

Deferred tax assets and liabilities are recognized for timing difference between profit as per financial statements and the taxable profit that originate in one period and are capable of reversal in one or more subsequent periods, based on the tax rate that may have been enacted or substantively enacted at the Balance Sheet date. Deferred tax asset, subject to consideration of prudence and reasonable certainty, are recognized and carried forward only to the extent that the same can be realized.

i) Accounting for Provisions, Contingent Liabilities and Contingent Assets.

As per the Accounting Standard - 29, norms for provisions, contingent liabilities and contingent assets, issued by the Institute of Chartered Accountants of India, the Company recognizes provisions only when it has a present obligation as result of past event, only when it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation and a reliable estimate of the amount of the obligation can be made.

No provision is recognized 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.

j) Employees Benefits :

- i) Provident Fund: The Company's contributions paid and payable during the year towards Provident Fund are made to Regional Provident Fund Commissioner & are charged in Profit & Loss Account every year.
- ii) Gratuity: The Company's contributions paid and payable during the year towards Gratuity are made to Gratuity Fund managed by Life Insurance Corporation of India (LIC). The net present value of company's obligation towards gratuity to employees is actuarially determined based on the projected unit credit method. Actuarial gains and losses are immediately recognized in the Profit & Loss Account.
- iii) Compensated Absences: The employees of the company are entitled to compensate absences. The employee can carry forward unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or resignation for the unutilized accrued compensated absences. Such compensated absences are treated as Long term benefit to employees. The net present value of company's obligation towards such Long term compensated absences to employees is actuarially determined based on the projected unit credit method. Actuarial gains and losses are immediately recognized in the Profit & Loss Account.

k) Cash Flow Statement:

The cash flow statement has been prepared by using Indirect Method in accordance with the requirements of 'Accounting Standard -3 Cash Flow Statement " issued by the Institute of Chartered Accountants of India

All other accounting policies are followed as per the generally accepted accounting principles.

C. Notes to Accounts

1. The Company continues with the method of recognition of brokerage income on settlements, which are completed with respect to funds pay-in and payout during the year.
2. **Capital Commitment and Contingent Liability not provided for :**
 - i) The company has received demands from the Income Tax Department for an amount of Rs. 70,40,567/- (previous year :- Rs. 32,36,471/-) relating to the various assessment years which have been disputed by the Company and for which the company has filed an appeals before higher authorities against the orders. In view of the management this demands are not tenable & accordingly no provision has been made.
 - ii) Claim against the company not acknowledged as debts amounting to Rs. 7,53,581/ (Estimated) (Previous year Rs. 8,30,391/-)
 - iii) The company has received a show cause notice from the Service tax department in which service tax is demanded to the extent Rs. 77,20,062/-. As per the legal opinion taken by the company, no provision is required for the same.
 - iv) Bank guarantee issued by bank on behalf of the company Rs.30,00,000/- (Previous year Rs. 30,00,000/-).
 - v) Estimated amount of contract remaining unexecuted on capital account and not provided for is Rs. 30,00,000/-. Advance given Rs. 13,23,600/- against this contract
3. **I) Managerial Remuneration: (Paid to Director & Officiating Director)**

Particulars	Year ended 31-3-2010 (Rs.)	Year ended 31-3-2009(Rs.)
Salaries & Allowances	5,81,810	6,93,094
Contribution to Provident Fund and other Funds	54,401	48,443
Monetary Value of Perquisites	NIL	NIL
Commission	NIL	NIL
Total	6,36,211*	7,41,537

* (Shri. Rohit Kumar Mangla was CEO from 15th April 2009 to 13th July 2009, Shri. Sivaraman K M is CEO & Whole Time Director from 22nd January 2010)



ii) Remuneration to Auditors (exclusive of Services tax as applicable):

Particulars	Year ended 31-3-2010 (Rs.)	Year ended 31-3-2009(Rs.)
Audit fees	3,20,000	2,85,000
For tax audit	60,000	60,000
For other services in respect of:		
- Management Services/Others	25,500	88,500
Reimbursement of expenses	3,834	5,881
To Associate Firm		
Taxation related services	1,38,448	1,96,271
Total	5,47,782	6,35,652

