

16th Annual Report 2013-2014



Inter-connected Stock Exchange of India Limited



Inter-connected Stock Exchange of India Limited

16th Annual Report 2013-14

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Inter-connected Stock Exchange of India Limited

BRANCH OFFICES

AHMEDABAD

105, 1st Floor,
Shalibhadra Complex Opp. Jain Derasar (Temple)
Nehru Nagar, Ambawadi, Ahmedabad
Gujarat - 380 015
(Branch Incharge: Shri Mihir Gandhi)

KOLKATA

Mukti Chambers - 403
4, Clive Row, Kolkata
West Bengal- 700 001
(Branch Incharge: Shri Ramesh Kumar)

COIMBATORE

684,
Stock Exchange Building
Trichy Road, Singanallur
Coimbatore
Tamil Nadu - 641 005
(Branch Incharge: Shri T. Umashankar)

NAGPUR

Block No. 6A-I, Bajaj Wing, 3rd Floor,
Mangalwari Complex,
Near Anjuman College Sadar, Nagpur
Maharashtra - 440 001
(Branch Incharge: Shri Jay Kumar Mishra)

DELHI

16/11, 3rd Floor, R.D. Chamber
Arya Samaj Road, Karol Bagh
New Delhi - 110 005
(Branch Incharge: Shri Santosh Kumar)

PATNA

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

HYDERABAD

6014, 6th Floor,
Emerald House, S.D. Road,
Secunderabad, Andhra Pradesh-500 003
(Branch Incharge: Shri K. V. Nagabhushan)

GUWAHATI

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

INVESTOR POINTS

HYDERABAD

6014, 6th floor, Emerald House
S.D. Road, Secunderabad - 500003
(ANDHRA PRADESH)
Mobile No.- 9949902111
Tel. No.- 040-40020032
Fax No.- 040-40020031
e-mail ID – isehyd@yahoo.com
(Branch Incharge: Mr. K. V. Nagabhushan)

TIRUNELVELI

No: G1 "Atura Jose Complex",
Near Uzhavar Market, Maharaja Nagar, Palayamkottai
Tirunelveli-627 011(TAMILNADU)
Mobile No.- 9944444578
Tel. No.- 0462-2577578
Fax No.- 0462-2577578
e-mail ID – isetvl@iseindia.com
(Branch Incharge: Mr. S. P. Nagarajan)

CORPORATE INFORMATION

BOARD OF DIRECTORS

PUBLIC INTEREST DIRECTORS



Shri H. C. Parekh



Prof. Sudhir Naib



Shri Paul Joseph



Shri N.A. Viswanathan

SHAREHOLDER DIRECTORS



Shri Santosh Muchhal

MANAGING DIRECTOR



Shri Udai Kumar
(w.e.f. 02-12-2013)

CORPORATE INFORMATION

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Milind Nigam

AUDIT COMMITTEE

Shri Paul Joseph
Shri N. A. Viswanathan
Shri Santosh Muchhal

STATUTORY AUDITORS

M/s. CNK & Associates LLP,
Chartered Accountants

INTERNAL AUDITORS

M/s. Haribhakti & Co. LLP,
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.

ING Vysya Bank Ltd.
Vashi Branch
Vashi, Navi Mumbai 400703.

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

Corporation Bank Ltd.
Koperkhairne Branch
Vashi, Navi Mumbai 400703.

REGISTERED OFFICE

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

**Notice of the 16th Annual General Meeting of Inter-connected Stock Exchange of India Limited to be held on
on Saturday, October 25, 2014 at 11.00am at Chandragupta Hall, 2nd Floor,
Hotel Abbott, Sector - 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai 400 703**

NOTICE is hereby given that the 16th Annual General Meeting of Inter-connected Stock Exchange of India Limited to be held Saturday, October 25, 2014 at 11.00 am 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 and adopt the audited Statement of Profit and Loss of the Company for the year ended 31st March, 2014 and the Balance Sheet as at that date together with the reports of the Auditors and Directors thereon.
2. To appoint a Shareholder Director in place of Mr. Santosh Muchhal, 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 subject to approval of Securities and Exchange Board of India (SEBI).
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the Next Annual General Meeting and to fix their remuneration:-

“RESOLVED THAT pursuant to Section 139(6) of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. CNK & Associates LLP, Chartered Accountants (Registration No. 101961W), be and are, hereby appointed as Auditor of the company to hold from the conclusion of 16th AGM to the conclusion of the 21st AGM, for the financial year ending 2019-20, subject to ratification of the appointment by the members at every AGM held after this AGM) at the remuneration to be determined by the Board of Directors of the Company.

SPECIAL BUSINESS

4. To consider and pass with or without modification(s), the following resolution, as an Ordinary Resolution:

RESOLVED THAT Shri Tarun Rastogi in respect of whom the Company has received notice in writing, under Section 160 of the Companies Act, 2013 from M/s. Dion Global Solutions Ltd. (a shareholder of the Company) signifying its intention to propose Shri Tarun Rastogi as a candidate for the office of Director of the Company in the shareholder category, be and is hereby appointed as shareholder Director subject to approval of SEBI and whose office shall be liable to retirement by rotation”.

5. To consider and pass with or without modification(s), the following resolution, as an Ordinary Resolution:

RESOLVED THAT Shri Dharmendra Ganatra in respect of whom the Company has received notice in writing, under Section 160 of the Companies Act, 2013 from M/s. Saurashtra Kutch Stock Exchange Limited (a shareholder of the Company) signifying its intention to propose Shri Dharmendra Ganatra as a candidate for the office of Director

of the Company in the shareholder category, be and is hereby appointed as shareholder Director subject to approval of SEBI and whose office shall be liable to retirement by rotation”.

BY ORDER OF THE GOVERNING BOARD

Date: September 27, 2014
Place: Vashi, Navi Mumbai

sd/-
UDAI KUMAR
MANAGING DIRECTOR

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of him and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.**
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The Register of Member & Share Transfer Book of the company will remain closed from Friday, the 10th October, 2014 to Saturday, the 25th October, 2014 (both days inclusive).
4. The explanatory statement as required under Section 102 of the Companies Act, 2013, in respect of the Special Business set out above is annexed thereto.
5. 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.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
7. Members are requested to put their signature at the space provided on the attendance slip annexed to the proxy form and handover the slip at the entrance of the place of the meeting.
8. Members are requested to bring their copies of Annual Report to the meeting.
9. Under the provisions of Companies Act, 2013, voting is by show of hands unless a poll is demanded by a member or

members present in person, or by proxy, and having not less than one-tenth of the total voting power or holding shares on which an aggregate sum of not less than 5 lakh rupees has been paid.

10. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. 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 2014, so as to enable the Company to keep the information ready.
 - ii. 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.
 - iii. Quote Registered Folio Number or DP ID / Client ID in all the correspondence.
 - iv. Approach the R & TA of the Company for consolidation of folios.
 - v. Avail of Nomination facility by filling in and forwarding the nomination form to the R&TA, if not already done.
 - vi. Send all share transfer lodgments (physical mode) / correspondence to the R&TA of the Company up to the date of book closure to:

**Bigshare Services Pvt. Ltd.,
E-2 & 3, Ansa Industrial Estate,
Saki-Vihar Road, Sakinaka,
Andheri (E), Mumbai-400072**

12. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 10.30 am to 12.30 pm on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
13. Members are requested to Contact for any query 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
14. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013

SPECIAL BUSINESS

Item No.4

Pursuant to provisions contained U/s 160 of the Companies Act, 2013, the company has received a Notice dated August 20, 2014 from M/s. Dion Global Solutions Limited (a shareholder of the

Company), signifying its intention to propose Shri Tarun Rastogi as a candidate for the office of the Director in the Shareholder Category and the requisite Deposit of Rs. 1,00,000/- has also been received by the Company. The office of shareholder director will be liable for retirement by rotation.

A brief profile of Shri Tarun Rastogi is as under:

Mr. Tarun Rastogi, aged 36 years, is a corporate professional with working experience of over 10 years as a Company Secretary in diverse areas of merger & acquisitions, legal, etc. Presently, he is working as Vice President - Legal & Company Secretary of Dion Global Solutions Limited (Dion Global), a listed Company engaged in software products and services business. He carries the overall responsibility for secretarial, legal and other compliances of Dion Global.

He holds a Bachelor's Degree in Commerce and a Bachelor's Degree in Law both from the Delhi University and is an Associate Member of the Institute of Company Secretaries of India.

None of the Directors is interested in the proposed resolution.

Item No. 5

Pursuant to provisions contained U/s 160 of the Companies Act, 2013, the company has received a Notice dated September 13, 2014 from M/s. Saurashtra Kutch Stock Exchange Limited (a shareholder of the Company), signifying its intention to propose Shri Dharmendra Ganatra as a candidate for the office of the Director in the Shareholder Category and the requisite Deposit of Rs. 1,00,000/- has also been received by the Company. The office of shareholder director will be liable for retirement by rotation.

A brief profile of Shri Dharmendra Ganatra is as under:

- ▶ Working as Practising Company Secretary since 1998 and has been rendering legal services for Corporate and Securities Laws.
- ▶ Associate member of the Institute of Company Secretary of India since 1997 and fellow member since 2002.
- ▶ Having a privilege to be the first Practising Company Secretary of Saurashtra & Kutch region of Gujarat.
- ▶ Has been actively participating in various student and professional development activities of Institute of Company Secretary of India.
- ▶ Has held various positions in Rajkot Chapter of WIRC of the ICSI including as a Chairman in the year 2008.
- ▶ Has been regular faculty at the various programmes / seminar conducted by Rajkot & Jamnagar branch of ICAI and various chapter of ICSI.

None of the Directors is interested in the proposed resolution.

BY ORDER OF THE GOVERNING BOARD

Date: September 27, 2014
Place: Vashi, Navi Mumbai

sd/-
UDAI KUMAR
MANAGING DIRECTOR

Director's Report 2013-14

The Board of Directors of Inter-connected Stock Exchange of India Ltd. is pleased to present the Sixteenth (16th) Annual Report for the year ended March 31, 2014 together with the Audited Statement of Accounts for the financial year 2013-14.

FINANCIAL HIGHLIGHTS

The financial performance of your Exchange for the year 2013-14, together with the comparable figures for the four previous years, is given below in Table No. 1:

Table No. 1: Comparative Financial Performance					(₹ in lakh)
Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
INCOME					
Admission Fee from Trading Members	-	1.50	5.50	6.70	163.09
Annual Subscription from Trading Members	64.43	69.67	76.32	94.47	110.00
Listing Fees	0.25	0.25	0.96	0.62	0.66
Transaction Charges	-	-	-	-	-
Income from DP Operation	55.90	122.68	138.09	173.13	182.66
Income from Training Programmes	5.82	2.92	8.51	9.16	6.95
Income from Research	0.87	2.39	0.73	0.23	0.43
Income from Rent	-	-	20.40	18.00	18.00
Interest on Bank Deposits	90.06	140.43	160.61	158.09	277.90
Management Services Fee	60.00	60.00	60.00	30.00	30.00
Others	230.71	115.95	139.59	80.33	29.66
Total Income	508.04	515.79	610.71	570.73	819.35
EXPENDITURE					
Employee Cost	421.65	322.32	298.44	239.59	197.88
Administrative & Operational Expenses	377.70	295.67	203.15	227.37	242.79
DP Expenses	17.39	25.18	26.65	37.72	46.16
Training Programmes Expenses	2.73	1.35	2.98	2.47	2.19
Research Expenses	-	-	-	-	0.05
Depreciation	385.28	113.11	32.05	28.37	26.27
Total Expenditure	1204.76	757.63	563.27	535.52	515.34
Profit/(Loss) before Taxation	(696.72)	(241.84)	47.44	35.21	304.01
Less: Provision for Tax and other adjustments	1.91	21.17	13.39	(8.69)	63.79
PROFIT/(LOSS) AFTER TAXATION	(694.81)	(220.67)	34.05	43.90	240.22

Note: Previous year figures have been regrouped/ reclassified wherever necessary.

APPROPRIATIONS

Appropriations of the net profit for the period ended 31.03.2014 are as under:

(₹ in lakh)

General Reserves	-
Proposed Dividend	-
Corporate Dividend Tax	-
Balance carried to Reserves and Surplus	(694.81)

DIVIDEND

As per Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, vide notification dated June 20, 2012, an Exchange shall not distribute profit in any manner to its shareholders until the networth of ₹100 Crore is achieved. The Governing Board took note of the said regulation and also the net loss incurred during the year and decided not to recommend any dividend till the networth is enhanced to the extent of ₹100 Crore.

OPERATIONS OF THE EXCHANGE

(i) Trading Membership

The status of registration of Trading Members on the Exchange was as given in **Table No.2**

Table No. 2: Status of Trading Members

Position as on 31.03.2013	626
Fresh Registration	0
Resignation	37
Default	22
Expulsion	0
Position as on 31.03.2014	567

The distribution of the Trading Members across the different geographical regions of the country as on March 31, 2014 is given in **Table No. 3.**

Table No. 3: Geographical distribution of Trading Members

Sr. No.	Region	States	Trading Members
1	West	Goa, Gujarat, Maharashtra	234
2	North	Haryana, Delhi, Punjab, Rajasthan, Uttarakhand and Uttar Pradesh	85
3	East	Assam, Bihar, Orissa and West Bengal	152
4	South	Andhra Pradesh, Karnataka, Kerala and Tamilnadu	79
5	Central	Jharkhand, Chhattisgarh and Madhya Pradesh	17
		Total	567

(ii) Listing

During the financial year 2013-14, shares of any new company were not listed on ISE. As at the end of March 31, 2014, shares of 5 Companies were actively listed on ISE and shares of 7 companies listed on ISE have been suspended w.e.f. March 27, 2009.

(iii) Depository Participant (DP) Operations

The DP Operations during the last two years in terms of the number of demat accounts opened and number of instructions processed were as shown in **Table No. 4:**

Table No. 4: Details of DP Operations

Particulars	2013-14	2012-13
Income (₹ in lakh)	55.90	122.68
Expenditure (₹ in lakh)	17.39	25.18
Net Income (₹ in lakh)	38.51	97.50
No. of beneficiary accounts	-	47,687
No. of instructions processed	-	8,64,907
No. of Collection / Service centers	-	114
No. of DP branches	-	8
No. of investor points	-	2

Note:

Kindly note, w.e.f. September 30, 2013, the DP operations have since been transferred to ISE Securities & Services Ltd. (ISS)(wholly-owned subsidiary of the Company) for a sale consideration of Rs. 1.25 crore.

(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 pure commercial interest, but 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 the financial year 2013-14 are given in **Table No. 5**

Table No. 5: Details of training programmes conducted during F.Y. 2013-14

Sr. No	Name of Training Programme	Date	No of Participants
1	Investor Relations	May 18 - 19, 2013	9
2	Capital Market (Training for summer internship project work) Mumbai	June - July, 2013	10
3	Capital Market (Training for summer internship project work) Hyderabad	2013-14	14
4	Capital Market & Financial Modeling (Bhartiya Vidyapeeth Institute of Management Studies & Research, CBD Belapur, Navi Mumbai.	Sep. 7- 28 & Oct 6 & 7, 2013.	36
5	Financial Market (SIES College, (Sion West)	Oct. 17- 28, 2013	67
6	Capital Market (SIES College, Sion East)	Oct. 21 - 31, 2013	50
7	Capital Market (SIES Nerul)	Dec. 26 - 30, 2013	71
8	Capital Market MGM Institute of Management, Kamothe	Dec. 15, 2013 - Jan 16, 2014	60
9	Capital Market (SIES Nerul 3 Batches)	Dec. 22, 2013 - March 4, 2014	156
10	Capital Market (RKT College, Ulhasnagar)	March 11 - 22, 2014	30

Your exchange has conducted 9 in-house programmes with different organisations in the financial year 2013-14. The Training department is aggressively marketing to conduct programmes in the future with special emphasis on In-house Programmes in Colleges, Management Institutes 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 commodities overview.

Apart from this, the cell also provides daily newsletter which covers Indian & global markets data, Forex data and corporate news. The Cell also provides research tools like 'Techni trade Equities, Future, and Commodities (MCX & NCDEX)'. The Cell is having tie up with Capital Market etc. for providing data and other related material for equity research.

(vi) Settlement Guarantee Fund (SGF) & Investors' Services Fund (ISF)

Your Exchange maintains a Settlement Guarantee Fund (SGF) as per the norms stipulated by SEBI. The corpus of the SGF has grown from ₹1,988.61 lakh as at March 31, 2013 to ₹2,150.78 lakh as at March 31, 2014.

The status of SGF and ISF are given in **Table No. 6 (i) and 6 (ii)** respectively:

Table No. 6 (i): Status of Settlement Guarantee Fund (SGF)

(₹ In lakh)

Sr. No.	Item	31.03.2014	31.03.2013
1	Cash contribution from promoter Exchanges	130.00	130.00
2	Settlement Guarantee Fund (including accretions from levy on transactions)	69.11	69.11
3	Contribution towards Base Minimum Capital (Cash component) from Registered Trading Members	686.61	696.47
4	Interest accrued on the cash component of SGF	1,265.06	1,093.03
	Total SGF Corpus	2,150.78	1,988.61

Table No. 6 (ii): Status of Investors' Services Fund (ISF)

(Amount in ₹)

Particulars	31.03.2014	31.03.2013
Opening balance	22,40,935	21,41,857
Add: Interest received on Fixed Deposit	139,537	138,718
Add: Accretion by way of appropriation from the listing fee income during the period	6,750	6,500
Less: Newspaper and Periodicals Expenses	35,742	46,140
Closing balance as on March 31	23,51,480	22,40,935

The Exchange has maintained Settlement Guarantee Fund and Investor Services Fund separately as Earmarked Funds in accordance with the directives issued by Securities and Exchange Board of India (SEBI) from time to time.

(vii) Status of Inter-connected Stock Exchange Investors' Protection Fund (ISE-IPF) Trust

Status of ISE-IPF Trust is given in the Table below:

Table No. 7: Status of ISE-IPF Trust

(Amount in ₹)

Particulars	2012-14	2011-13
Opening balance	15,89,810	1,26,811
Add: Accretion by way of appropriation from the listing fee income during the period	338	325
Add: Interest received on Fixed Deposit	155,530	26,629
Add: Amount transferred from Investors' Services Fund	-	-
Add: Fines and Penalties transferred from Inter-connected Stock Exchange of India Ltd.	313,039	14,36,186
Less: Bank Charges	-	140
Closing balance as on March 31	20,58,716	15,89,810

(viii) Investors' Grievance Cell

The Investors' Grievance Cell has been set up to redress complaints lodged by the investors against Trading Members, as well as against listed companies. Complaints are 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 efforts do 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. The details of Investors' Grievance Cells set up at various locations are given below:

Shri Dnyanoba V. Narhare
Inter-connected Stock Exchange of India Ltd.