4. The value of securities in hand as on March, 31, 2010 is Rs. 8,59,400/- (Previous year . NIL) which is at original cost or market price, whichever is less

5. Long Term Investments

During the financial year 2004-05 the Company had acquired the corporate membership of Bombay Stock Exchange Ltd. at a cost of Rs. 67,10,005/-. As per its entitlement the Company had subscribed to and was allotted 10000 shares of face value Re 1/- each under the Corporatization and Demutualization of BSE. During the year 2008-09 the company has been allotted 1,20,000 bonus shares in the ratio 1:12. As these shares are unlisted the value of this investment is shown in the Accounts at cost. Management is of the opinion that the Company will realize at least the stated cost in full and no provision for diminution is required.

6. Fixed Assets

During the year company has changed its accounting policy relating to depreciation on Central Equipment, Computer Equipments & Mobile Phone. It has been decided to amortize Central Equipment in 2 years, Computer Equipments in 3 years and Mobile Phones in the year of acquisition instead of presently being done at rates as prescribed under Companies Act, 1956 Schedule XIV on Straight Line Method. Due to change in accounting policy profit for the year is lower by Rs. 80,96,418/- and the net block of fixed assets is also lower to that extent.

7. Sundry Debtors

i) Sundry debtors represent settlement dues, dues recoverable on account of erroneous payment of funds/ securities and other charges receivable from Sub-brokers/ Authorized Persons and the end clients as at March 31, 2010. The debtors are secured by way of base and additional trading deposits, bank guarantees, fixed deposits and securities withheld. On the basis of the same Sundry Debtors has been classified as good debts and doubtful debts. Out of Total Sundry debtors of Rs. 16,35,67,551/- the company has classified an amount of Rs.74,12,576/- as doubtful and provision has been made against the same.

ii) The company has written off the balances of four Sub- brokers amounting to Rs. 92,27,364/- as at March 31, 2010 namely:

- Rs. 59,00,294/- due on account of alleged fraudulent activity by one of sub broker. The said sub-broker has denied the claim and has raised counter allegations against the company. The Management has filed several criminal complaints against this sub-broker.
- Rs. 33,27,070/- due on account of erroneous funds / securities payments to sub-brokers.

8. The Company has obtained bank overdraft facilities as follows:

The maximum overdraft facility availed by company in current year is Rs. 4,05,23,718/- from HDFC Bank is taken against the collateral of fixed deposits of Rs.13,46,99,136/-.

9. The Company has obtained bank guarantees favoring NSE and BSE for an amount of Rs. 1,38,00,000/- [Previous year Rs. 1,99,00,000/-] towards base capital and margin requirements as of March 31, 2010. These bank guarantees are obtained against the collaterals received from sub-brokers favoring the Company towards the same: Rs. 1,38,00,000/- [Previous year: Rs. 1,99,00,000/-].

10. The Company and its holding company, ISE, have an agreement, under which the actual expenses incurred by the holding company for supporting the operations of the Company are reimbursed by the Company. Reimbursement of actual expenses by the Company to the Holding Company excluding service tax for the period was Rs. 50,44,986/- [Previous year: Rs. 66,68,629/-]. The detailed breakup for the same is as follows:

Particulars	2009-10	2008-09
Annual Maintenance	2,07,266	4,10,040
Cidco Maintenance	1,51,547	1,65,324
Cleaning Charges	85,239	81781
Conveyance	24,218	25,171
Courier & Postage	93,836	-
Electricity Expenses	10,75,245	13,19,589
Meeting Travelling Expenses	64,048	-
Miscellaneous Expenses	20,016	15,699
Recruitment Charges	-	1,40,450
Newspaper Charges	-	6,165
Office Refreshment Expenses	65,354	91,571
Office Stationery	28,661	41,661
Photocopy Charges	5,059	6,154
Professional Fees	1,29,885	1,94,487
Rent	9,84,206	10,19,407
Repair & Maintenance	49,189	97,101
Retainers	2,08,245	3,12,280
Security Charges	-	91,983
Stamp duty	8,300	-
Telephone & Fax Expenses	2,06,388	220149.00
Travelling Expenses	485	1,874
Water Consumption Charges	66,958	56,364
Total Reimbursement of Expenses (Schedule 14)	34,74,145	42,97,250
Other Reimbursements		
Salary	8,89,952	1715766
Reimbursement To Employees	2,96,535	-
Accident Insurance Premium	6,119	12,905
Medicclaim Insurance Premium	3,15,524	5,75,122
Performance Link Bonus	62,711	67,586
Total	15,70,841	23,71,379
Grand Total	50,44,986	66,68,629