International Infotech Park,
Tower No 7, 5th Floor, Sector 30-A,
Vashi, Navi Mumbai - 400703
Tel : (022) 67941100(Board line) Extn : 120
(022) 67941120 (Direct)
Fax : (022) 2781 2061
E-mail to: dnyanoban@iseindia.co.in,
invgrievise@iseindia.co.in

Shri Sanjay Upadhyay
Inter-connected Stock Exchange of India Ltd.

16/11, 3rd Floor, R.D. Chamber,
Arya Samaj Road, Karol Bagh,
New Delhi - 110005.
Tel : 011- 45064732
Fax: 011-28750889
E-mail: invgrievise@iseindia.co.in,

Shri Santosh Gupta
Inter-connected Stock Exchange of India Ltd.

Mukti Chambers - 403,
4, Clive Road,
Kolkata: 700001.
Tel : 03364596348, 033-22313393
E-mail to: invgrievise@iseindia.co.in,

Shri T. Umashankar
Inter-connected Stock Exchange of India Ltd.

684 Stock exchange building,
Trichy road, Coimbatore 641005,
Tel: (0422) 3207078; 4395938; 4395663
Fax: (0422) 4395664; Cell: 09994444472
E-mail: invgrievise@iseindia.com,

Table No. 8: Details of Regional Investors' Grievance Redressal Committees

<p>Mumbai Region</p> <ol style="list-style-type: none"> 1. Shri A. P. Bakliwal - Independent External Person (IEP) 2. Smt. Lakshmi R. Menon - Independent External Person (IEP) 3. Shri Ganesh Shastri - Independent External Person (IEP) 	<p>Delhi Region</p> <ol style="list-style-type: none"> 1. Shri Avineesh Matta - Public Representative 2. Shri Rajesh Gupta - Public Representative 3. Shri Naresh Kumar Gupta - Public Representative
<p>Coimbatore Region</p> <ol style="list-style-type: none"> 1. Shri S. Murli - Public Representative 2. Shri E. Gomathishankar - Public Representative 3. Shri A.K. Mohammed Azad - Public Representative 	<p>Kolkata Region</p> <ol style="list-style-type: none"> 1. Shri Krishanu Bhattacharyya - Public Representative 2. Shri Pradeep Kumar Agarwal - Public Representative 3. Shri Goutam Dutt - Public Representative

(ix) Pending Legal Cases

The status of 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 No. 9**.

Table No. 9: 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
2012-13	4	0	0	4
2013-14	4	0	1	3

Regarding the four cases pending against your Exchange at the beginning of the year 2013-14, adequate legal measures are being taken to defend your Exchange. There is no arbitration case pending against your Exchange.

FUTURE PROSPECTS AND RECENT DEVELOPMENTS

Inter-connected Stock Exchange of India Ltd. (ISE) embarked on the development of a trading platform soon after Demutualization. The development of the Software for Trading was entrusted to a leading I.T. Company viz., M/s TCS Ltd. and the state of art software and hardware have been installed.

ISE has put in hard work for keeping ISE's electronic trading platform ready to go live and has always emphasized its keenness to launch the trading operations at ISE. Tata Consultancy Services (TCS) has implemented an Integrated 'end to end' solution (TCS Bancs MI#) for Trading, Risk Management, Clearing & Settlement and Surveillance activities having seamless real-time data flow across systems; customizable for future tradable products. Setting-up of integrated electronic trading facility has been completed and SEBI has also completed its inspection of the electronic trading platform, both at Primary Site and DR site. ISE has made a total investment of Rs. 20.83 crore as on September 30, 2013 towards setting-up of the trading platform. ISE has already implemented Stock Watch System (except clearing corporation aspect), facilities for Surveillance Division, PAN based reporting facility and upgraded its Surveillance System in line with the national level Stock Exchanges.

SEBI circular no.CIR/MRD/DSA/14/2012 dated May 30, 2012 requires the Stock Exchanges to implement their trading platform with annual turnover of Rs. 1000 crore within two years of the date of this circular, i.e., by May 30, 2014. If the Stock Exchanges are not able to achieve the prescribed turnover of Rs 1000 crore on continuous basis or does not apply for voluntary surrender of recognition and exit before the expiry of two years from the date of this Circular, SEBI shall proceed with compulsory de-recognition and exit of such Stock Exchanges, on such terms and conditions as may be specified by SEBI.

Further, the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 notified by SEBI on June 20, 2012 requires the Stock Exchanges to have a minimum networth of Rs. 100 crore by June 20, 2015. ISE has the distinction of receiving SEBI's permission to commence its own Trading Platform more than a year back i.e. on January 10, 2013. ISE has already complied with all the conditions as stipulated by SEBI except those relating to Clearing & Settlement tie-up, sale of subsidiary and commencement of trading. Further, SEBI vide its letter no. MRD/DSA/OW/11217/2014 dated April 17, 2014 has now conveyed that its approval granted vide its letter dated January 10, 2013 for re-commencement of trading operations at ISE was no longer valid.

Therefore, the Governing Board of ISE in its meeting held on May 29, 2014 decided to apply for 'Exit through voluntary surrender of recognition' which was subsequently confirmed by the Shareholders of ISE in their Extra-ordinary General Meeting held on June 3, 2014.

Subsequently the Governing Board of the Company is exploring possibilities of starting new line of businesses in the financial markets post exiting from the Stock Exchange business.

OFFICE INFRASTRUCTURE

The head office of your Exchange is located at Vashi, Navi Mumbai. Apart from the head office, there are two branch offices. A branch office at Ahmedabad & another is at Hyderabad as Investor Point/Branch Office and DR site at Bangalore which are staffed by personnel of your Exchange. These branch offices were established as Branch Office/Investor Points to offer to clients & brokers and also provide administrative & technical support to Investors as well as Trading Members located in their respective regions.

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, 2014, Report of the Board of Directors and the Report of the Auditors for the year ended March 31, 2014 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.

ISE Securities & Services Ltd. has registered a total income of ₹1048.31 lakh for the year 2013-14, which is 4.50 per cent higher than the figure of ₹1003.14 lakh achieved in 2012-13. While the income increased by 4.50 per cent, expenditure also increased from ₹721.75 lakh to ₹775.08 lakh by 7.38 per cent, thereby resulting in decrease in profit. The Finance cost is nil for the year 2013-14 which was ₹0.03 lakh in 2012-13, thereby providing additional relief to the company. Since the percentage of increase in expenditure is much higher than the percentage of increase in income, the profit decreased to ₹166.19 lakh from ₹187.75 lakh last year.

The investment of your Exchange in the subsidiary has not changed during the year. The entire shareholding of ₹5.5 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, 2014:

- the applicable accounting standards have been followed and no material departures have been made from the same;
- appropriate accounting policies have been formulated and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Exchange as at March 31, 2014 and Profit & Loss Account for the year ended March 31, 2014;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Exchange and for preventing and detecting frauds and other irregularities; and
- the annual accounts have been prepared on a going-concern basis.

BOARD OF DIRECTORS

After the 15th Annual General Meeting held on September 26, 2013, 12 meetings of the Board of Directors were held, as detailed in **Table No. 10**.

Table No. 10: Details of Meetings of Governing Board

Meeting No.	Date	Venue
127th	August 23, 2013	At Hotel Atithi, Vile Parle (E), Mumbai - 99
128th	September 14, 2013	At Hotel Atithi, Vile Parle (E), Mumbai - 99
129th	October 5, 2013	At Hotel Atithi, Vile Parle (E), Mumbai - 99
130th	December 7, 2013	At Hotel Atithi, Vile Parle (E), Mumbai - 99
131st	December 15, 2013	At Hotel Atithi, Vile Parle (E), Mumbai - 99
132nd	January 17, 2014	At Hotel Atithi, Vile Parle (E), Mumbai - 99
133rd	February 28, 2014	At Hotel Bawa International, Vile Parle (E), Mumbai - 99
134th	April 6, 2014	At Hotel Bawa International, Vile Parle (E), Mumbai - 99
135th	May 4, 2014	At Hotel Bawa International, Vile Parle (E), Mumbai - 99
136th	May 29, 2014	At the Registered Office of the Exchange, Vashi
137th	June 22, 2014	At the Registered Office of the Exchange, Vashi
138th	July 12, 2014	At the Registered Office of the Exchange, Vashi
139th	August 2, 2014	At the Registered Office of the Exchange, Vashi
140th	August 24, 2014	At the Registered Office of the Exchange, Vashi

The changes which have taken place in the Board of Directors from September 26, 2013 till date are presented in **Table No. 11:**

Table No. 11: Changes in Directors during 2013-14

Sr. No.	Name of Director	Particulars	Date of Appointment / re-appointment / cessation / resignation
1.	Shri P J Mathew	Ceased as Managing Director	w.e.f closing business hours of August 2, 2013
2.	Shri Udai Kumar	Appointed as Managing Director	December 2, 2013
3.	Shri Bharat Meisheri	Resigned as Shareholder Director	January 14, 2014
4.	Shri K. Rajendran Nair	Ceased as Public Interest Director	January 30, 2014
5.	Shri P. Sivakumar	Ceased as Shareholder Director	February 12, 2014
6.	Shri Santosh Muchhal	Re-appointed as Shareholder Director	February 28, 2014 (with the approval of SEBI on February 12,2014)
7.	Shri N.A. Viswanathan	Appointed as Public Interest Director	February 28, 2014
8.	Shri D.B. Mehta	Resigned as Shareholder Director	May 20, 2014

CONSTITUTION OF THE STATUTORY AND OPERATIONAL COMMITTEES

Your Exchange has constituted the various Statutory and Operational Committees, as per the directives issued by SEBI vide its circular no. CIR/MRD/DSA/33/2012 dated December 13, 2012. Details of the composition of these Committees for the year 2013-14, as well as the details of meetings attended by its members, are given in **Table No. 12.**

Table No. 12: Details of Committees

Arbitration Committee

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri K. Rajendran Nair (till January 30, 2014)	Public Interest Director	-	-
Shri H. C. Parekh	Public Interest Director	-	-
Prof. Sudhir Naib	Public Interest Director	-	-
Shri Paul Joseph (w.e.f February 28, 2014)	Public Interest Director	-	-
Shri Santosh Muchhal	Shareholder Director	-	-
Shri D. B. Mehta (till May 20, 2014)	Shareholder Director	-	-
Shri Bharat Meisheri (till January 14, 2014)	Shareholder Director	-	-

Defaulters' Committee (Committee Managing SGF)

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri H. C. Parekh	Public Interest Director	-	-
Shri Paul Joseph	Public Interest Director	-	-
Dr. S.D. Israni (w.e.f February 28, 2014)	Independent External Person (IEP)	-	-
Shri P. J. Mathew (till closing business hours of August 2, 2013)	Managing Director	-	-
Shri Udai Kumar (w.e.f. December 2, 2013)	Managing Director	-	-

Disciplinary Action Committee

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri H. C. Parekh	Public Interest Director	2	2
Prof. Sudhir Naib (till October 5, 2013)	Public Interest Director	1	-
Shri Paul Joseph (w.e.f. October 5, 2013)	Public Interest Director	1	-
Shri Bharat Meisheri (w.e.f. October 5, 2013 till January 14,2014)	Shareholder Director	-	-
Shri P. J. Mathew (till closing business hours of August 2, 2013)	Managing Director	1	1
Shri Udai Kumar (w.e.f. December 2, 2013)	Managing Director	1	1

Investors' Services Committee

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri H. C. Parekh	Public Interest Director	1	1
Prof. Sudhir Naib	Public Interest Director	1	1
Shri Paul Joseph (w.e.f. October 5, 2013)	Public Interest Director	-	-

SEBI Inspection Compliance Committee

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri K. Rajendran Nair (till January 30, 2014)	Public Interest Director	7	7
Shri H. C. Parekh	Public Interest Director	8	8
Shri Paul Joseph (w.e.f. February 28, 2014)	Public Interest Director	1	1
Shri Bharat Meisheri (till January 14, 2014)	Shareholder Director	6	6
Shri Santosh Muchhal (w.e.f. February 28, 2014)	Shareholder Director	1	1
Shri P. J. Mathew (till closing business hours of August 2, 2013)	Managing Director	3	3
Shri Udai Kumar (w.e.f. December 2, 2013)	Managing Director	2	2

Ethics Committee

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri H. C. Parekh	Public Interest Director	2	2
Prof. Sudhir Naib (till February 28, 2014)	Public Interest Director	2	1
Shri N.A. Viswanathan (w.e.f. February 28, 2014)	Public Interest Director	-	-
Shri Santosh Muchhal	Shareholder Director	2	2
Shri P. J. Mathew (till closing business hours of August 2, 2013)	Managing Director	1	1
Shri Udai Kumar (w.e.f. December 2, 2013)	Managing Director	-	-

Membership Selection Committee (previously known as Screening Committee)

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri. K Rajendran Nair (till January 30, 2014)	Public Interest Director	1	1
Shri H.C. Parekh	Public Interest Director	1	1
Shri Paul Joseph (w.e.f February 28, 2014)	Public Interest Director	-	-
Shri P. J. Mathew(till closing business hours of August 2, 2013)	Managing Director	-	-
Shri Udai Kumar (w.e.f. December 2, 2013)	Managing Director	-	-

Independent Oversight Committee of Governing Board for Member Regulation

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri. K Rajendran Nair (till January 30, 2014)	Public Interest Director	1	1
Shri H.C. Parekh	Public Interest Director	1	1
Prof. Sudhir Naib (w.e.f February 28, 2014)	Public Interest Director	-	-
Shri Satyan Israni	Independent External person (IEP)	1	-

Independent Oversight Committee of the Governing Board for Listing Function

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri K. Rajendran Nair (till October 5, 2013)	Public Interest Director	-	-
Shri H. C. Parekh	Public Interest Director	-	-
Prof. Sudhir Naib (w.e.f October 5, 2013)	Public Interest Director	-	-
Dr. S. D. Israni	Independent External Person (IEP)	-	-

Independent Oversight Committee of the Governing Board for surveillance Function

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri K. Rajendran Nair (till January 30, 2014)	Public Interest Director	-	-
Shri Paul Joseph (w.e.f October 5, 2013)	Public Interest Director	-	-
Shri N.A. Viswanathan (w.e.f February 28, 2014)	Public Interest Director	-	-
Shri Mahesh Soneji (till October 5, 2013)	Independent External Person (IEP)	-	-
Shri R. M. Joshi (w.e.f October 5, 2013)	Retired Executive Director (ED) of SEBI	-	-

Compensation Committee (previously known as HR & Remuneration Committee)

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri K. Rajendran Nair (till January 30, 2014)	Public Interest Director	2	1+1*
Shri H.C. Parekh	Public Interest Director	2	2
Shri Paul Joseph	Public Interest Director	2	1+1*
Shri N.A. Viswanathan (w.e.f February 28, 2014)	Public Interest Director	-	-
Shri D.B. Mehta (till May 20, 2014)	Shareholder Director	2	1+1*
Shri P. J. Mathew (till closing business hours of August 2, 2013)	Managing Director	-	-
Shri Udai Kumar (w.e.f. December 2, 2013)	Managing Director	-	-

* Meeting Attended through tele/video-conferencing.

Advisory Committee

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri K. Rajendran Nair (till January 30, 2014)	Public Interest Director	-	-
Shri H. C. Parekh (w.e.f February 28, 2014)	Public Interest Director	-	-
Shri Mohil Sanghavi, (w.e.f April 16, 2013)	Trading Member	-	-
Shri Jayant Vindwans (w.e.f April 16, 2013)	Trading Member	-	-
Shri Ashish C. Mehta (w.e.f April 16, 2013)	Trading Member	-	-
Shri Viral Dalal (w.e.f April 16, 2013)	Trading Member	-	-
Shri Mitesh (w.e.f April 16, 2013)	Trading Member	-	-
Shri P. J. Mathew (till closing business hours of August 2, 2013)	Managing Director	-	-
Shri Udai Kumar (w.e.f. December 2, 2013)	Managing Director	-	-

Public Interest Directors' Committee

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri K. Rajendran Nair (till January 30, 2014)	Public Interest Director	2	2
Shri H.C. Parekh	Public Interest Director	2	1+1*
Prof. Sudhir naib	Public Interest Director	2	2
Shri Paul Joseph (w.e.f. July 16, 2013)	Public Interest Director	1	1
Shri N. A. Viswanathan (w.e.f. February 28, 2014)	Public Interest Director	-	-

* Meeting Attended through tele-conferencing.

Selection Committee (Committee for selection of Managing Director)

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri K. Rajendran Nair (till January 30, 2014)	Public Interest Director	2	2
Shri H.C. Parekh (w.e.f February 28, 2014)	Public Interest Director	-	-
Shri Paul Joseph (w.e.f. July 16, 2013)	Public Interest Director	2	2
Dr. S.D. Israni	Independent External person (IEP)	2	2
Shri R.M.Joshi	Retired Executive Director (ED) of SEBI	2	2

Standing committee on Technology

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri H.C. Parekh (till January 30, 2014)	Public Interest Director	-	-
Shri Paul Joseph (w.e.f February 28, 2014)	Public Interest Director	-	-
Shri Ganesh Shastry	External Computer Expert	-	-
Shri Nanda Mohan Shenoy	Independent External person (IEP)	-	-

Business Development Committee (BDC) (Committee Managing Business Rules)

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri K. Rajendran Nair (till January 30, 2014)			
appointed as Member w.e.f February 28, 2014	Public Interest Director	4	3
Shri Paul Joseph	Public Interest Director	4	4
Shri D. B. Mehta (till May 20, 2014)	Shareholder Director	4	4
Shri Bharat Meisheri (till January 14, 2014)	Shareholder Director	3	3
Shri K. V. Thomas (till February 28, 2014)	-	3	3
Shri Udai Kumar (Appointed w.e.f. December 02, 2013)	Managing Director	3	3

*Meeting Attended through tele-conferencing.