11. The Bank fixed deposits and bank guarantees of the Company and of sub brokers amounting to **Rs. 10,15,00,000/-** [Previous year: **Rs. 4,38,00,000/-**] are utilized as collaterals for various trading facilities at NSE as follows:

	Amount in Rupees
(i) Fixed deposits discharged and deposited with NSE towards additional base capital (excluding interest accrued).	9,97,00,000
(ii) Collaterals for bank guarantees issued to NSE for margin adjustable base capital (Refer Note 8 above)	18,00,000
Total	10,15,00,000

12. The Bank fixed deposits and bank guarantees of the Company and of sub brokers amounting to **Rs. 10,22,00,000/-** [Previous year: **Rs. 6,08,00,000/-**], are utilized as collaterals for various trading facilities at BSE as follows:

	Amount in Rupees
(i) Fixed deposits discharged and deposited with BSE towards additional base capital	9,51,00,000
(ii) Collaterals for bank guarantees issued to BSE for margin adjustable base capital (Refer Note 8 above)	71,00,000
Total	10,22,00,000

13. The Bank fixed deposits and bank guarantees of the Company and of sub brokers amounting to **Rs. 15,49,00,000/-** [Previous year: **Rs. 9,96,00,000/-**] are utilized as collaterals for various trading facilities at NSE F&O as follows:

	Amount in Rupees
(i) Fixed deposits discharged and deposited with NSE towards additional base capital (excluding interest accrued).	15,00,00,000
(ii) Collaterals for bank guarantees issued to NSE for margin adjustable base capital (Refer Note 8 above)	49,00,000
Total	15,49,00,000

14. Earnings per share:

Particulars	Year ended 31-3-2010	Year ended 31-3-2009
Net Profit/(Loss) after taxation attributable to equity shareholders	1,81,29,375	1,01,66,513
Weighted average outstanding number of equity shares (Face value Rs. 10/- per share)	55,00,000	55,00,000
Basic / diluted earnings per share of Rs. 10/- each	3.30	1.85

15. Deferred Taxation :

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

	(Amount in Rs.)		
Deferred Tax Assets	As at 31-03-2009	Adjustment during period	As at 31-3-2010
Provision for doubtful debts	42,47,530	(17,27,995)	25,19,535
Provision for Employee Benefits	10,042	10,26,064	10,36,106
Total	42,57,572	(7,01,931)	35,55,641
Deferred Tax Liabilities			
Depreciation	64,26,588	(40,14,380)	24,12,208
Total	64,26,588	(40,14,380)	24,12,208
Net Deferred Tax Liability/(Asset)	21,69,016	(33,12,449)	(11,43,433)

16. Sundry Debtors balances, unadjusted items in bank reconciliation, Client Obligations and balance in the Dividend Client Account, Deposits are subject to confirmation and reconciliation. Necessary effects if any, will be given upon completion of the reconciliation. In opinion of the management, effect if any on completion of reconciliation will not be material in nature.
17. In the opinion of the Board of Directors, the current assets, loans and advances have a value on realization in the ordinary course of business of at least equal amounts at which they are stated in the Balance Sheet
18. The Company had been accepting securities as collateral from sub-brokers and clients. These securities are pledged with the Exchange (NSE and BSE) for the purpose of obtaining trading limits. The value of the securities so pledged as on March 31, 2010 with the Exchanges as follows: (As certified by the management)

Particulars	Rs.
NSE Cash Segment	10,31,85,437
BSE Cash Segment	7,53,60,826
NSE F&O Segment	11,56,65,246

19. The company has not been able to compile the details of vendors status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The Company contends that no overdue amounts along with interest have been payable to enterprise covered under MSMED Act and generally payments are made to vendors within the stipulated time/agreed credit terms.