Fund Raising Committee (FRC) (Till October 2013)

Name of the Committee Members	Category	Number of FRC Meetings during the FY 2013-14	
		Held	Attended
Shri K. Rajendran Nair	Public Interest Director	5	5
Prof. Sudhir Naib	Public Interest Director	5	4
Shri P. Sivakumar	Shareholder Director	5	2
Shri D. B. Mehta	Shareholder Director	5	5
Shri Bharat Meisheri	Shareholder Director	5	5
Shri P. J. Mathew (till Closing Business Hours of August 2, 2013)	Managing Director	4	4

AUDITORS

M/s. CNK & Associates LLP, Chartered Accountants, were appointed by the Members of the Exchange in the 15th Annual General Meeting as statutory auditors to hold office till the conclusion of the 16th Annual General Meeting. Prior to conversion into an LLP w.e.f. April 21, 2014, their firm was known as M/s. Contractor Nayak & Kishnadwala, Chartered Accountants.

The Auditors' Report relating to the accounts for the year ended March 31, 2014 does not contain any qualification.

PARTICULARS OF EMPLOYEES

Your Exchange had total staff strength of 56 on its rolls as on March 31, 2014. In addition, 10 contractual / consultant / temporary / Management Trainee staff members are working for your Exchange. None of the employees, however, 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.

Further in terms of Regulation 27(5) of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 dated 20.06.2012, "The compensation given to the Key Management Personnel (KMP) shall be disclosed in the Report of the recognised Stock Exchange or recognised clearing corporation under section 217 of the Companies Act, 1956", therefore the remuneration paid to the KMPs during the year 2013-14 is disclosed as under:

Sr. No.	Employee Name	Designation	Date of Joining	Paid Remuneration in ₹ (per annum)
1	P. J. Mathew (till 02-Aug-13)	Managing Director	2-Aug-07	1,241,617
2	Udai Kumar (w.e.f. 02.12.2013)	Managing Director	2-Dec-13	1,487,847
3	Gajendarnath Mudaliar	Vice President - Information Technology	2-Feb-09	1,720,512
4	Milind Nigam	Assistant Vice President - Legal, Compliance & Secretarial	12-Apr-06	1,426,344
5	Shachindrakumar R Dube	Assistant Vice President - Membership & Listing	03-Sep-12	1,401,090
6	Nitin Bohra	General Manager - Marketing	26-Sep-11	1,246,776
7	Krishna Wagle	General Manager - Finance & Accounts	3-Nov-03	1,057,104
8	Pradeep Muduli	General Manager – Human Resource	10-Jan-11	970,632
9	Thomas Kurian	Asst. General Manager – Admin	04-Feb-13	778,862
10	Jayakrishna Padiyar (till 30-Sep-13)	Senior Manager - Depository Participant	22-Oct-08	405,498

Note:

1. Remuneration includes Annual Gross salary, Employer contribution to Provident Fund & Pension.
2. Payables/Benefits enjoyed by the employees and are excluded in remuneration mentioned above are Leave Travel Allowance (LTA), Performance Linked Bonus (PLB), Contribution to Gratuity, Privilege Leave (PL), Group Mediclaim Policy (GMC), Group Personal Accident Policy (GPA) & other charges applicable to PF.

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 and Foreign Exchange Earnings & 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 Governing Board, Chairman, Managing Director and the entire staff working for your Exchange have endeavoured to adhere to the highest levels of corporate governance. In accordance with the Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) Regulations, 2012 dated 20.06.2012 issued by SEBI the disclosure requirements and corporate governance norms as specified for listed companies shall mutatis mutandis apply to your Exchange. Accordingly a report on disclosure under Corporate Governance norms has been added to this Annual Report.

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 for the support and encouragement extended to your Exchange. The Board of Directors also thanks the entire 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 Governing Board and in carrying out the day-to-day operations in a sincere manner.

By order of the Board of Directors

Date: August 24, 2014
Place: Vashi, Navi Mumbai

sd/-
H. C. Parekh
Chairman

CORPORATE GOVERNANCE REPORT FOR THE FY 2013-14

I. Company's Philosophy on Corporate Governance

Corporate Governance is aimed at serving corporate purposes by providing a framework within which stakeholders can pursue the objectives of the organization most effectively. Corporate governance signifies acceptance by management of the inalienable rights of shareholders as the true owners of the organization and of their own role as trustees on behalf of the shareholders.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees and the Governing Board.

The Exchange is in compliance with the requirements of the guidelines on corporate governance issued and amended by SEBI from time to time. With the introduction of Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) Regulations, 2012 dated June 20, 2012 by SEBI read with SEBI circular dated December 13, 2012, the Exchange has moved ahead in its pursuit of excellence in incorporating Corporate Governance Report in its Annual Report.

SEBI vide the aforesaid circular laid down the criteria, qualification, disclosure norms and the procedure for appointment of Directors on the Governing Board of Exchange. The said circular also suggested constitution and function of the statutory and operational committees of the Stock Exchange.

II. Board of Directors (Governing Board)

- (i) As on March 31, 2014, the Company was having Seven Directors with a Non-Executive Chairman. Of the Seven Directors, Four were Public Interest Directors, Two were Shareholder Directors, and One Managing Director. The composition of the Governing Board is in conformity with SEBI Regulations.
- (ii) The names and categories of the Directors on the Governing Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given below, other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships/Memberships of Board Committees include only Audit and Shareholders/Investors Grievance Committees:-

Name of the Director	Category	Number of Meetings of Governing Board held during the year 2013-14		Whether attended last AGM held on September 26, 2013	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies	
		Held	Attended	Yes/No	Chairman	Member	Chairman	Member
Mr. K. Rajendran Nair (Chairman & Public Interest Director) (ceased w. e. f. January 30, 2014)	Non-Executive	10	10	Yes	-	-	-	-
Mr. H. C. Parekh (Public Interest Director)	Non- Executive	11	11	Yes	-	-	-	-
Prof. Sudhir Naib (Public Interest Director)	Non- Executive	11	10	Yes	-	-	-	-
Mr. Paul Joseph (Public Interest Director) (w. e. f. July 16, 2013)	Non- Executive	9	8	Yes	-	2	-	-
Mr. N.A. Viswanathan (Public Interest Director) (w. e. f. February 28, 2014)	Non- Executive	1	-	No	-	2	-	-

Name of the Director	Category	Number of Meetings of Governing Board held during the year 2013-14		Whether attended last AGM held on September 26, 2013	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies	
		Held	Attended	Yes/No	Chairman	Member	Chairman	Member
Mr. P J Mathew (Managing Director) (ceased w. e. f. closing business hours of August 2,2013)	Executive	4	4	No	-	1	-	1
Mr. D B Mehta (Shareholder Director)	Non-Executive	11	11	No	-	1	-	-
Mr. Santosh Muchhal* (Shareholder Director)	Non-Executive	11	7	Yes	-	3	-	-
Mr. Bharat Meisheri (Shareholder Director) (resigned w. e. f. January 14,2014)	Non- Executive	10	8	Yes	-	-	-	-
Mr. P. Sivakumar (Shareholder Director) (ceased w. e. f. February 12,2014)**	Non- Executive	10	4	Yes	-	-	-	-
Mr. Udai Kumar (Managing Director) w.e.f. December 2,2013	Executive	4	4	No	-	1	-	-

* In view of SEBI's approval on February 12, 2014, Shri Santosh Muchhal has been re-appointed in 133rd Meeting of the Governing Board held on February 28, 2014.

** SEBI vide its letter dated February 12, 2014, has not approved re-appointment of Shri P. Sivakumar.

(iii) Eleven Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the said Meetings were held are as follows:

16.04.2013, 07.06.2013, 16.07.2013, 02.08.2013, 23.08.2013, 14.09.2013, 05.10.2013, 07.12.2013, 15.12.2013, 17.01.2014 and 28.02.2014

The necessary quorum was present for all the meetings.

(iv) None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

III. Audit Committee

(i) The Audit Committee of the Company is constituted in line with the provisions of Corporate Governance norms prescribed by SEBI.

(ii) The terms of reference of the Audit Committee are broadly as under:

- Overview of the company financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
- Recommending the appointment and removal of statutory auditors, fixation of audit fees and also approval for payment for any other services.
- Discussion with the statutory Auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report including the quarterly half yearly financial information.
- Reviewing with the management the annual financial statements before submission to the Governing Board focusing primarily on:
 - ▶ any changes in accounting policies and practices;
 - ▶ major accounting entries based on exercise of judgment by management;

- ▶ qualifications in draft audit report;
 - ▶ significant adjustments arising out of audit;
 - ▶ the going concern assumption;
 - ▶ compliance with accounting standards;
 - ▶ any related party transactions as per Accounting Standard 18.
- Reviewing the company's financial and management policies.
 - Disclosure of contingent liabilities.
 - Reviewing with the management and the internal auditors, the adequacy of internal control systems.
 - Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussion with internal auditors of any significant findings and follow-up thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Governing Board.
 - Looking into the reasons for substantial defaults in payments to the depositor's debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
 - Reviewing compliances as regards the company's Whistle Blower Policy.
- (iii) The Audit Committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the Statutory Auditors and representatives of the Internal Auditors to be present at its meetings.
- (iv) The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri P. Sivakumar (Chairman for 15.07.2013)	Shareholder Director	1	1
Shri Santosh Muchhal	Shareholder Director	2	2
Shri D. B. Mehta	Shareholder Director	3	3
Shri H. C. Parekh (Chairman for 06.12.2013)	Public Interest Director	3	2*
Prof. Sudhir Naib	Public Interest Director	3	2
Shri Paul Joseph (w.e.f.28.02.2014 chairman of the meeting)	Public Interest Director	1	1
Shri N A Viswanathan (w.e.f.28.02.2014)	Public Interest Director	1	0

* Shri H C Parekh has attended 2 Audit Committee Meetings as a Member and 1 Audit Committee Meeting as a Special Invitee.

- (v) Three Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows:

15.07.2013, 06.12.2013 and 28.02.2014

The necessary quorum was present for all the meetings.

IV. Compensation Committee (previously known as HR & Remuneration Committee)

- (i) The Company has a Compensation Committee of Directors.
- (ii) The broad terms of reference of the Compensation Committee are as under:

- To approve the annual remuneration plan of the company;
- To consider and recommend the Profit Linked Bonus (PLB) payable to the Managing Director and employees for each financial year;
- Such other matter as the Governing Board may from time to time suggest the Compensation Committee to examine and recommend/approve.

(iii) The composition of the Compensation Committee and the details of meetings attended by its members are given below:

Name of the Committee Members	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri K. Rajendran Nair (Chairman)	Public Interest Director	2	1+1*
Shri H.C. Parekh	Public Interest Director	2	2
Shri Paul Joseph			
(w.e.f. July 16,2013)	Public Interest Director	2	1+1*
Shri D.B. Mehta	Shareholder Director	2	1+1*

* Meeting Attended through tele/video-conferencing.

(vi) Two Meetings of the HR & Remuneration Committee were held during the year. The dates on which the said meetings were held are as follows:

August 2, 2013 and October 10, 2013

The necessary quorum was present for all the meetings.

(v) The Company does not have any Employee Stock Option Scheme.

(vi) HR Policy:

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. Individual performance pay is determined by business performance and the performance of the individuals measured through the half yearly & annual appraisal process.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and PLB to its Managing Director. Annual increments are based on the salary scale approved by the Governing Board and are w.e.f. April 1, each year. The HR & Remuneration Committee decides on the PLB payable to the Managing Director for the financial year based on the performance of the Company and of the Managing Director.

(vii) Details of the Remuneration (sitting fees) paid to Directors during the year ended March 31, 2014:

(a) Non-Executive Directors

Name	Sitting Fees (₹ '000)
Shri K. Rajendran Nair	230
Shri H. C. Parekh	225
Shri P. Sivakumar	70
Shri K. V. Thomas	20
Shri Dharmendra B. Mehta	195
Shri Santosh Muchhal	95
Shri Bharat Meisheri	165
Shri Sudhir Naib	155
Shri Paul Joseph	140

During the year 2013-14, the Company paid sitting fees of Rupees Ten Thousand per meeting to its Non-Executive Directors for attending meetings of the Governing Board and Rupees Five Thousand per meeting to members of the Committees. The Company also reimburses the out-of-pocket expenses incurred by the Directors and Committee members for attending the meetings.

(b) Executive Director (Managing Director)

Name of Director and period of appointment	Salary (₹ in Amt)	Benefits Perquisites and Allowances (₹ in Amt)	PLB (₹ in Amt)
Mr. P J Mathew Managing Director (till August 2, 2013)	829,568 (Basic Salary)	421,340 (Allowances & contribution to PFs and other funds)	0

Name of Director and period of appointment	Salary (₹ in Amt)	Benefits Perquisites and Allowances (₹ in Amt)	PLB (₹ in Amt)
Mr. Udai Kumar Managing Director (w.e.f. December 2, 2013 for a period of 5 years)	892,742 (Basic Salary)	605,058 (Allowances & contribution to PFs and other funds)	0

The above figures do not include provisions for encashable leave, gratuity and premium paid for Group Health Insurance as separate actuarial valuation/premium paid are not available for the Managing Director.

Services of the Managing Director may be terminated by three months' notice by the Managing Director. There is no provision for payment of severance fees.

Note: Mr. Gajendarnath Mudaliar was entrusted with the charges of the office of the Chief Executive Officer (CEO) w.e.f. closing business hours of 02.08.2013 till 01.12.2013, in addition to his present duties without any additional remuneration.

(viii) Details of shares of the Company held by the Directors as on March 31, 2014 are given below:

None of the Directors hold shares of the company in their individual capacity.

V. Shareholders / Investors Grievance Committee

(i) The Governing Board of the Company constituted following Shareholders / Investors Grievance Committee to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of Declared Dividend, non-receipt of Notices & Annual Reports, etc.:-

a. Shri H. C. Parekh

b. Shri Udai Kumar

(ii) The Company has always valued its investor relationships. This philosophy has been extended to investor relationship and an Investor Grievance Cell (IGC) / Investor Redressal Point (IRP). The IGC / IRP focuses on servicing the needs of investors, analysts, brokers and the general public.

(iii) Name, designation and address of Compliance Officer:

Mr. Milind Nigam

Company Secretary

Inter-connected Stock Exchange of India Limited

International Infotech Park, Tower-7,

5th Floor, Sector 30A, Vashi,

Navi Mumbai 400703.

(iv) Details of investor complaints received and redressed during the year 2013-14 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	Nil	Nil	Nil

VI. General Body Meetings

(i) General Meeting

(a) Annual General Meeting held during last 3 years:

Details	Date	Time	Venue
2010-11	September 29, 2011	11.30 am	Chandragupt Hall, 2nd Floor, Hotel Abbott, Sector - 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai 400 703.
2011-12	September 14, 2012	11.30 am	
2012-13	September 26, 2013	11.00 am	

(b) Extraordinary General Meeting held in the F.Y. 2013-14:

Details	Date	Time	Venue
Extra-ordinary General Meeting	July 15, 2013	11.00 am	Hotel Atithi, Near Mumbai Domestic Airport, Vile Parle (East), Mumbai 99.
Extra-ordinary General Meeting	March 26, 2014	10.00 am	Chandragupt Hall, 2nd Floor, Hotel Abbott, Sector 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai 400 703.
Extra-ordinary General Meeting	March 26, 2014	12.30 pm	Chandragupt Hall, 2nd Floor, Hotel Abbott, Sector 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai 400 703.

(ii) Postal Ballot

No Postal Ballot was conducted during the year 2013-14.

(iii) Special Resolutions

At the Annual General Meeting of the Company held on September 29, 2011, no Special Resolution was passed.

At the Annual General Meeting of the Company held on September 14, 2012, no Special Resolution was passed.

At the Annual General Meeting of the Company held on September 26, 2013, no Special Resolution was passed.

VII. Disclosures

- (i) There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.
- (ii) Details of non-compliance by the Company, penalties, structures imposed on the Company by the SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2010-11, 2011-12 and 2012-13, respectively: NIL
- (iii) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to the Clause 49 of the Listing Agreements with the Stock Exchanges:
 - (a) The Company has set up a HR & Remuneration Committee (Compensation Committee), details of which have been given earlier in this Report.
 - (b) The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behaviour.

VIII. Subsidiary Company

The Governing Board of the Exchange reviews the Annual Financial Statements of its wholly owned subsidiary company. The minutes of the Board Meetings along with a report on significant developments of the subsidiary company are periodically placed before the Governing Board of the Exchange. The Company also conducts a half yearly Inspection of its wholly owned subsidiary, in accordance with the circulars issued by SEBI, through an external agency.

IX. Means of Communication

The annual results of the Company are sent to the members of the company alongwith the notice and annual report. The Annual report is also displayed on the Company's website "www.iseindia.com".

X. General Shareholder Information

(i) Annual General Meeting:

Date	:	October 25, 2014
Time	:	11.00 am
Venue	:	Chandragupta Hall, 2nd Floor, Hotel Abbott, Sector 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai 400 703

As required under the Companies Act, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on October 25, 2014.

Considering the timely completion of the exit process, the governing board decided to seek extension for holding the AGM. Accordingly, based on the application submitted by the company, the Registrar of Companies (RoC) had granted extension on 18.09.2014 to hold the AGM upto October 25, 2014.

(ii) Financial Calendar:

Year ending	:	March 31
AGM in	:	October
Dividend Payment	:	No dividend to be declared in the current financial year
(iii) Date of Book Closure/Record Date	:	As mentioned in the Notice of the AGM to be held on October 25, 2014
(iv) Listing on Stock Exchanges	:	N/A
(v) Stock Codes/Symbol:	:	N/A
(vi) Corporate Identification Number (CIN) of the Company	:	U67120MH2005PLC157556

(vii) Dividend Policy:

Dividends, other than interim dividend(s), are to be declared at the Annual General Meetings of shareholders based on the recommendation of the Board of Directors. Generally, the factors that may be considered by the Board of Directors before making any recommendations for dividend include, without limitation, the Company's future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions.

(viii) Declaration of Dividend:

The Exchange has shared a significant part of its profits during the past years and had paid within 30 days from the date of declaration of dividend in its respective AGM's. The following table gives information relating to dividend declared by the Exchange during the past three financial years:

Financial Year	Date of Declaration	Rate of Dividend
2010-11	September 29, 2011	100%
2011-12	September 14, 2012	Nil
2012-13	September 26, 2013	Nil

(xi) Registrar and Transfer Agent (RTA):

Name and Address	:	Bigshare Services Pvt. Ltd., E- 2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (E), Mumbai - 400 072
Telephone	:	91-22-40430200
Fax	:	91-22-2847 5207
E-mail	:	rajshree@bigshareonline.com
Website	:	www.bigshareonline.com

(ix) Share Transfer System:

90% of the equity shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with RTA at the above mentioned address.

Transfer of shares in physical form is normally processed from the date of receipt, if the documents are complete in all respects. The Share Transfer Committee / Officer / RTA is severally empowered to approve transfer of shares.

(xi) Shareholding as on March 31, 2014:

(a) Distribution of Equity Shareholding as on March 31, 2014:

Holding of Nominal	Number of Shareholders	Percentage of Total	Share Amount	Percentage of Total
1-5000	1	2.4390	10	0.000
20001 - 30000	2	4.8780	56000	0.2000
100001 - 999999999	38	92.6829	27943990	99.8000
GRAND TOTAL	41		28000000	100.0000

(b) Categories of Equity Shareholders as on March 31, 2014

Category	Total Shareholders	Percentage of Shareholders	Total Shares	Percentage
Corporate Bodies	26	63.4146	23700340	84.6441
Non Resident Indians	1	2.4390	279400	0.9979
Public	14	34.1463	4020260	14.3581
Total	41		28000000	100.0000

(c) Top Ten Equity Shareholders of the Company as on March 31, 2014:

Sr. No.	Name of the Shareholder	Number of shares held	Percentage of holding
1	Bhubaneswar Stock Exchange Limited	1400000	5.00
2	Cochin Stock Exchange Limited	1400000	5.00
3	Coimbatore Stock Exchange Limited	1400000	5.00
4	Gauhati Stock Exchange Limited	1400000	5.00

Sr. No.	Name of the Shareholder	Number of shares held	Percentage of holding
5	Madhya-Pradesh Stock Exchange	1400000	5.00
6	Magadh Stock Exchange Limited	1400000	5.00
7	Saurashtra-Kutch Stock Exchange Limited	1400000	5.00
8	Bennett Coleman & Co. Ltd	1248260	4.4581
9	Darashaw and Company Pvt Ltd	1248260	4.4581
10	Panoramic Universal Limited	1248260	4.4581

(xii) Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialised form on Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 90% of the Company's equity share capital are dematerialised and remaining 10% are in physical form, as on March 31, 2014.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE171101014.

(xiii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

As on March 31, 2014, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

(xiv) Converting of shares held in physical form to dematerialized form:

During the year 2013-14, the Company had taken steps i.e. by issuing letters to the Shareholders, for encouraging them for dematerialising the shares held by them in physical form.

(xv) Address for correspondence:

Inter-connected Stock Exchange of India Limited
International Infotech Park, Tower-7,
5th Floor, Sector 30A, Vashi,
Navi Mumbai 400703
Telephone: 91 22 67941100 / 91 22 679411109
Fax: 91 22 27812105
Designated e-mail address for Investor Services:
Website: www.iseindia.com

DECLARATION REGARDING COMPLIANCE BY GOVERNING BOARD MEMBERS AND KEY MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for all its Governing Board Members and Key Management Personnel. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2014, received from the Key Management Personnel of the Company and the Members of the Governing Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Key Management Personnel means a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of department(s) in the exchange or in any other position as declared so by the exchange as on March 31, 2014.

Date: September 27, 2014

Place: Vashi, Navi Mumbai

sd/-

Udai Kumar

Managing Director

COMPLIANCE CERTIFICATE

TO THE MEMBERS OF INTER-CONNECTED STOCK EXCHANGE OF INDIA LIMITED

We have examined the compliance of conditions of corporate governance by INTER-CONNECTED STOCK EXCHANGE OF INDIA LIMITED ("the Exchange"), for the year ended March 31, 2014, as specified by SEBI for listed companies which shall mutatis mutandis apply to the Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Exchange for ensuring the compliance of the conditions of Corporate Governance to the extent it is applicable to the Exchange. It is neither an audit nor an expression of opinion on the financial statements of the Exchange.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Exchange has complied with the conditions of Corporate Governance to the extent it is applicable to the Exchange.

We state that such compliance is neither an assurance as to the future viability of the Exchange nor of the efficiency or effectiveness with which the management has conducted the affairs of the Exchange.

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

sd/-

CS. Neelesh Gupta

Proprietor

C. P. No. 6846

FCS 6381

Date: September 27, 2014

Place: Indore



CIN: U67120MH2005PLC157556

Nominal Capital: 1000 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 2014. 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 Eleven (11) times during the financial year on 16th April 2013, 07th June 2013, 16th July 2013, 02nd August 2013, 23rd August 2013, 14th September 2013, 05th October 2013, 07th December 2013, 15th December 2013, 17th January 2014 and 28th February 2014 respectively in respect of 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 11th September 2013 to 26th September 2013, during the financial year.
6. The Annual General Meeting for the Financial Year ended on 31st March 2013 was held on 26th September 2013 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. Three Extra-ordinary General Meeting (EGM) were held during the year. One EGM was held on 15th July 2013 and two EGM were held on 26th March 2014 at 10.00 am., & 12.30 pm., respectively and resolution passed thereat was duly recorded in the Minutes Book maintained during the financial year.
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.
10. According to the Information given to us by the Management of the Company, transactions that needed to be entered have been so entered 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). During the year two instances of share transfer was recorded. In the first instance 10 shares were transfer on 02nd September, 2013 and in the second instance 5,00,000 shares were transfer on 25th February, 2014, except the aforesaid two instances no other case of allotment or transmission of shares were found during the Financial Year
 - ii). has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.

- iii). has not posted warrants to any members of the Company as no dividend was declared during the financial year.
 - 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. Shri Paul Joseph was appointed as Public Interest Director on 16th July 2013 and Shri N.A. Viswanathan was appointed as Public Interest Director on 28th February 2014. Shri A.K. Mago was resigned as Public Interest Director w.e.f 16th April 2013, Shri P.J. Mathew ceased as Managing Director w.e.f. 02nd August 2013, Shri Bharat Meisheri was resigned as Shareholder Director on 14th January 2014, Shri K. Rajendran Nair ceased as Public Interest Director on 30th January 2014 and Shri P.Sivakumar ceased as Shareholder Director on 12th February 2014. Except these there was no change in the Board of Directors of the Company during the financial year.
 15. The Company has appointed Shri Udai Kumar as Managing Director on 02nd December 2013. Except it no other Whole Time Director or Manager were appointed 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, Central Government and Regional Director and /or such other authorities as may be prescribed under any of the provisions of the Act.
 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 issued any shares during the financial.
 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 has not altered the provisions of the Memorandum with respect to the Share Capital of the Company during the year under scrutiny.
 30. The Company has not altered the 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**

sd/-

**CS. Neelesh Gupta
Proprietor
C. P. No. 6846
FCS 6381**

Place: Indore
Date: 24.08.2014

ANNEXE - 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.

ANNEXE - B

Forms and returns as filed by the company with the Registrar of Companies, during the financial year ended 31st March 2014.

Sr. No.	Name of the document	Companies Act, 1956	For	Filing Date [Receipt No.]
1.	Form 32	Section 303(2)	16.04.2013	18.04.2013 (B73070484)
2.	Form 1A	Section 20 & 21	16.04.2013	24.04.2013 (B73467573)
3.	Form 32	Section 303 (2)	16.07.2013	30/07/2013 (B80534159)
4.	Form 23	Section 293 (1) (a)	02.08.2013	01.08.2013 (B80732761)
5.	Form 32	Section 303 (2)	02.08.2013	26.08.2013 (B82568676)
6.	Form 66	Section 383 A	31.03.2013	11.10.2013 (Q13191069)
7.	Form 23AC and 23ACA	Section 220	31.03.2013	17.10.2013 (Q13993571)
8.	Form 20B	Section 159	26.09.2013	22.10.2013 (Q15410715)
9.	Form 23	Section 192	15.12.2013	24.12.2013 (B92197375)
10.	Form 32	Section 303 (2)	05.10.2013	24.12.2013 (B92196856)
11.	Form32	Section 303 (2)	15.12.2013	15.01.2014 (B93749711)
12.	Form32	Section 303 (2)	17.01.2014	24/02/2014 (B96958343)
13.	Form 32	Section 303(2)	28.02.2014	11/03/2014 (B98267560)

END OF COMPLIANCE CERTIFICATE

INDEPENDENT AUDITORS' REPORT

To the Members of Inter Connected Stock Exchange of India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Inter Connected Stock Exchange of India Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1.3 to the financial statements. The Company's operating results has been affected as at March 31, 2014. The accumulated losses have not resulted in the substantial erosion of its net worth. Based on the factors discussed in the said note, management believes that the going concern assumption is appropriate and no adjustments have been made in the financial statements for the year ended March 31, 2014.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

- (a) 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;
- (b) 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.
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For CNK & Associates LLP
Chartered Accountants
Firm Registration Number: 101961W

Place: Mumbai
Date: August 24, 2014

sd/-
Hiren Shah
Partner
Membership Number: 100052

Annexure to Auditors' Report

[Referred to in Paragraph under the heading of "report on other legal and regulatory requirements" of our report of even date]

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The Company is engaged in providing inter connectivity among the regional Stock Exchanges and the nature of business doesn't require holding inventory, hence clause 4 (ii) of the Order is not applicable.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence clause 4 (iii) (a), (b), (c), (d) of the Order are not applicable.
- (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 Act. Hence clause 4 (iii) (e) (f), (g), of the Order are not applicable.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 5 (a) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities. There are no arrears of statutory dues outstanding as at March 31, 2014, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute other than the following:

Nature of dues	Period to which amount relates	Amount (Rs.)	Forum where dispute is pending
Navi Mumbai Municipal Corporation(NMMC)	1998-99	3,477,858	The Honorable Bombay High Court
Navi Mumbai Municipal Corporation(NMMC)	1999-2011	9,695,631	Notice Received from NMMC.The company has filed an appeal under section 406 (6) (i)/(ii) of the Bombay Provincial Municipal Corporation Act, 1949 before the Deputy Commissioner Cess.

10. The Company's accumulated losses at the end of the financial year were less than fifty percent of its net worth. The Company has incurred cash losses during the financial year and in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year; and does not have any debentures outstanding as at the year end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For CNK & Associates LLP
Chartered Accountants
Firm Registration Number: 101961W

sd/-
Hiren Shah
Partner
Membership Number: 100052

Place: Mumbai
Date: August 24, 2014

Inter-connected Stock Exchange of India Ltd.

Balance Sheet as at March 31, 2014

	Note	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
<u>EQUITY AND LIABILITIES</u>			
SHAREHOLDERS' FUND			
Share Capital	2.1	28,000,000	28,000,000
Reserves and Surplus	2.2	371,320,842	427,680,502
NON CURRENT LIABILITIES			
Deferred Tax Liability (Net)	2.3	-	191,392
Long term provisions	2.4	3,382,723	2,597,302
CURRENT LIABILITIES			
Trade Payables	2.5	-	178,299
Other current liabilities	2.6	88,394,942	90,071,207
Short term provisions	2.7	5,984,642	6,253,876
Total		497,083,149	554,972,578
<u>ASSETS</u>			
NON CURRENT ASSETS			
Fixed assets	2.8		
(i) Tangible Assets		130,142,825	156,583,259
(ii) Intangible Assets		20,801,583	30,025,950
(iii) Capital work-in-progress		-	-
Non current Investments	2.9	150,944,408	186,609,209
Long Term Loans & Advances	2.10	55,000,000	55,000,000
Other Non Current Assets	2.11	14,378,991	13,539,936
		2,054	56,055
CURRENT ASSETS			
Trade Receivables	2.12	12,002,986	15,847,461
Cash & Bank Balances	2.13	240,243,210	268,508,363
Short Term Loans & Advances	2.14	12,347,850	9,143,951
Other Current Assets	2.15	12,163,650	6,267,603
Total		497,083,149	554,972,578
Significant Accounting Policies and Notes forming part of the Accounts	1 & 2 (2.1 to 2.29)		

As per our attached Report of even date
For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Hiren Shah
 Partner
 Membership No 100052

Place: Navi Mumbai
Date: August 24, 2014

For and on behalf of Board of Directors

sd/-
H. C. Parekh
 Chairman

Place: Navi Mumbai
Date: August 24, 2014

sd/-
Udai Kumar
 Managing Director

sd/-
Milind Nigam
 Company Secretary

Inter-connected Stock Exchange of India Ltd.

Statement of Profit and Loss for the period April 01, 2013 to March 31, 2014

Particulars	Note	Year ended March 31, 2014 (₹)	Year ended March 31, 2013 (₹)
Revenue from Operations	2.16	18,726,163	25,940,764
Other Income	2.17	32,077,648	25,638,028
Total		50,803,811	51,578,792
Expenditure			
Employee Benefit Expenses	2.18	42,165,153	32,231,638
Finance Cost		-	-
Depreciation/Amortisation		38,527,889	11,310,764
Other expenses	2.19	39,782,738	32,220,237
Total Expenses		120,475,780	75,762,639
Profit/(Loss) before Exceptional, Extraordinary items & Tax		(69,671,969)	(24,183,847)
Exceptional items		-	-
Profit/(Loss) before Extraordinary items & Tax		(69,671,969)	(24,183,847)
Extraordinary Items		-	-
Profit/(Loss) before Tax		(69,671,969)	(24,183,847)
Profit for the period from continuing operations before tax		(80,676,637)	(33,934,047)
Income tax expense for continuing operations			
- Current tax (after adjusting taxation provision on interest credited to earmarked fund account of Rs. 5,880,350/- (previous year: Rs. 6,666,403/-))		-	-
- Deferred Tax [Saving/ (Expenses)]	2.3	191,392	2,117,319
Profit for the period from continuing operations after tax		(80,485,245)	(31,816,728)
Profit for the period from discontinuing operations before tax		11,004,668	9,750,200
Income tax expense for discontinuing operations			
- Current Tax		-	-
- Deferred Tax		-	-
Profit/(Loss) for the period from discontinuing operations after tax		11,004,668	9,750,200
Profit/(loss) for the period		(69,480,577)	(22,066,528)
Earnings per share (for face value of Rs.1 /-each) (Basic & Diluted)			
Including discontinued operations	2.26	(2.48)	(0.79)
Excluding discontinued operations		(2.87)	(1.14)
Significant Accounting Policies and Notes forming part of the Accounts		1 & 2 (2.1 to 2.29)	

As per our attached Report of even date
For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Hiren Shah
 Partner
 Membership No 100052

Place: Navi Mumbai
Date: August 24, 2014

For and on behalf of Board of Directors

sd/-
H. C. Parekh
 Chairman

Place: Navi Mumbai
Date: August 24, 2014

sd/-
Udai Kumar
 Managing Director

sd/-
Milind Nigam
 Company Secretary

Inter-connected Stock Exchange of India Ltd.

Cash Flow Statement for the year ended March 31, 2014

	Year ended March 31, 2014		Year ended March 31, 2013	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A. Cash Flow from Operating activities				
Net Profit before tax as per statement of profit and loss		(69,671,969)		(24,183,847)
Adjustment for :				
Interest on Bank Fixed Deposits	(9,006,014)		(14,042,949)	
Dividend received from Subsidiary	(11,000,000)		(10,175,000)	
Write Back of Doubtful Debts	(3,629,627)		-	
Provision for Doubtful Debts	1,072,761		1,779,764	
Sale of Depository Participant Business	(7,153,986)			
Depreciation	38,527,889		11,310,764	
		8,811,023		(11,127,421)
Operating Profits before working capital changes:		(60,860,946)		(35,311,268)
Adjustments for:				
(Increase)/Decrease in Trade and other Receivable	(480,526)		(10,288,608)	
Increase/(Decrease) in Trade and other Payables, liabilities and provisions	(1,338,377)		(6,552,383)	
		(1,818,903)		(16,840,991)
Cash generated from operation		(62,679,851)		(52,152,259)
Direct taxes paid (net of income tax refund)	(3,052,133)		(3,670,534)	
Total taxes paid		(3,052,133)		(3,670,534)
Net Cash inflow/(outflow) from Operating Activities (A)		(65,731,983)		(55,822,793)
B. Cash Flow From investing Activities				
Fixed Deposits Interest earned	9,006,014		14,042,949	
Sale of Depository Participant Business	7,153,986			
Dividend from Subsidiary Company	11,000,000		10,175,000	
Purchase of Fixed Assets including Capital work in Process	(2,863,087)		(20,907,970)	
Net Cash inflow/(outflow) from Investing Activities (B)		24,296,913		3,309,979
C. Cash Flow from financing activities				
Amount transferred from Settlement Gurantee Fund	-		4,193,076	
Amount received in Settlement Guarantee Fund and interest earned thereon	13,010,372		9,578,583	
Amount received in Investor Service Fund and interest earned thereon	110,545		99,078	
Net Cash inflow/(outflow) from financial activities (C)		13,120,917		13,870,737

	Year ended March 31, 2014		Year ended March 31, 2013	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<i>Continued Cash Flow Statement</i>				
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(28,314,153)		(38,642,077)
Cash and cash equivalents at the beginning of the year		268,557,363		307,199,440
Cash and cash equivalents at the end of the year		240,243,210		268,557,363

- Notes :
1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS)-3 issued by the Institute of Chartered Accounting of India.
 2. Cash and cash equivalents at the end of the year includes earmarked fund balances (Refer note 2.13).

As per our attached Report of even date
For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

For and on behalf of Board of Directors

sd/-
Hiren Shah
Partner
Membership No 100052

sd/-
H. C. Parekh
Chairman

sd/-
Udai Kumar
Managing Director

Place: Navi Mumbai
Date: August 24, 2014

Place: Navi Mumbai
Date: August 24, 2014

sd/-
Milind Nigam
Company Secretary

1. **Significant Accounting Policies:**

1.1 **Basis of preparation of Financial Statements**

These financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the other relevant provisions of the Companies Act, 1956/2013 as applicable read with note 1.3.

These financial statements have been prepared and presented in accordance with the requirements of Revised Schedule VI, as notified under the Companies Act, 1956 and applicable to the company.