20. Accounting Standard AS15 (Revised) Employee Benefits

- i) The following table sets out the status of the defined benefit Gratuity Plan as required under AS 15

(Amount Rs.)

Particulars	Period ended 31 March 2010	Period ended 31 March 2009
Present Value of Funded Obligations	752,376	504,591
Fair Value of Plan Assets	(606,175)	(556,124)
Present Value of Unfunded Obligations	0	0
Unrecognized Past Service Cost	0	0
Net Liability	146,201	(51,533)
Amount in Balance Sheet		
Liability	146,201	
Assets		51,533
Net Liability	146,201	(51,533)

(Amount Rs.)

Particulars	Period ended 31 March 2010	Period ended 31 March 2009
Current Service Cost	178,095	504,591
Interest on Defined Benefit Obligation	53,861	0
Expected Return on Plan Assets	(45,071)	(13,162)
Net Actuarial Losses / (Gains) Recognized in Year	(7,612)	(14,221)
Past Service Cost	18,461	0
Total, Included in "Employee Benefit Expense"	197,734	477,208
Actual Return on Plan Assets	50,051	27,383

Particulars	Period ended 31 March 2010	Period ended 31 March 2009
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	504,591	0
Current Service Cost	178,095	0
Interest Cost	53,861	0
Actuarial Losses / (Gain)	(2,632)	0
Past Service Cost	18,461	0
Closing Defined Benefit Obligation	7,52,376	504,591
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	556,124	0
Expected Return on Plan Assets	45,071	0
Actuarial Gain/ (Losses)	4,980	0
Closing Fair Value of Plan Assets	606,175	556,124

Category of Asssts (% Allocation)	(Amount Rs.)	Per cent	Per cent
	Period ended 31 March 2010	Period ended 31 March 2010	Period ended 31 March 2009
Government of India Securities	0	0%	0%
Corporate Bonds	0	0%	0%
Special Deposit Scheme	0	0%	0%
Equity Shares of Listed Companies	0	0%	0%
Property	0	0%	0%
Insurer Managed Funds	606,175	100%	100%
Others	0	0%	0%
Grand Total	606,175	100%	100%

Particulars	Period ended 31 March 2010	Period ended 31 March 2009
Discount Rate (p.a.)	8.30%	7.95%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.)	7.00%	7.00%



- (ii) Other Long term Employee Benefits: Amount of Rs. 8,40,101/- (Previous Year :- Rs. 3,57,006/-) is recognized as an expense towards Other Long term Employee Benefits- Compensated Absences (Leave Encashment) included under the Schedule-12: 'Employee Cost' in profit and loss account.

21. 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.	Inter-Connected Stock Exchange of India Ltd.	Holding Company	India
2.	Mr. Rohit Kumar Mangla - Chief Executive Officer (period from 15th April 2009 to 13th July 2009)	Key Managerial Personnel	
3.	Mr. Sivaraman K M- Chief Executive Officer & Whole Time Director (from 22nd January 2010)	Key Managerial Personnel	

Transactions with related parties during the period:

(Amount in Rupees)

Sr. No.	Nature of Transactions	Holding Company	Key Management Personnel	Total as on March 31, 2010	Total as on March 31, 2009
1	Rendering of Services (net of Service Tax)	30,00,000	-	30,00,000	30,00,000
2	Reimbursement of Expenses (net of service tax) – Refer Note 10	50,44,986	-	50,44,986	66,68,629
3	DP Charges (inclusive of Service tax)	60,72,768	-	60,72,768	54,21,785
4	Rent (net of service tax)	18,00,000	-	18,00,000	28,14,200
5	Finance (Including loans and equity contributions in cash or in kind)				
	- Loans (incl. interest)	Nil	-	Nil	Nil
	- Investment in Equity	Nil	-	Nil	Nil
	- Provision for diminution in value of Investment	Nil	-	Nil	Nil
6	Interest Expense	-	-	-	1,57,808
7	Managerial Remuneration	-	6,36,211	6,36,211	7,41,537
8	Amt Outstanding as at March 31, 2010				
	Loans (incl. interest)	Nil	-	Nil	Nil
	(Maximum outstanding during the year)	Nil	-	Nil	5,00,00,000
	Investment in Equity	5,50,00,000	-	5,50,00,000	5,50,00,000
	Managerial Remuneration		Nil	Nil	Nil
	Reimbursement of expenses	20,66,379	-	20,66,379	10,37,208
	Deposit from subsidiary	25,00,000	-	25,00,000	25,00,000