Even though the Company is a Small and Medium Sized Company (SMC) as defined in the Companies (Accounting Standards) Rules 2006, notified on 7th December 2006 [which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of Ministry of Corporate Affairs] and accordingly the Company has complied with the all Accounting Standards ("AS") as applicable except AS 17- Segment Reporting which is currently not applicable to the Company.

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 **Inter-connected Stock Exchange of India Ltd. (ISE) had received letter from SEBI dated January 10, 2013 with regard to re-commencement of trading on the platform of ISE and directed to ensure compliance of conditions mentioned in the letter, before re-commencing trading operations to the satisfaction of SEBI.**

SEBI vide its letter dated June 06, 2013 informed that the clearing house of ISE does not fulfil the basic eligibility criteria under Regulation 3 of SECC Regulations, 2012 and becomes ineligible to continue as Depository Participant (DP) in the capacity of clearing house of a Stock Exchange. Accordingly Company transferred the Depository Participant (DP) Services of Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) to ISE Securities and Services Ltd, wholly owned subsidiary w.e.f. October 01, 2013.

ISE vide its letter dated March 03, 2014 had submitted status of its compliance with the conditions laid down by SEBI vide letter dated January 10, 2013. However, SEBI vide its letter dated April 17, 2014 informed ISE that though sufficient time had been given, ISE had not complied with the requirements for recommencement of its trading platform and in view of the same the approval accorded to ISE by SEBI for re-commencing its trading platform was no more valid.

Considering the last date to apply for exiting from the Stock Exchange business through voluntary surrender of recognition was May 29, 2014. The Governing Board of ISE in its meeting held on May 29, 2014 decided and applied to SEBI for exiting from the stock exchange business through voluntary surrender of recognition subject to approval of Shareholders in the Extra General Meeting (EGM) held on June 3, 2014.

In the Extra General Meeting (EGM) held on June 3, 2014, the Shareholders confirmed the decision of the Governing Board and passed special resolution for exiting from the stock exchange business through voluntary surrender of recognition in terms of SEBI Circular No. CIR/ MRD/ DSA/ 14/2012 dated May 30, 2012 on Exit Policy for De-recognized/ Non-operational Stock Exchange, read with SEBI circular no. RD/Dop/SE/CIR-36/2008 dated December 29, 2008. And the decision of the Shareholders was communicated to SEBI on June 11, 2014.

ISE has incurred loss in the current year and the previous financial year. However the accumulated losses have not resulted in the substantial erosion of its networth. ISE has adequate reserves directly and indirectly through the wholly owned subsidiary.

The Governing Board of ISE considering various factors such as its presence in various cities through its Trading Members, expertise of its staff members and basic infrastructure which could be utilised in activities related to Capital Market, and hence the Governing Board is exploring possibilities of alternate business activities to be carried out post its exit from the stock exchange business. Accordingly the worth of the assets was not impaired as it was believed that the assets may earn atleast the value stated in the books.

Accordingly, ISE's financial statements have been prepared on a going concern basis whereby the realization of assets and discharge of liabilities are expected to occur in the normal course of business.

1.4 Revenue Recognition

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

Income from Depository Activities: Maintenance charges are recognized on pro-rata basis from the date of charging till the year end. Transaction charges are recognized on the execution of the instruction slips.

The Dividend Income, if any, is accounted when the right to receive payment is established.

Management service fees and Reimbursement of Expenses are charged on accrual basis as per the terms of contract with the customer i.e. ISE Securities & Services Ltd., a wholly owned subsidiary of the company.

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.

1.5 Fixed Assets

Fixed Assets are valued at cost. They are stated at historical cost including incidental expenses and Developmental Expenses. Developmental expenditure are directly attributable to Tangible and Intangible Assets as the Company intends to complete the asset and use it. The improvements to leased premises have been capitalised along with leasehold premises.

1.6 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. Assets costing less than Rs. 5,000/- have been fully depreciated.

1.7 Investments

Investment in the subsidiary company being of long-term nature is stated at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognise the decline. Current investments are valued at lower of the cost or Net realisable value of such investments.

1.8 Employees Benefits :

(a) Defined Contribution Plan:

The company makes defined contributions to Government Employee Provident Fund, Government Employee Pension Fund, Employee Group Insurance Scheme (EGIS), which are recognised in the Statement of Profit and Loss on accrual basis.

(b) Defined Benefit Plan:

- i. The company has a defined benefit plan for post employment benefits in the form of Gratuity for all employees administered through a Trust managed by its Trustees, funded with Life Insurance Corporation of India. Liability for Defined Benefit Plan is provided on the basis of actuarial valuation, as at Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit Method.

- ii. **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.
- iii. Actuarial gains and losses are immediately recognised in the Statement of Profit & Loss.\

(c) 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 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.

In case of unabsorbed losses and unabsorbed depreciation, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each Balance Sheet date the company reassesses the unrecognized deferred tax assets.

1.11 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.

1.12 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.

2 NOTES ON ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2014

2.1 SHARE CAPITAL

A)	Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
	Authorised Capital (10,00,00,000 Equity shares of Re 1/- each)	100,000,000	100,000,000
	Issued, Subscribed And Paid Up (2,80,00,000 Equity shares of Re 1/- each fully paid up)	28,000,000	28,000,000
	Total	28,000,000	28,000,000

- B) The company has only one class of shares referred to as equity shares having a par value of Rs. 1/-. Each holder of equity shares is entitled to one vote per equity shares.
- C) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- D) None of the Shareholders of the Company are holding more than 5% equity shares of the paid-up capital of the company directly or indirectly as on March 31, 2014.
- E) During the five reporting periods immediately preceding the reporting date, no shares have been issued by capitalisation of reserves as bonus shares or for consideration other than cash.
- F) **Reconciliation of number of shares outstanding**

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Number of Shares at the beginning	28,000,000	28,000,000
Number of Shares issued (Bonus Shares)	-	-
Number of Shares bought back	-	-
Other Adjustments	-	-
Number of Shares at the end	28,000,000	28,000,000

2.2 RESERVES & SURPLUS

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
PART A : RESERVES & SURPLUS (before November 24, 2005)*		
Free Reserves		
Surplus in P&L as per last Balance Sheet	11,888,319	11,888,319
General Reserves:		
As per last Balance Sheet	1,253,176	1,253,176
Total Free Reserves	13,141,495	13,141,495
Capital Reserves		
Infrastructure Development Contribution:		
As per last Balance Sheet	91,900,000	91,900,000
	91,900,000	91,900,000
Dealer Admission Fees :		
As per last Balance Sheet	38,328,857	38,328,857
	38,328,857	38,328,857
Total Capital Reserves	130,228,857	130,228,857
Total of PART A : RESERVES & SURPLUS	143,370,352	143,370,352

Note:

- * Pursuant clause 11 of the ISE (Corporatisation & Demutualisation) Scheme, 2005, Assets and Reserves as on November 23, 2005 are not available for the distribution to the Members of the Company and accordingly the same have been segregated from the re-registered Company's Reserves and Surplus.

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
PART B : RESERVES & SURPLUS (after November 24, 2005)		
Share Premium Account: As per last Balance Sheet	111,438,315	111,438,315
General Reserves:		
Opening Balance	11,032,801	6,839,725
Add: Transferred from Settlement Guarantee Fund	-	4,193,076
Less: Transferred to Settlement Guarantee Fund *	4,193,076	-
Closing Balance	6,839,725	11,032,801
Surplus/(deficit) in the statement of profit and loss :		
Opening balance	30,384,577	52,451,106
Add: Net profit/(loss) after tax transferred from statement of profit and loss	(69,480,577)	(22,066,528)
Net surplus/(deficit) in the statement of profit and loss account	(39,096,000)	30,384,577
Total Free Reserves	79,182,040	152,855,693
Total of PART B : RESERVES & SURPLUS	79,182,040	152,855,693

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
PART C : EARMARKED Fund **		
Settlement Guarantee Fund:		
Opening Balance	129,213,522	119,634,939
Add: Interest received on SGF/ BMC (net of tax Rs. 5,817,952/- (previous year: Rs. 6,599,780/-))	13,010,372	13,741,659
Add: Contributions from the Trading Members	-	30,000
Add: Transferred to Settlement Guarantee Fund *	4,193,076	-
Less: Transferred to General Reserves	-	4,193,076
Closing Balance	146,416,970	129,213,522
Investor Services Fund:		
Opening Balance	2,240,935	2,141,857
Add: Interest received on Fixed Deposit (net of tax Rs. 62,398/- (previous year: Rs. 66,623/-))	139,537	138,718
Add: Accretion by way of appropriation from the listing fee income during the period	6,750	6,500
Less: Expenses incurred for Investor Programmes conducted	-	-
Less: Newspaper and Periodicals Expenses	35,742	46,140
Closing Balance	2,351,480	2,240,935
Total of PART C : Earmarked Reserves	148,768,450	131,454,457
Reserves and Surplus (TOTAL OF PART A+B+C)	371,320,842	427,680,502

* During the year, with the approval of Governing Board of ISE, Rs. 4,193,076/- previously credited to General Reserves was transferred back to Settlement Guarantee Fund (SGF) as instructed by SEBI in its Compliance Status Report dated January 02, 2014.

** The Company has maintained Settlement Guarantee Fund and Investor Services Fund separately as Earmarked Fund in accordance with the directives issued by Securities and Exchange Board of India (SEBI) from time to time.

- D) 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.

2.3 DEFERRED TAX (ASSET)/LIABILITY*

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
<u>DEFERRED TAX LIABILITIES</u>	-	191,392
Total	-	191,392

(A) Composition of Deferred Tax:

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
<u>DEFERRED TAX LIABILITIES</u>		
Fixed Assets	25,022,353	16,307,088
<u>LESS: - DEFERRED TAX ASSETS</u>		
Unabsorbed Depreciation current year	21,479,676	16,115,696
Unabsorbed Depreciation previous year	15,348,282	-
Provisions for Doubtful debts	-	-
Provision for employees benefit	-	-
Total Net	(11,805,605)	191,392

Note:

- * The Company has not recognised Deferred Tax Asset as on March 31, 2014 after adjusting the carried forward unabsorbed depreciation benefit (to the extent set off available).

In the absence of virtual certainties of future taxable income, net deferred tax assets have not been recognized by way of prudence in accordance with Accounting Standard 22 on accounting for Taxes on Income, issued pursuant to the Companies (Accounting Standards) Rules 2006 by the Central Government.

2.4 LONG TERM PROVISIONS

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
<u>Provision for Employee benefit</u>		
Gratuity (Refer Note No. 2.24(i))	1,099,596	723,180
Employees' Leave Encashment	2,283,127	1,874,122
Total	3,382,723	2,597,302

2.5 TRADE PAYABLES:

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
(A) Due to Micro Small & Medium Enterprises (refer note below point 2.6)	-	-
(B) Others Depository Services	-	178,299
Total	-	178,299

2.6 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
(A) Income received in advance	1,747,660	2,889,761
(B) Advance received from Trading Member Pending Registration	4,507,500	4,912,500
(C) Refundable Deposits		
- Base Minimum Capital of Trading Members	68,660,903	69,647,403
- Trading Member Security Deposit	5,900,000	7,400,000
(D) Other payables		
Dues to Micro Small & Medium Enterprises *	-	-
Statutory Liabilities	420,979	212,122
Defaulter Account Credit Balances	2,230,569	2,133,802
Others	4,927,331	2,875,619
Total	88,394,942	90,071,207

Note:

* 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.

2.7 SHORT TERM PROVISIONS

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Provision for Employee benefits		
Performance Linked Bonus *	5,984,642	6,253,876
Total	5,984,642	6,253,876

*Excess provision write back of Rs. 2,376,393/- (previous year: Rs. 2,718,078/-)

2.8 FIXED ASSETS:

A)

PARTICULARS	GROSS BLOCK (At Cost)						DEPRECIATION				NET BLOCK	
	As at 01-04-2013	Additions	Deductions	As at 31-03-2014	As at 01-04-2013	For the period	Deductions / Adjustments	As at 31-03-2014	As at 31-03-2014	As at 01-04-2013		
Tangible Assets												
Leasehold Land	870,626	-	-	870,626	204,160	14,191	-	218,351	652,275	666,466		
Leasehold Premises	32,585,962	-	-	32,585,962	8,186,055	531,151	-	8,717,206	23,868,756	24,399,907		
Plant and Electrical Equipments	13,444,758	291,859	61,440	13,675,177	1,958,859	639,875	17,305	2,581,429	11,093,748	11,485,899		
Furniture and Fixtures	8,628,829	-	91,992	8,536,837	5,593,239	461,911	21,098	6,034,053	2,502,784	3,035,590		
Vehicles	725,000	-	-	725,000	537,603	68,875	-	606,478	118,522	187,397		
Office Equipments	2,148,528	32,269	6,700	2,174,097	988,082	99,273	2,323	1,085,032	1,089,065	1,160,446		
Computer Equipments including networking equipments	129,398,873	21,000	552,801	128,867,072	13,751,318	24,688,246	390,166	38,049,398	90,817,675	115,647,555		
Total Tangible Assets	187,802,576	345,128	712,933	187,434,771	31,219,316	26,503,522	430,892	57,291,947	130,142,825	156,563,259		
Intangible Assets												
Computer Software	38,547,000	2,800,000	-	41,347,000	8,521,050	12,024,367	-	20,545,416	20,801,583	30,025,950		
Total Intangible Assets	38,547,000	2,800,000	-	41,347,000	8,521,050	12,024,367	-	20,545,416	20,801,583	30,025,950		
Total	226,349,576	3,145,128	712,933	228,781,771	39,740,366	38,527,889	430,892	77,837,363	150,944,408	186,609,209		
Capital Work in Progress												
Grand Total									150,944,408	186,609,209		

B) Leasehold Premises represent cost of office premises, including improvements to premises, taken from CIDCO under lease for a period of 60 years, in respect of which a Lease Deed has been executed.

2.9 NON CURRENT INVESTMENTS:

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
<u>Non Current Investments (Trade, unquoted & at cost):</u> In the Equity 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
Total	55,000,000	55,000,000

2.10 LONG TERM LOANS & ADVANCES:

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Considered Good:		
Security Deposits	1,309,628	3,522,706
Advance income - tax (Net of provision of taxation)	13,069,363	10,017,230
Total	14,378,991	13,539,936

2.11 OTHER NON CURRENT ASSETS:

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Prepaid Expenses	2,054	7,055
Long Term Deposits with banks with maturity period more than 12 months	-	49,000
Total	2,054	56,055

2.12 TRADE RECEIVABLES:

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
More than six months from the date they were due for payment:		
- Secured, considered Good	11,992,854	10,180,331
- Unsecured, considered Good	-	1,978,138
- Unsecured, considered Doubtful	1,013,938	3,629,627
Less : Provision for Doubtful Debts	1,013,938	3,629,627
	11,992,854	12,158,469
Others:		
- Secured, considered Good	10,132	2,165,705
- Unsecured, considered Good	-	1,523,287
- Unsecured, considered Doubtful	58,823	-
Less : Provision for Doubtful Debts	58,823	-
	10,132	3,688,992
Total	12,002,986	15,847,461

Note:

(A) Trade Receivables includes Trading Members, listed companies and other receivables from whom an amount of Rs. 13,075,747/- is outstanding on account of various charges. Out of this, an amount of Rs. 1,072,761/- (previous year Rs. 1,779,764/-) has been provided as doubtful debts during the year ended March 31, 2014. 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.

- (B) Trade Receivables are subject to confirmation. In opinion of the management, effect if any on confirmation will not be material in nature.

2.13 CASH & BANK BALANCES:

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
(A) Cash & Cash Equivalents		
Cash on hand	-	-
Cheques on hand	563,050	-
Bank Balances :		
In Current Accounts	1,331,192	1,615,423
In Deposit Accounts with maturity less than 3 months	27,977,808	61,639,706
(B) Other Bank Balances		
Long Term Deposit with maturity more than 3 months but less than 12 months	-	4,183,731
Earmarked Fund balances with banks *		
In Current Accounts	21,594	26,905
SGF & BMC Deposits		
- less than 3 months	5,883,500	2,150,000
- more than 3 months but less than 12 months	204,466,066	198,892,598
	210,349,566	201,042,598
Total	240,243,210	268,508,363

Note:

- * Earmarked Fund balances with banks comprising of Settlement Guarantee Fund and Investor Services Fund. (Ref Note B of 2.20 & 2.21)

2.14 SHORT TERM LOANS & ADVANCES:

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
(A) Loans and advance to Subsidiary	-	-
(B) Others:		
Unsecured Considered Good, unless otherwise stated		
(i) Prepaid Expenses	3,729,262	1,155,455
(ii) Advances recoverable in cash or kind or for value to be received	8,520,735	7,886,373
(iii) Staff Advances	97,853	102,123
Total	12,347,850	9,143,951

2.15 OTHER CURRENT ASSETS:

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Expenses recoverable from subsidiary	22,110	4,223,893
Interest Accrued (Bank Deposits & Earmarked Deposits)	12,141,540	2,043,710
Total	12,163,650	6,267,603

2.16 REVENUE FROM OPERATIONS:

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Depository Participant (DP) Operations	5,589,995	12,268,385
Training Programmes	582,108	291,738
Subscription for Research Publications	86,522	238,840
Annual Subscription from Trading Members	6,443,000	6,966,875
Admission Fees	-	150,000
Listing Fees	24,538	24,925
Management Services Fee	6,000,000	6,000,000
Total	18,726,163	25,940,764

2.17 OTHER INCOME:

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Interest Income		
- Fixed Deposits		
Gross Interest on Bank Deposits	22,155,923	27,923,326
Less : Interest earned on Earmarked Fund (net of Income Tax Rs. 5,880,350/-, previous year: Rs. 6,666,403/-)	13,149,909	13,880,377
Net Interest from Fixed Deposits	9,006,014	14,042,949
- Interest on delayed payments by Trading Members	520,942	156,357
Dividend from Subsidiary Company	11,000,000	10,175,000
Rent Income from Subsidiary Company	526,524	-
Income from Sale of Depository Participant business to subsidiary company	7,153,986	-
Income from Business Development and Advertisement	-	1,000,000
Other non operating Income	3,870,182	263,722
Total	32,077,648	25,638,028