22. Operating Lease:

- (a) Total of minimum lease payments

(Rs in lakh)

Particulars	As at 31-Mar-10	As at 31-Mar-09
(a) Total of minimum lease payments	158.33	217.16
The total of future minimum lease payments under non- Cancelable		
Operating leases for period:		
Not later than one year	46.09	39.24
Later than one year and not later than five years	112.24	177.92
Later than five years	-	-

(Rs in lakh)

Particulars	As at 31-Mar-10	As at 31-Mar-09
(b) Lease payments recognised in the statement of profit & loss for the year	39.50	27.87

(c) Details of lease Deposit

Place	Deposit amount	Period
Print & Packaging	18,72,000/-	5 years
CRD Godown	1,00,000/-	33 months
Kolkata Godown	20,000/-	3 years
Guest House	10,000/-	1 year
Sanpada Godown	1,00,000/-	3 year

(d) The general description of significant leasing arrangements: - The Company has entered into operating lease arrangements for office premises, godown & Guest house.

(e) The above lease payments are exclusive of service tax.

23. Previous year figures are regrouped and rearranged wherever necessary. The amounts in the Balance Sheet and Profit and Loss account are rounded off to the nearest Rupee.

As per our attached report of even date

Signature to Schedules 1 to 16

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

Sd/-
P J Mathew
Director

Sd/-
Sivaraman K M
CEO & Whole Time Director

s/d
(Hiren Shah)
Partner
Membership No. 100052

Sd/-
Manisha Thakur
Company Secretary

Place: Mumbai
Date: August 06, 2010

Place: Vashi, Mumbai
Date: August 06, 2010



ISE Securities & Services Limited

Cash Flow Statement for the year ended 31st March 2010

(Amount in Rs.)

Particulars	As at 31.03.2010		As at 31.03.2009	
I. Cash Flow from Operating Activities:				
Net profit before tax & extra ordinary items		27,816,926		16,634,536
Adjustments for:				
Depreciation	15,225,829		6,291,761	
Reduction in the value of securities	192,504		-	
Interest paid	189,288		372,763	
Dividend received	(520,000)		(300,000)	
Provision for Bad & Doubtful debts	4,143,531		4,087,311	
Profit on sale of Fixed Assets	(19,200)		(3,500)	
		19,211,952		10,448,335
Operating profit before working capital changes		47,028,878		27,082,871
Adjustments for:				
(Increase) / Decrease in Trade & Other receivable	(103,927,935)		92,514,111	
(Increase) / Decrease in Loans & Advances	33,248,946		12,457,616	
(Increase) / Decrease in Securities in hand	(1,051,904)		281,604	
Increase / (Decrease) in Trade & Other Payable	200,393,749		(283,008,260)	
		128,662,856		(177,754,929)
Cash generated from operations before tax & extra ordinary items		175,691,734		(150,672,058)
Less: Direct Tax Paid (net of refunds)		(11,760,042)		(10,075,241)
		163,931,692		(160,747,299)
Net Cash From Operating Activities (A)		163,931,692		(160,747,299)
II. Cash Flow From Investing Activities:				
Purchase of Fixed Assets	(4,921,616)		(1,679,622)	
Sale of Fixed Assets	19,200		3,500	
Dividend Income	520,000		300,000	
		(4,382,416)		(1,376,122)
Net Cash (Used in) / from investing activities (B)		(4,382,416)		(1,376,122)
III. Cash Flow From Financing Activities:				
Proceeds / (Repayment) from bank borrowing capital finance			(13,464,637)	
Borrowing from Holding Company	-		50,000,000	
(Repayment) to Holding Company			(50,000,000)	
Dividend paid			(3,300,000)	
Dividend Distribution tax Paid	(467,363)		(560,835)	
Final dividend Paid	(550,000)		(2,200,000)	
Interest Paid	(189,288)		(372,763)	
		(1,206,651)		(19,898,235)
Net Cash (Used in) / from Financing activities (C)		(1,206,651)		(19,898,235)
Net Increase / decrease in cash & cash equivalents (A+B+C)		158,342,625		(182,021,656)
Cash & Cash equivalents at the beginning of the year		455,235,310		637,256,966
Cash & Cash equivalents at the end of the year		613,577,935		455,235,310