2.18 EMPLOYEES BENEFIT EXPENSES:

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Salaries and allowances (Net of recovery: Rs. 10,47,379/- , previous year: Rs. 2,730,727/-)	37,121,435	34,469,230
Less: Tranferred to Fixed Asset	-	6,571,004
	37,121,435	27,898,226
Contribution to Provident and other Fund	2,383,160	1,899,536
Leave Encashment (Compensated Absences)	808,715	637,321
Gratuity (Refer Note No. 2.24(i))	857,325	868,773
Staff Welfare	994,518	927,782
Total	42,165,153	32,231,638

2.19 OTHER EXPENSES

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
DP Operations	1,739,313	2,518,185
Training Expenses	273,428	134,821
Telephone and Fax	1,629,326	1,708,215
Printing and Stationery	1,099,116	1,509,247
Remuneration to Auditors (Refer Note 2.27)	576,106	657,284
Legal and Professional Charges	3,962,088	3,275,834
Power, Fuel & Water Charges	4,675,370	4,957,180
Board/ Committee Meetings	1,325,000	1,020,000
Rent, Rates and Taxes	2,489,851	2,864,819
Repairs and Maintenance - Leasehold Premises	376,258	376,248
Repairs and Maintenance - Others	12,680,543	1,512,765
Travelling and Conveyance	2,062,810	1,955,025
Postage and Courier	1,032,569	1,572,520
Security	1,352,668	1,036,268
Insurance	297,490	116,039
Advertisement and Publicity	762,691	1,108,012
Books, Newspapers and Periodicals	27,437	37,227
Vehicle Maintenance	232,009	188,833
Bank Charges	16,550	18,633
Miscellaneous Expenses	115,361	67,029
Lodging & Boarding Exp	329,300	351,638
Provision for Doubtful Debts	1,072,761	1,779,764
Contribution to Investor Protection Fund	190,914	1,436,186
Indirect Taxes paid	188,595	926,509
Sebi Fees	100,700	101,200
Bad Debts	-	14,916
Interest paid on delayed payments	65,986	2,733,733
Trading Member Annual Fees Reversal	2,714,745	-
Total (A)	41,388,985	33,978,130
Less:		
Reimbursement of Expenses received from Subsidiary Company	1,606,247	1,757,893
Total (B)	1,606,247	1,757,893
Total (A - B)	39,782,738	32,220,237

2.20 Details of Settlement Guarantee Fund (Registered Trading Members):

A)

Settlement Guarantee Fund	As at March 31, 2014	As at March 31, 2013
Settlement Guarantee Fund (including accretions from levy on transactions)	6,910,819	6,910,819
Settlement Stabilisation Fund	13,000,000	13,000,000
Contribution towards Base Minimum Capital (Cash component) from Registered Trading Members	68,660,903	69,647,403
Interest accrued on above	126,506,151	109,302,702
Total	215,077,873	198,860,925

- B) The balances as on March 31, 2014 in the Settlement Guarantee Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under:

Particulars	As at March 31, 2014	As at March 31, 2013
With Bank in Fixed Deposits	215,067,468	198,850,520
With Bank in Current Account	10,405	10,405
Total of Deposits and Bank Balance	215,077,873	198,860,925
Amount outstanding as on March 31, 2014	Nil	Nil
To be transferred to Normal Fund	4,402,878	2,702,574

- C) **Settlement Guarantee Fund (pending registration under current liabilities):**

Settlement Guarantee Fund	As at March 31, 2014	As at March 31, 2013
Contribution towards SGF/ BMC from Trading Members pending registration	4,337,500	4,742,500
Total	4,337,500	4,742,500

- D) **Details of Non-Cash Base Minimum Capital (BMC)**

The balance on account of the non-cash components (not accounted in the Books, refer Note F of 2.20) of the Settlement Guarantee Fund are as under (certified by the management and relied upon by the auditor):

Non-cash component	As at March 31, 2014	As at March 31, 2013
Bank Guarantees from Trading Members:		
- Registered	500,000	Nil
- Unregistered	Nil	Nil
Fixed Deposits under lien:		
- Registered	11,839,518	6,367,772
- Unregistered	467,629	305,139
Securities pledged, (at market value):		
- Registered	8,142,257	7,292,715
- Unregistered	Nil	Nil
Undertakings given by the Regional Stock Exchanges on behalf their Trading Members:		
- Registered	22,000,000	22,500,000
- Unregistered	4,800,000	4,800,000
Security Deposit:		
- Registered	1,200,000	1,200,000
- Unregistered	Nil	Nil
Total Non-Cash Component:		
- Registered	43,681,775	37,360,487
- Unregistered	5,267,629	5,105,139

- E) 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.

- F) 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.
- G) "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. Nil 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.

2.21 Details of Investor Services Fund:

A)

Particulars	As at March 31, 2014	As at March 31, 2013
Including Rs. 6,750/- (previous year: Rs. 6,500/-) appropriation from listing fee income during the year, Rs. 136,417/- (previous year: Rs. 138,718/-) accretions by the way of interest on fixed deposit Less: Rs. 35,742/- towards expenses incurred towards Newspaper & Periodicals at Investor Points (previous year: Rs. 46,140/-)	2,351,480	2,240,935

- B) The balances as on March 31, 2014 in the Investor Services Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under:

Particulars	As at March 31, 2014	As at March 31, 2013
With Bank in Fixed Deposits	2,340,292	2,224,435
With Bank in Current Account	11,188	16,500
Total of Deposits and Bank Balance	2,351,480	2,240,935
Amount outstanding as on March 31, 2014	Nil	Nil
To be transferred to Normal Fund	194,853	116,729

2.22 Capital commitment and Contingent Liabilities not provided for:

- A) Claims against company not acknowledged as debts of Rs. 2,348,842/- (Previous Year Rs. 2,348,842/-)

Particulars	April 1, 2013 to March 31, 2014 (₹)	April 1, 2012 to March 31, 2013 (₹)
Estimated amount of contract remaining unexecuted on capital account and not provided for.	Nil	3,300,000

- C) (i) The Company has received notice pertaining to Navi Mumbai Municipal Corporation (NMMC) Cess Tax for the year 1998-1999 from the NMMC department for Rs. 3,718,468/- against which company has already paid Rs. 240,610/-. The company has filed a writ petition before the Bombay High Court against the order and the Company awaiting for final hearing.
- (ii) The company has received various notices for the year from 1999 to 2011 from the NMMC department amounting to Rs. 10,608,646/-. The company has already paid Rs. 913,015/- and filed a writ petition before the Bombay High Court against the order and the Company is awaiting for final hearing.

In the opinion of the management both the demand is not tenable and accordingly no provision of Rs. 13,173,489/- for the year 1998-1999 and for the years 1999 to 2011 has been made.

2.23 In the opinion of the Management, 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.

2.24 Disclosures under AS 15 Employee Benefits:

(a) Inter-connected Stock Exchange Employees Group Gratuity Scheme Trust got itself registered with Income Tax Department and approval order for the same was received from Income Tax Department. All the ledgers related to Gratuity standing in the books of Inter-connected Stock Exchange of India Ltd. (ISE) in the financial year 2013-14 has been transferred to ISE Employees Group Gratuity Scheme Trust.

From the financial year 2013-14 onwards ISE Employees Group Gratuity Scheme Trust will maintain its own books of accounts and separately file Income Tax Returns.

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

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Present Value of Funded Obligations	2,465,020	3,248,324
Fair Value of Plan Assets	(1,365,424)	(2,525,144)
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	1,099,596	723,180
Amount in Balance Sheet		
Liability	1,099,596	723,180
Assets	0	0
Net Liability	1,099,596	723,180

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Current Service Cost	603,863	542,583
Interest on Defined Benefit Obligation	300,740	245,419
Expected Return on Plan Assets	(219,915)	(168,568)
Net Actuarial Losses/ (Gains) Recognised in Year	107,935	198,304
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"	792,623	817,738
Actual Return on Plan Assets	171,186	216,977

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	3,248,324	2,373,382
Current Service Cost	603,863	542,583
Interest Cost	300,740	245,419
Actuarial Losses/ (Gain)	59,206	246,713
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)	(1,040,613)	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	(706,500)	(159,773)
Closing Defined Benefit Obligation	2,465,020	3,248,324
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	2,525,144	1,826,322
Expected Return on Plan Assets	219,915	168,568
Actuarial Gain/ (Losses)	(48,729)	48,409
Assets Distributed on Settlements	0	0
Contribution by Employer	416,207	641,618
Assets Acquired on Acquisition/ (Distributed on Divestiture)	(1,040,613)	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	(706,500)	(159,773)
Closing Fair Value of Plan Assets	1,365,424	2,525,144
Expected Employer's Contribution Next Year	1,000,000	1,000,000

Category of Assets (% Allocation)	(Amount in ₹)	(%)	(%)
	Year ended March 31, 2014	Year ended March 31, 2014	Year ended March 31, 2013
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	1,365,424	100%	100%
Others	0	0%	0%
Grand Total	1,365,424	100%	100%

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Discount Rate (p.a.)	9.20%	8.00%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.)	7.00%	7.00%

(c) **Experience Adjustment:**

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Defined Benefit Obligation	2,465,020	3,248,324	2,373,382	1,704,219	1,060,838
Plan Assets	1,365,424	2,525,144	1,826,322	1,045,640	796,886
Surplus/ (Deficit)	(1,099,596)	(723,180)	(547,060)	(658,579)	(263,952)
Exp. Adj. on Plan Liabilities	447,117	59,107	3,376	142,054	22,806
Exp. Adj. on Plan Assets	(48,729)	48,409	52,685	11,322	8,035

Experience adjustment is on account of attrition in the number of employees as compared to the previous year and change in actuarial assumptions. The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand and the employment market.

(d) **Other Long term Employee Benefits:**

Amount of Rs. 808,715/- (previous year: Rs. 637,321/-) is recognised as an expense towards Other Long term Employee Benefits-Compensated Absences (Leave Encashment) included under the Note - 2.18 'Employee Cost' in the statement of profit and loss.

2.25 Related party transactions:

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

A) 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.	Wholly owned Subsidiary	India
2	Mr. P. J. Mathew, Managing Director upto August 02, 2013.	Key Managerial Personnel	India
3	Mr. Udai Kumar, Managing Director from December 02, 2013.	Key Managerial Personnel	India

B) Transactions with related parties during the year:

(Amount in ₹)

Sr. No	Nature of Transactions	Subsidiary/ Entity over which Company has significant influence	Key Management Personnel	Total as on March 31, 2014	Total as on March 31, 2013
1	Rendering of Services (net of Service Tax)	6,000,000	-	6,000,000	6,000,000
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	Nil
4	Remuneration paid to Managing Director	2,748,708	-	2,748,708	4,297,946
5	Reimbursement of Expenses (net of service tax): Includes: (a) Rs. 10,47,379/- (previous year: Rs. 27,30,727/-) is net of recovery from salary. (b) Rs. 63,230/- (Previous year: Rs. 1,31,698/-) is net of recovery from Professional fees others.	3,605,199	-	3,605,199	4,620,318

Sr. No	Nature of Transactions	Subsidiary/ Entity over which Company has significant influence	Key Management Personnel	Total as on March 31, 2014	Total as on March 31, 2013
6	DP Charges	1,268,486	-	1,268,486	3,015,022
7	Rent Received.	526,524	-	526,524	Nil
8	Dividend Received	11,000,000	-	11,000,000	10,175,000
9	Business Development and Advertisement	Nil	-	Nil	1,000,000
10	Transfer of Depository Participant Business	12,500,000	-	12,500,000	Nil
11	Amt Outstanding as at March 31, 2014				
	Investment in Equity	55,000,000	-	55,000,000	55,000,000
	Recovery of expenditure	22,110	-	22,110	4,223,893

2.26 Earnings Per Share:

Sr. No	Particulars	As on March 31, 2014	As on March 31, 2013
1.	Profit After Tax (Including discontinued operations) (Rs)	(69,480,557)	(22,066,528)
2.	Profit After Tax (Discontinued operations) (Rs)	11,004,668	9,750,200
3.	Number of shares beginning of the year	28,000,000	28,000,000
4.	Bonus Shares	Nil	Nil
5.	Number of shares close of the year	28,000,000	28,000,000
6.	Basic and Diluted Earnings Per Share for face value of Rs.1/- each (Including discontinued operations)	(2.48)	(0.79)
7.	Basic and Diluted Earnings Per Share for face value of Rs.1/- each (Excluding discontinued operations)	(2.87)	(1.14)

2.27 Remuneration to Auditors:

Particulars	April 1, 2013 to March 31, 2014 (₹)	April 1, 2012 to March 31, 2013 (₹)
Audit Fees	410,000	380,000
Tax Audit Fees	70,000	70,000
Certification & Other Expenses	93,500	204,500
Out of Pocket Expenses	2,606	2,784
Total (Net of Service Tax)	576,106	657,284

2.28 Transfer and Discontinue of Depository Participant Services Business:

The Company has vide its agreement dated January 31 2014 with ISE Securities and Services Ltd, wholly owned subsidiary, transferred the Depository Participant business on a slump sale basis w.e.f. October 01, 2013.

(a) The details of Assets and Liabilities relating to Depository Participant Business transferred are as under:

Particulars	Amount in ₹
ASSETS	
Tangible Assets	282,041
Trade Receivables	8,253,014
Security Deposit	1,844,000
Other Current Assets	3,46,691
Total Assets	10,725,746
LIABILITIES	
Other Current Liabilities	5,379,732
Total Liabilities	5,379,732
Net Assets	5,346,014
Purchase Consideration	12,500,000
Income on Sale of Depository Participant Business. (Refer Note 2.17 'Other Income')	7,153,986

(b) The following statement shows the revenue and expenses for continuing and discontinuing operations:

(Amount in Rs)

Particulars	Continuing operations		Discontinuing operations		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Revenue	10,421,422	13,672,379	5,589,995	12,268,385	16,011,417	25,940,764
Other Income	24,923,662	25,638,028	7,153,986	-	32,077,648	25,638,028
Total revenues	35,345,084	39,310,407	12,743,981	12,268,385	48,089,065	51,578,792
Expenses	73,856,569	41,012,816	1,739,313	2,518,185	75,595,882	43,531,001
Employee benefit expenses	42,165,153	32,231,638	-	-	42,165,152	32,231,638
Total expenses	116,021,722	73,244,454	1,739,313	2,518,185	117,761,034	75,762,639
Profit / (Loss) before tax	(80,676,637)	(33,934,047)	11,004,668	9,750,200	(69,671,969)	(24,183,847)
Current Tax	-	-	-	-	-	-
Deferred Tax	191,392	2,117,319	-	-	191,392	2,117,319
Profit / (Loss) after tax	(80,485,245)	(31,816,728)	11,004,668	9,750,200	(69,480,577)	(22,066,528)

2.29 Previous year figures have been regrouped/ reclassified wherever necessary. The previous year figures as on March 31, 2013 are not comparable as the same includes the results of discontinued Depository Participant business of the company sold during the current year, w.e.f. October 01, 2013.

Signatures to Notes 1 to 2.29

As per our attached Report of even date
For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Hiren Shah
 Partner
 Membership No 100052

Place: Navi Mumbai
Date: August 24, 2014

For and on behalf of Board of Directors

sd/-
H. C. Parekh
 Chairman

Place: Navi Mumbai
Date: August 24, 2014

sd/-
Udai Kumar
 Managing Director

sd/-
Milind Nigam
 Company Secretary

INDEPENDENT AUDITORS' REPORT

The Members,
Inter Connected Stock Exchange of India Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Inter Connected Stock Exchange Of India Limited ("the company") and its subsidiary, which comprise the Consolidated Balance Sheet as at March 31, 2014 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position and consolidated financial performance and cash flows of the Company in accordance with the accounting standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss Account, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 5 A to the financial statements. The holding company's operating results has been affected as at March 31, 2014. The accumulated losses have not resulted in the substantial erosion of its net worth. Based on the factors discussed in the said note, management of the holding company believes that the going concern assumption is appropriate and no adjustments have been made in the financial statements for the year ended March 31, 2014.

Other Matter

The Consolidated Financial Statements have been prepared for the limited purpose of viewing by the management

For CNK & Associates LLP
Chartered Accountants
Firm Registration Number: 101961W

sd/-
Hiren Shah
Partner
Membership Number: 100052

Place: Mumbai
Date: August 24, 2014

Inter-connected Stock Exchange of India Ltd.

Consolidated Balance Sheet as at March 31, 2014

Particulars	Note	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
<u>EQUITY AND LIABILITIES</u>			
SHAREHOLDERS' FUND			
Share Capital	4.1	28,000,000	28,000,000
Reserves and Surplus	4.2	448,143,031	505,516,207
NON CURRENT LIABILITIES			
Deferred Tax Liability (Net)	4.3	-	191,392
Long term provisions	4.4	5,047,685	4,652,690
CURRENT LIABILITIES			
Trade Payables	4.5	421,380,752	749,458,511
Other current liabilities	4.6	107,661,765	109,633,077
Short term provisions	4.7	10,207,617	11,066,921
Total		1,020,440,850	1,408,518,798
<u>ASSETS</u>			
NON CURRENT ASSETS			
Fixed assets	4.8		
(i) Tangible Assets		133,471,522	160,276,103
(ii) Intangible Assets		21,267,544	31,088,289
(iii) Capital work-in-progress		1,320,675	-
		156,059,741	191,364,392
Non current Investments	4.9	6,710,005	6,710,005
Deferred Tax Asset	4.10	5,009,802	4,782,140
Long Term Loans & Advances	4.11	79,916,662	76,037,451
Other Non Current Assets	4.12	5,215,225	32,356,055
CURRENT ASSETS			
Trade Receivables	4.13	88,768,625	106,771,333
Cash & Bank Balances	4.14	640,275,955	947,312,395
Short Term Loans & Advances	4.15	16,925,631	15,767,961
Other Current Assets	4.16	21,559,204	27,417,066
Total		1,020,440,850	1,408,518,798
Significant Accounting Policies The Notes are an integral part of the Consolidated Financial Statements	(1 to 6)		

As per our attached Report of even date
For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Hiren Shah
 Partner
 Membership No 100052

Place: Vashi, Navi Mumbai
Date: August 24, 2014

For and on behalf of Board of Directors

sd/-
H. C. Parekh
 Chairman

Place: Navi Mumbai
Date: August 24, 2014

sd/-
Udai Kumar
 Managing Director

sd/-
Milind Nigam
 Company Secretary

Inter-connected Stock Exchange of India Ltd.

Consolidated Statement of Profit and Loss for the period April 01, 2013 to March 31, 2014

Particulars	Note	Year ended March 31, 2014 (₹)	Year ended March 31, 2013 (₹)
Revenue from Operations	4.17	49,023,769	46,385,581
Other Income	4.18	69,838,363	71,772,788
Other Operating Revenues	4.19	9,306,028	16,559,089
Total		128,168,160	134,717,457
Expenditure			
Employee Benefit Expenses	4.20	75,528,412	59,823,536
Finance Cost	4.21	-	3,334
Depreciation/Amortisation		39,948,718	15,026,811
Other expenses	4.22	70,802,908	66,084,466
Total Expenses		186,280,037	140,938,147
Profit/(Loss) before Exceptional, Extraordinary items & Tax Exceptional items		(58,111,877)	(6,220,690)
Profit/(Loss) before Extraordinary items & Tax Extraordinary Items		(58,111,877)	(6,220,690)
Profit/(Loss) before Tax		(58,111,877)	(6,220,690)
Profit for the period from continuing operations before tax		(69,116,546)	(6,220,690)
Income tax expense for continuing operations			
- Current tax (after adjusting taxation provision on interest credited to earmarked fund account of Rs. 5,880,350/- (previous year: Rs. 6,666,403/-))		(9,900,000)	(9,200,000)
- Excess(Short) Provisions of Taxes of earlier years		(1,031,817)	(425,757)
- Deferred Tax [Saving/ (Expenses)]	4.3 & 4.10	419,054	2,379,250
Profit for the period from continuing operations after tax		(79,629,310)	(13,467,197)
Profit for the period from discontinuing operations before tax		11,004,668	-
Income tax expense for discontinuing operations			
- Current Tax		-	-
- Deferred Tax		-	-
Profit/(Loss) for the period from discontinuing operations after tax		11,004,668	-
Profit/(loss) for the period		(68,624,642)	(13,467,197)
Profit available for Appropriation		(68,624,645)	(13,467,197)
Less: Proposed Dividend		-	-
Less: Tax on Proposed Dividend (net of Rs. Nil (previous year Rs.Nil) credit available on tax on dividend declared by the subsidiary company)		-	-
Less: Transfer to General Reserve		-	-
Balance carried to the Balance sheet		(68,624,645)	(13,467,197)
Earnings per share (for face value of Rs.1 /-each) (Basic & Diluted)			
Including discontinued operations	4.30	(2.45)	(0.48)
Excluding discontinued operations		(2.84)	
Significant Accounting Policies and The Notes are an integral part of the Consolidated Financial Statements	(1 to 6)		

As per our attached Report of even date

For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Hiren Shah
Partner
Membership No 100052

Place: Vashi, Navi Mumbai
Date: August 24, 2014

For and on behalf of Board of Directors

sd/-
H. C. Parekh
Chairman

sd/-
Udai Kumar
Managing Director

sd/-
Milind Nigam
Company Secretary

Place: Vashi, Navi Mumbai
Date: August 24, 2014

Inter-connected Stock Exchange of India Ltd.

Consolidated Cash Flow Statement for the year ended March 31, 2014

	Year ended March 31, 2014		Year ended March 31, 2013	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A. Cash Flow from Operating activities				
Net Profit before tax as per statement of profit and loss		(58,111,877)		(6,220,691)
Adjustment for :				
Interest on Bank Fixed Deposits	(9,006,014)		(14,042,949)	
Dividend received from Subsidiary	(520,000)		(780,000)	
Write Back of Doubtful Debts	(4,595,793)		(1,395,272)	
Fixed Assets written off	-		1,937,095	
Sale of Depository Participant Business	-		-	
Provision for Doubtful Debts	3,388,435		2,098,136	
Depreciation	39,948,718		15,026,811	
		29,215,346		2,843,821
Operating Profits before working capital changes:		(28,896,533)		(3,376,870)
Adjustments for:				
(Increase)/Decrease in Trade and other Receivable	16,869,357		(15,717,689)	
Increase/(Decrease) in Trade and other Payables, liabilities and provisions	(334,715,163)		288,141,933	
(Increase) / Decrease in Loans & Advances	112,482		-	
		(317,733,324)		272,424,244
Cash generated from operation		(346,629,857)		269,047,374
Direct taxes paid (net of income tax refund)	(3,675,825)		(11,315,994)	
Total taxes paid		(3,675,825)		(11,315,994)
Net Cash inflow/(outflow) from Operating Activities (A)		(350,305,682)		257,731,380
B. Cash Flow From investing Activities				
Fixed Deposits Interest earned	9,006,014		14,042,949	
Dividend from Subsidiary Company	520,000		780,000	
Purchase of Fixed Assets including Capital work in Process	(4,644,066)		(23,621,069)	
Net Cash inflow/(outflow) from Investing Activities (B)		4,881,948		(8,798,120)
C. Cash Flow from financing activities				
Amount transferred from Settlement Guarantee Fund	-		4,193,076	
Amount received in Settlement Guarantee Fund and interest earned thereon	13,010,372		9,578,583	
Amount received in Investor Service Fund and interest earned thereon	110,545		99,078	
Dividend Distribution tax	(1,869,450)		(1,650,640)	
Net Cash inflow/(outflow) from financial activities (C)		11,251,466		12,220,097

	Year ended March 31, 2014		Year ended March 31, 2013	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<i>Continued Consolidated Cash Flow Statement</i>				
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(334,172,268)		261,153,358
Cash and cash equivalents at the beginning of the year		979,661,395		718,508,037
Cash and cash equivalents at the end of the year		645,489,127		979,661,395

Notes :

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS)-3 issued by the Institute of Chartered Accounting of India.
2. Cash and cash equivalents at the end of the year includes earmarked fund balances of the Holding Company (Refer note 4.14).

As per our attached Report of even date
For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

For and on behalf of Board of Directors

sd/-
Hiren Shah
 Partner
 Membership No 100052

sd/-
H. C. Parekh
 Chairman

sd/-
Udai Kumar
 Managing Director

Place: Vashi, Navi Mumbai
Date: August 24, 2014

Place: Vashi, Navi Mumbai
Date: August 24, 2014

sd/-
Milind Nigam
 Company Secretary

Inter-connected Stock Exchange of India Ltd.

Consolidated Notes to Accounts

1 General Information

The Consolidated Financial Statements relate to Inter Connected Stock Exchange of India Limited (“the Holding Company”) and its subsidiary ISE Securities and Services Ltd. The Company and its subsidiary together constitute the Group.

2 a) Basis of Consolidation

The consolidated financial statements are prepared in accordance with Accounting Standard 21 on “Consolidated Financial Statements” notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the other relevant provisions of the Companies Act, 1956 /2013 as applicable of the Companies Act, 1956. The consolidated financial statements are prepared on the following basis:

- i. The financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended 31st March, 2014.
- ii. The Financial Statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together book values of similar items of assets, liabilities income and expenses. The intra-group balances and intra-group transactions have been fully eliminated.
- iii. The difference between the cost of investments in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- iv. Consolidated Financial Statements are prepared by applying uniform accounting policies to the extent possible, in use at the group.
- v. Indian Rupee is the reporting currency for the Group.

b) The subsidiary company considered in the Consolidated Financial Statements:

ISE Securities and Services Limited

3. Significant Accounting Policies:

a) Accounting Convention

These financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the other relevant provisions of the Companies Act, 1956 /2013 as applicable.

These financial statements have been prepared and presented in accordance with the requirements of Revised Schedule VI, as notified under the Companies Act, 1956 and applicable to the company.

b) 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.

c) Revenue Recognition

- i. Admission fees and annual fees will be treated as income once admission of new Trading Member has been approved by Screening committee and Board.
- ii. Income from Depository Activities: Maintenance charges are recognized on pro-rata basis from the date of charging till the year end. Transaction charges are recognized on the execution of the instruction slips.
- iii. The Dividend Income, if any, is accounted when the right to receive payment is established.
- iv. Management service fees, Reimbursement of Expenses and Rent are charged on accrual basis as per the terms of contract with the customer i.e. ISE Securities & Services Ltd., a wholly owned subsidiary of the company.

- v. Annual Fees, 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.
- vi. In appropriate circumstances, revenue is recognised when no significant uncertainty as to determination and realisation exists.
- vii. The revenue in respect of a settlement is accounted on the funds pay-in date of the settlement.
- viii. 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.
- ix. Brokerage income, fines and penalties are recognized for all settlements completed during the year with respect to funds pay-in and pay-out. Brokerage income received from sub-brokers is net of service tax, stamp duty and transaction charges.
- x. Interest, Networking Recoveries, annual fees and Other incomes are accounted for on an accrual basis based on certainty of recovery.

d) Fixed Assets

Fixed Assets are valued at cost. They are stated at historical cost including incidental expenses and Developmental Expenses. Developmental expenditure are directly attributable to Tangible and Intangible Assets as the Company intends to complete the asset and use it. The improvements to leased premises have been capitalised along with leasehold premises.

e) 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 as per Holding Company.
- ii. As per Subsidiary company Computers Equipments, Central Equipment and Mobile phones become obsolete within a span of one to three years, accordingly, the company has 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. Furniture & fixture at leasehold premises amortized in accordance with the lease agreement period or 5 years whichever is less.
- iii. The effect of above difference in accounting policy has not been given in the Consolidated Financial Statements as it is not considered to be very material in nature.
- iv. 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.
- v. Depreciation on assets acquired/purchased during the year is provided on pro-rata basis.
- vi. Leasehold Land and Premises, including improvements, are amortised over the year of the lease.
- vii. 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.

f) 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.

g) Investments

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

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 other than temporary decline.

Current investments are valued at lower of the cost or Net realisable value of such investments.

h) 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.

i) Employees Benefits :

(a) Defined Contribution Plan:

The group makes defined contributions to Government Employee Provident Fund , Government Employee pension Fund, Employee Deposit Linked Insurance , which are recognised in the Statement of Profit and Loss on accrual basis.

(b) Defined Benefit Plan:

i. The groups 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.

ii Compensated Absences:

The employees of the group 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.

(c) 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.

j) Settlement Transactions

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

k) 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.

In case of unabsorbed losses and unabsorbed depreciation , all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each Balance Sheet date the group reassesses the unrecognized deferred tax assets.

l) Accounting for Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities exist and are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of Company, unless the possibility of an outflow is remote. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required or a reliable estimate of the amount cannot be made is termed as contingent liability.

4 NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

4.1 SHARE CAPITAL

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Authorised Capital (10,00,00,000 Equity shares of Re 1/- each)	100,000,000	100,000,000
Issued, Subscribed And Paid Up (2,80,00,000 Equity shares of Re 1/- each fully paid up)	28,000,000	28,000,000
Total	28,000,000	28,000,000

- B) The company has only one class of shares referred to as equity shares having a par value of Rs. 1/-. Each holder of equity shares is entitled to one vote per equity shares.
- C) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- D) None of the Shareholders of the Company are holding more than 5% equity shares of the paid-up capital of the company directly or indirectly as on March 31, 2014.
- E) During the five reporting periods immediately preceding the reporting date, no shares have been issued by capitalisation of reserves as bonus shares or for consideration other than cash.
- F) **Reconciliation of number of shares outstanding**

Particulars	As at March 31, 2014	As at March 31, 2013
Number of Shares at the beginning	28,000,000	28,000,000
Number of Shares issued (Bonus Shares)	-	-
Number of Shares bought back	-	-
Other Adjustments	-	-
Number of Shares at the end	28,000,000	28,000,000

4.2 RESERVES & SURPLUS

A)

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
PART A : RESERVES & SURPLUS (before November 24, 2005)*		
Free Reserves		
Surplus in P&L as per last Balance Sheet	11,888,319	11,888,319
General Reserves:		
As per last Balance Sheet	1,253,176	1,253,176
Total Free Reserves	13,141,495	13,141,495

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Capital Reserves		
Infrastructure Development Contribution:		
As per last Balance Sheet	91,900,000	91,900,000
	91,900,000	91,900,000
Dealer Admission Fees :		
As per last Balance Sheet	38,328,857	38,328,857
	38,328,857	38,328,857
Total Capital Reserves	130,228,857	130,228,857
Total of PART A : RESERVES & SURPLUS	143,370,352	143,370,352

Note:

* Pursuant clause 11 of the ISE (Corporatisation & Demutualisation) Scheme, 2005, Assets and Reserves as on November 23, 2005 are not available for the distribution to the Members of the Company and accordingly the same have been segregated from the re-registered Company's Reserves and Surplus.

B)

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
PART B : RESERVES & SURPLUS (after November 24, 2005)		
Share Premium Account:		
As per last Balance Sheet	111,438,315	111,438,315
General Reserves:		
Opening Balance	39,767,801	34,149,725
Add: Transfer from surplus	1,800,000	1,425,000
Add: Transferred from Settlement Guarantee Fund	-	4,193,076
Less: Transferred to Settlement Guarantee Fund *	4,193,076	-
Closing Balance	37,374,725	39,767,801
Surplus/(deficit) in the statement of profit and loss :		
Opening balance	79,485,282	96,028,121
Add: Net profit/(loss) after tax transferred from statement of profit and loss	(68,624,642)	(13,467,197)
Profit available for Appropriation	10,860,638	82,560,924
Less: Interim Dividend	-	-
Less: Tax on Interim Dividend	(1,869,450)	(1,650,640)
Less: Transfer to General Reserve	(1,800,000)	(1,425,000)
Net surplus/(deficit) in the statement of profit and loss account	7,191,188	79,485,283
Total of PART B : RESERVES & SURPLUS	156,004,228	230,691,398

C)

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
PART C : EARMARKED Fund **		
Settlement Guarantee Fund:		
Opening Balance	129,213,522	119,634,939
Add: Interest received on SGF/ BMC (net of tax Rs. 5,817,952/- (previous year: Rs. 6,599,780/-))	13,010,372	13,741,659
Add: Contributions from the Trading Members	-	30,000
Add: Transferred to Settlement Guarantee Fund *	4,193,076	-
Less: Transferred to General Reserves	-	4,193,076
Closing Balance	146,416,970	129,213,522

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Investor Services Fund:		
Opening Balance	2,240,935	2,141,857
Add: Interest received on Fixed Deposit (net of tax Rs. 62,398/- (previous year: Rs. 66,623/-))	139,537	138,718
Add: Accretion by way of appropriation from the listing fee income during the period	6,750	6,500
Less: Expenses incurred for Investor Programmes conducted	-	-
Less: Newspaper and Periodicals Expenses	35,742	46,140
Closing Balance	2,351,480	2,240,935
Total of PART C : Earmarked Reserves	148,768,450	131,454,457
Reserves and Surplus (TOTAL OF PART A+B+C)	448,143,031	505,516,207

- * During the year, with the approval of Governing Board of ISE, Rs. 4,193,076/- previously credited to General Reserves was transferred back to Settlement Guarantee Fund (SGF) as instructed by SEBI in its Compliance Status Report dated January 02, 2014.
- ** The Company has maintained Settlement Guarantee Fund and Investor Services Fund separately as Earmarked Fund in accordance with the directives issued by Securities and Exchange Board of India (SEBI) from time to time.
- Pursuant to Regulation 39 (2) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, the Settlement Guarantee Fund on recommencement of trading activities of the stock exchange shall be transferred to the recognized clearing corporation to which the clearing and settlement functions of the stock exchange are transferred.
- D) 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.

4.3 DEFERRED TAX (ASSET)/LIABILITY*

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
<u>DEFERRED TAX LIABILITIES</u>	-	191,392
Total	-	191,392

(A) Composition of Deferred Tax:

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
DEFERRED TAX LIABILITIES		
Fixed Assets	25,022,353	16,307,088
LESS: - DEFERRED TAX ASSETS		
Unabsorbed Depreciation	36,827,957	16,115,696
Business loss carried forward	2,154,955	-
Provisions for Doubtful debts	331,483	-
Provisions for Gratuity	-	-
Provisions for Compensated Absences	-	-
Provision for employees benefit	1,045,261	-
Total Net	(15,337,304)	191,392

Note:

- * The Company has not recognised Deferred Tax Asset as on March 31, 2014 after adjusting the carried forward loss and unabsorbed depreciation benefit (to the extent set off available).

In the absence of virtual certainties of future taxable income, net deferred tax assets have not been recognized by way of prudence in accordance with Accounting Standard 22 on accounting for Taxes on Income, issued pursuant to the Companies (Accounting Standards) Rules 2006 by the Central Government.

4.4 LONG TERM PROVISIONS:

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Provision for Employee benefit Gratuity (Refer Note No. 4.28)	1,859,789	1,329,302
Employees' Leave Encashment	3,187,896	3,323,338
Total	5,047,685	4,652,640

4.5 TRADE PAYABLES:

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
(A) Due to Micro Small & Medium Enterprises *	-	-
(B) Others		
Exchange Liability	936,418	1,330,819
Settlement Obligations to Sub-Brokers/Clients/ Authorised person	321,116,428	628,062,920
Sub Broker Margin-BSE	36,008,520	48,691,624
Sub Broker Margin-NSE	63,319,386	71,194,849
Depository Services	-	178,299
Total	421,380,752	749,458,511

4.6 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
(A) Income received in advance	1,747,660	2,889,761
(B) Advance received from members	4,507,500	4,912,500
(C) Refundable Deposits		
-Base Minimum Capital of Trading Members	68,660,903	69,647,403
-Trading Member Security Deposit	5,900,000	7,400,000
(D) Other payables		
Dues to Micro Small & Medium Enterprises *	-	-
Statutory Liabilities	3,510,685	3,871,857
Creditors for Capital Items	-	-
Defaulter Account Credit Balances	2,230,569	2,133,802
Others	19,100,854	16,755,758
Dividend Payable- Clients	-	54,788
Expenses Payable (other than Micro and Small Enterprises)	2,003,594	1,967,207
Total	107,661,765	109,633,077

Note:

* 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.