Refer Schedule - 16 Significant Accounting Policies and Notes forming part of the Accounts

Notes:

- The cash flow statement has been prepared by using Indirect Method in accordance with the requirements of 'Accounting Standard -3 Cash Flow Statement' issued by the Institute of Chartered Accountants of India
- Cash & Cash equivalents includes cash and bank balance in current account, fixed deposit with bank (including lien deposits)
- Interest received is treated as income from operating activities.

As per our attached report of even date

For and on behalf of the Board of Directors

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

Sd/-
P J Mathew
Director

Sd/-
Sivaraman K M
CEO & Whole Time Director

s/d
(Hiren Shah)
Partner
Membership No. 100052

Sd/-
Manisha Thakur
Company Secretary

Place: Mumbai
Date: August 06, 2010

Place: Vashi, Mumbai
Date: August 06, 2010



ISE Securities & Services Limited

Balance Sheet Abstract and Company's General Business Profile

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956

I. Registration Details

Registration No.	U67190MH2000PLC123707	State Code	11
Balance Sheet Date:	3/31/2010		

II. Capital Raised during the year

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placements	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	8,94,375	Total Assets	8,94,375
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Sources of Funds

Paid up Capital	55,000	Reserves & Surplus	48,609
Secured Loans	Nil	Unsecured Loans	-
Deferred Tax			

Application of Funds

Net Fixed Assets	14877	Investments	6,710
Deferred Tax	1143	Net Current Assets	80,879
Accumulated Losses	Nil		

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	105,966	Total expenditure	78,149
Profit before Tax	27,817	Profit after Tax	18,129
Earnings per share	3.30	Dividend Rate	

IV. Generic Names of Principal Product/Services of the Company (as per monetary terms)

Item Code No.	Nil	Product Description	Nil
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ATTENDANCE SLIP

INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD.

Regd. Office: International Infotech Park, Tower No.7, 5th Floor, Sector: 30, Vashi, Navi Mumbai - 400703
(PLEASE COMPLETE THIS SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING HALL)

12th ANNUAL GENERAL MEETING

Member's Name (in capital letters).....

Folio No. No. of Shares held.....

I hereby record my presence at the 12th Annual General Meeting of the company being held on **Tuesday, September 29, 2010 at 12.30 p.m. at Chandragupta Hall, 2nd Floor, Hotel Abbott, Sector - 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai 400703.**

Signature of the Shareholder or Proxy

Cut Here

PROXY FORM

INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD.

Regd. Office: International Infotech Park, Tower No.7, 5th Floor, Sector: 30, Vashi, Navi Mumbai - 400703

Regd. Folio No.	
-----------------	--

I/We
of..... being a member / members of the Company,
hereby appointof in the District of
..... or failing him of in the District of
..... or failing him of in the District of
.....as my/our Proxy to vote for me/us on my/our behalf at the 12th Annual General Meeting of the
company being held on Wednesday, September 29, 2010 at 12.30 p.m. **at Chandragupta Hall, 2nd Floor, Hotel Abbott,
Sector - 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai 400 703.** or at any adjournment thereof.

Signed this Day of2010

Affix
Re.1/-
Revenue
Stamp

Note: The Proxy form duly completed and signed must deposited at the Registered Office of the Company, not less the 48 hours before the meeting.

INTENTIONALLY BLANK



Inter-connected Stock Exchange of India Limited

Tower No. 7, 5th Floor, Sector-30-A,
International Infotech Park, Above Rly. Station, Vashi, Navi Mumbai - 400 703.
Tel.: 6794 1100 / 2781 2056 / 58 / 59 / 60 / 62 Fax: 2781 2061
e-mail: helpdesk@iseindia.com