4.7 SHORT TERM PROVISIONS

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Provision for Employee benefits		
Performance Linked Bonus *	9,984,642	9,253,876
Employees' Leave Encashment	-	162,405
Employee's Leave Travel Allowance (LTA)	138,000	-
Provision for		
Dividend Distribution Tax	84,975	1,650,640
Total	10,207,617	11,066,921

* Excess provision of Holding company write back of Rs. 2,376,393/- (previous year: Rs. 2,718,078/-)

4.8 FIXED ASSETS:

CONSOLIDATED

A)

(Amount in ₹)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 01-04-2013	Additions	Deductions	As at 31-03-2014	As at 01-04-2013	For the period	Deductions / Adjustments	As at 31-03-2014	As at 31-03-2014	As at 01-04-2013
Tangible Assets										
Leasehold Land	870,626	-	-	870,626	204,160	14,191	-	218,351	652,275	666,466
Leasehold Premises	32,585,962	-	-	32,585,962	8,186,055	531,151	-	8,717,206	23,868,756	24,399,907
Plant and Electrical Equipments	14,065,069	291,859	61,440	14,295,488	2,085,638	669,340	17,305	2,737,673	11,557,815	11,979,431
Furniture and Fixtures	9,851,144	102,106	91,992	9,861,258	6,038,760	673,934	21,098	6,691,597	3,169,661	3,812,383
Vehicles	725,000	-	-	725,000	537,603	68,875	-	606,478	118,522	187,397
Office Equipments	3,845,248	173,481	6,700	4,012,029	1,300,208	222,474	2,323	1,520,359	2,491,670	2,545,040
Computer Equipments including networking equipments	135,291,999	222,988	552,801	134,962,185	19,039,233	25,100,993	390,166	43,750,060	91,212,125	116,252,765
Power Equipment	674,015	-	-	674,015	241,302	32,016	-	273,318	400,697	432,713
Mobile phones	76,127	14,998	-	91,125	76,127	14,998	-	91,125	-	-
Total Tangible Assets (A)	197,985,189	805,432	712,933	198,077,687	37,709,086	27,327,972	430,892	64,606,166	133,471,522	160,276,103
Intangible Assets										
Computer Software	56,210,565	2,800,000	-	59,010,565	25,122,275	12,620,746	-	37,743,021	21,267,544	31,088,289
Goodwill	-	7,145,168	-	7,145,168	-	2,381,723	-	2,381,723	4,763,445	-
Total Intangible Assets (B)	56,210,565	9,945,168	-	66,155,733	25,122,275	15,002,469	-	40,124,744	26,030,989	31,088,289
Total (A + B)	254,195,753	10,750,600	712,933	264,233,421	62,831,361	42,330,441	430,892	104,730,910	159,502,511	191,364,392
(Previous year)	140,289,708	164,254,043	50,327,997	254,195,753	96,195,452	15,026,811	48,390,902	62,831,361	191,364,392	44,074,256
Capital Work in Progress	-	1,320,675	-	1,320,675	-	-	-	-	1,320,675	-
Grand Total									160,823,186	191,364,392

B) 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.

4.9 NON CURRENT INVESTMENTS:

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Equity shares of ISE Securities & Services Ltd.		
130,000 Equity shares of Face value. 1/- Fully paid of Bombay Stock Exchange Ltd - BSE (previous year 1,30,000 equity shares). Out of this 1,20,000 shares are received as bonus shares during the year 2008-09.	6,710,005	6,710,005
Total	6,710,005	6,710,005

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 1,20,000 shares of face value Rs. 1/- each under the Corporatization and Demutualization of BSE. During the year 2008-09 the company has been allotted 10,000 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.

4.10 DEFERRED TAX ASSETS:

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

Deferred Tax Assets	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Deferred Tax Assets		
Provision for doubtful debts	2,904,994	2,204,952
Provision for doubtful debts - Other Advances	111,505	239,954
Provision for compensated absences, gratuity and other employee benefits	1,837,997	1,733,221
Total	4,854,496	4,178,127
Deferred Tax Liabilities		
On difference between book balance and tax balance of fixed assets	155,306	604,013
Total	155,306	604,013
Net Deferred Tax (Liability) /Asset	5,009,802	4,782,140

Pursuant to Accounting Standard 22 "Accounting for Taxes on Income" the Company has recorded a net deferred tax adjustment of Rs 2,27,662./- (Previous Year Rs. 2,61,930 /-) adjusted from the profits and loss account.

4.11 LONG TERM LOANS & ADVANCES

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
<u>Unsecured considered Good:</u>		
Security Deposits	6,614,174	6,354,761
<u>Deposits</u>		
Deposit with Exchanges	49,925,000	52,925,000
<u>Other Loans & Advances</u>		
Advance income - tax (Net of provision of taxation)	23,377,488	16,757,690
Total	79,916,662	76,037,451

4.12 OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Prepaid Expenses	2,054	7,055
Long Term Deposits with banks with maturity period more than 12 months	5,213,171	32,349,000
Total	5,215,225	32,356,055

4.13 TRADE RECEIVABLES

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
More than six months from the date they were due for payment:		
- Secured, considered Good	11,992,854	10,180,331
- Unsecured, considered Good	6,167,636	1,978,138
- Unsecured, considered Doubtful	9,339,945	10,147,177
Less : Provision for Doubtful Debts	(1,013,938)	(3,629,627)
	26,486,498	18,676,019
Others:		
- Secured, considered Good	10,132	2,165,705
- Unsecured, considered Good	70,598,003	92,447,159
- Unsecured, considered Doubtful	686,412	120,373
Less : Provision for Doubtful Debts	(9,012,420)	(6,637,923)
	62,282,128	88,095,314
Total	88,768,625	106,771,333

Note:

Holding Company

- (A) Trade Receivables includes Trading Members, listed companies and other receivables from whom an amount of Rs. 13,075,747/- is outstanding on account of various charges. Out of this, an amount of Rs. 1,072,761/- (previous year Rs. 1,779,764/-) has been provided as doubtful debts during the year ended March 31, 2014. 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. Collaterals also includes undertakings given by Recognised Regional Stock Exchanges (RSEs) for which confirmations are called for and only few are awaited. DP Income receivable for more than three years have been fully provided for in the accounts.
- (B) Trade Receivables are subject to confirmation. In opinion of the management, effect if any on confirmation will not be material in nature.

Subsidiary Company

Trade Receivable represents settlement dues, dues recoverable on account of payment of funds/ securities and other charges receivable from Sub-brokers/ Authorized Persons and the end clients as at March 31, 2014. The Trade Receivable are secured by way of base and additional trading deposits, bank guarantees, fixed deposits and securities withheld. On the basis of the same Trade Receivable has been classified as good debts and doubtful debts. Out of Total trade receivables of Rs. 8,57,19,236/- the company has classified an amount of Rs. 89,53,597/- as doubtful and provision has been made against the same. There is an increase in provision in the current year for Rs. 23,15,674/- and out of this Rs. 12,85,806/- represents provision for DP debtors taken over from ISE and the balance Rs. 10,29,869/- represents sebi fees and annual fees of in active sub brokers.

4.14 CASH & BANK BALANCES:

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
(A) Cash & Cash Equivalents		
Cash on hand	-	-
Cheques on hand	563,050	-
Bank Balances :		
In Current Accounts	57,013,937	118,241,312
In Deposit Accounts with maturity less than 3 months	233,227,808	417,760,529
(B) Other Bank Balances		
Long Term Deposit with maturity more than 3 months but less than 12 months	139,100,000	210,241,051
Earmarked Fund balances with banks *		
In Current Accounts	21,594	26,905
SGF & BMC Deposits - Corporation Bank		
- less than 3 months	5,883,500	-
- more than 3 months but less than 12 months	204,466,066	198,892,598
- more than 12 months	-	2,150,000
	210,349,566	201,042,598
Total	640,275,955	947,312,395

Note:

* Earmarked Fund balances with banks comprising of Settlement Guarantee Fund and Investor Services Fund. (Ref Note B of 4.23 & 4.24)

(A) Deposit includes Fixed Deposit lien marked with various exchanges & Banks for the purpose of obtaining trading limits and overdraft facility. The value of the fixed deposit pledged as on March 31, 2014 is as follows (as certified by the management):

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
NSE Cash Segment	40,000,000	50,100,000
BSE Cash Segment	50,000,000	65,000,100
NSE F&O Segment	179,550,000	309,620,823
NSE Currency	800,000	800,000
ILFS (Clearing Member)	10,000,000	1,000,000
Against Overdraft Facility (Refer Note below)	67,500,000	107,000,000
Free FDs	1,713,171	60,957,221
	349,563,171	594,478,144

(B) The Company has obtained bank overdraft facilities as follows:

The maximum overdraft facility availed by company in current year is Rs.54,16,448/- from HDFC Bank which is taken against the collateral of fixed deposits of Rs.10,70,00,000/-.

4.15 SHORT TERM LOANS & ADVANCES

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
(A) Loans and advance to Subsidiary	-	-
(B) Others:		
Unsecured Considered Good, unless otherwise stated		
(i) Prepaid Expenses	6,483,278	2,795,344
(ii) Advances recoverable in cash or kind or for value to be received		
Considered good	867,039	12,680,319
Considered doubtful	343,675	722,372
Less : Provision*	(343,675)	(722,372)
	867,039	12,680,319
(iii) Service Tax credit receivable	9,399,767	-
(iv) Staff Advances	175,547	292,299
Total	16,925,631	15,767,962

* As a matter of Prudence, a provision of Rs.1,59,524/- has been made towards the Sebi Registration Fees recoverable and Rs.1,84,151/- for Insurance Claim Recoverable.

4.16 OTHER CURRENT ASSETS:

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Expenses recoverable from subsidiary	-	-
Interest Accrued (Bank Deposits & Earmarked Deposits)	17,118,131	8,597,221
Settlement Obligation to/from Clearing House	4,441,073	18,819,844
Total	21,559,204	27,417,065

4.17 REVENUE FROM OPERATIONS

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Depository Participant (DP) Operations	10,084,002	12,268,385
Training Programmes	582,108	291,738
Subscription for Research Publications	86,522	238,840
Annual Subscription from Trading Members	5,823,255	9,311,875
Admission Fees	-	150,000
Listing Fees	24,538	24,925
Brokerage Income	32,423,344	24,099,816
Total	49,023,769	46,385,580

4.18 OTHER INCOME

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Interest Income		
- Fixed Deposits		
Gross Interest on Bank Deposits	22,155,923	27,923,326
Less : Interest earned on Earmarked Fund (net of Income Tax Rs. 5,880,350/-, previous year: Rs. 6,666,403/-)	13,149,909	(13,880,377)
Net Interest from Fixed Deposits	59,335,969	68,638,046
Other Interest Income	520,942	156,357
Dividend from Subsidiary Company/Long Term Investment	520,000	780,000
Provision for Doubtful Debts written back	6,795,638	-
Other non operating Income	249,373	2,198,384
Recovery of DP Charges (NET)	1,341,016	-
ISS Error & Omission - Income	109,259	-
Excess Provision Written Back	966,166	-
Total	69,838,363	71,772,788

4.19 OTHER OPERATING REVENUE

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Networking Recoveries	4,640,944	5,656,850
Penalty for delayed payin	3,645,595	4,399,612
Excess Recovery Of Transaction Charges	279,715	509,607
Fines Collected from Clients	10,472	2,000
Other Charges Recovery related to operations	729,302	5,991,020
Total	9,306,028	16,559,089

4.20 EMPLOYEES BENEFIT EXPENSES

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Salaries and allowances (Net of recovery: Rs. 10,47,379/- , previous year: Rs. 2,730,727/-)	66,856,260	34,469,230
Less: Transferred to Fixed Asset	-	6,571,004
	66,856,260	52,745,545
Contribution to Provident and other Fund	4,280,668	3,325,461
Leave Encashment (Compensated Absences)	1,190,316	637,321
Gratuity (Refer Note No. 4.28)	1,469,470	1,431,022
Staff Welfare	1,731,698	1,684,187
Total	75,528,412	59,823,536

4.21 FINANCE COSTS

Particulars	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
Interest - Other than Fixed Loans	-	3,334
Total	-	3,334

4.22 OTHER EXPENSES

	As at March 31, 2014 (Rupees)	As at March 31, 2013 (Rupees)
DP Operations	2,387,643	2,518,185
Training Expenses	273,428	134,821
Telephone and Fax	2,104,541	2,153,825
Printing and Stationery	1,623,357	1,765,425
Remuneration to Auditors (Refer Note 4.27)	1,146,716	1,192,303
Legal and Professional Charges	8,890,162	7,641,441
Power, Fuel & Water Charges	6,935,582	7,352,713
Board/ Committee Meetings	2,256,548	1,785,251
Rent, Rates and Taxes	9,671,045	8,708,487
Repairs and Maintenance - Leasehold Premises	376,258	376,248
Repairs and Maintenance - Others	13,062,397	2,275,589
Travelling and Conveyance	2,163,493	1,955,025
Postage and Courier	1,423,571	1,789,411
Security	2,253,964	1,612,459
Insurance	365,656	198,208
Advertisement and Publicity	770,781	1,108,012
Books, Newspapers and Periodicals	34,705	37,227
Vehicle Maintenance	232,009	188,833
Bank Charges	19,713	18,633
Miscellaneous Expenses	1,547,849	1,693,114
Lodging & Boarding Exp	329,300	351,638
Provision for Doubtful Debts	3,388,435	2,098,136
Contribution to Investor Protection Fund*	193,094	1,436,186
Indirect Taxes paid	188,595	926,509
Loss on Sale of Fixed Assets	-	1,937,095
Sebi Fees	100,700	101,200
Bad Debts	-	14,916
Interest paid on delayed payments	74,258	2,733,733
Write off	-	995,891
VSAT, VPN and other Communication expenses	3,890,579	5,156,130
Annual Maintenance Charges for Networking Equipment	4,023,888	3,646,780
Annual Maintenance charges	441,081	295,223
Reimbursement of actual expenses	314,587	574,939
Membership charges	318,973	310,879
Admission Fees - MCX-SX		1,000,000
Total	70,802,908	66,084,466

* As per SEBI directive the company has transferred Fines & Penalties levied on its Trading Members to Inter-connected Stock Exchange of India Ltd. Investor Protection Fund (ISE-IPF Trust) Corpus in Financial Year 2013-14 Accordingly, an amount of Rs.190,914/- (previous year Rs.1,436,186/-) has been transferred to ISE-IPF Trust Corpus.

4.23 DETAILS OF SETTLEMENT GUARANTEE FUND (REGISTERED TRADING MEMBERS):

A)

Settlement Guarantee Fund	As at March 31, 2014	As at March 31, 2013
Settlement Guarantee Fund (including accretions from levy on transactions)	6,910,819	6,910,819
Settlement Stabilisation Fund	13,000,000	13,000,000
Contribution towards Base Minimum Capital (Cash component) from Registered Trading Members	68,660,903	69,647,403
Interest accrued on above	126,506,151	109,302,702
Total	215,077,873	198,860,924

B) The balances as on March 31, 2014 in the Settlement Guarantee Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under:

Particulars	As at March 31, 2014	As at March 31, 2013
With Bank in Fixed Deposits	187,072,903	198,850,520
With Bank in Current Account	10,405	10,405
Total of Deposits and Bank Balance	187,083,308	198,860,925
Amount outstanding as on March 31, 2014	Nil	Nil
To be transferred to Normal Fund	4,402,878	2,702,574

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

Settlement Guarantee Fund	As at March 31, 2014	As at March 31, 2013
Contribution towards SGF/ BMC from Trading Members pending registration	4,337,500	4,742,500
Total	4,337,500	4,742,500

D) **Details of Non-Cash Base Minimum Capital (BMC)**

The balance on account of the non-cash components (not accounted in the Books, refer Note F of 4.23) of the Settlement Guarantee Fund are as under (certified by the management and relied upon by the auditor):

Non-cash component	As at March 31, 2014	As at March 31, 2013
Bank Guarantees from Trading Members:		
- Registered	500,000	Nil
- Unregistered	Nil	Nil
Fixed Deposits under lien:		
- Registered	11,839,518	6,367,772
- Unregistered	467,629	305,139
Securities pledged, (at market value):		
- Registered	8,142,257	7,292,715
- Unregistered	Nil	Nil

Non-cash component	As at March 31, 2014	As at March 31, 2013
Undertakings given by the Regional Stock Exchanges on behalf their Trading Members:		
- Registered	22,000,000	22,500,000
- Unregistered	4,800,000	4,800,000
Security Deposit:		
- Registered	1,200,000	1,200,000
- Unregistered	Nil	Nil
Total Non-Cash Component:		
- Registered	43,681,775	37,360,487
- Unregistered	5,267,629	5,105,139

- E) 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.
- F) 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.
- G) "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. Nil 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."

4.24 DETAILS OF INVESTOR SERVICES FUND:

A)

Particulars	As at March 31, 2014	As at March 31, 2013
Including Rs. 6,750/- (previous year: Rs. 6,500/-) appropriation from listing fee income during the year, Rs. 136,417/- (previous year: Rs. 138,718/-) accretions by the way of interest on fixed deposit Less: Rs. 35,742/- towards expenses incurred towards Newspaper & Periodicals at Investor Points (previous year: Rs. 46,140/-)	2,351,480	2,240,935

- B) The balances as on March 31, 2014 in the Investor Services Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under:

Particulars	As at March 31, 2014	As at March 31, 2013
With Bank in Fixed Deposits	2,340,292	2,224,435
With Bank in Current Account	11,188	16,500
Total of Deposits and Bank Balance	2,351,480	2,240,935
Amount outstanding as on March 31, 2014	Nil	Nil
To be transferred to Normal Fund	194,853	116,729

4.25 Capital commitment and Contingent Liabilities not provided for:

Holding Company:

a) Claims against company not acknowledged as debts of Rs. 2,348,842/- (Previous Year Rs. 2,348,842/-)

b)

(Amount in Rs.)

Particulars	Year ended March 31,2014	Year ended March 31,2013
Estimated amount of contract remaining unexecuted on capital account and not provided for.	NIL	3,300,000

- c) i. Company has received notice pertaining to Navi Mumbai Municipal Corporation (NMMC) Cess Tax for the year 1998-1999 from the NMMC department for Rs. 3,718,468/- against which company has already paid Rs. 240,610/-. The company has filed a writ petition before the Bombay High Court against the order and the Company awaiting for final hearing.
- ii. The company has received various notices for the year from 1999 to 2011 from the NMMC department amounting to Rs. 10,608,646/-. The company has already paid Rs. 913,015/- and filed a writ petition before the Bombay High Court against the order and the Company is awaiting for final hearing.

In the opinion of the management both the demand is not tenable and accordingly no provision of Rs. 13,173,489/- for the year 1998-1999 and for the years 1999 to 2011 has been made.

Subsidiary Company:

- a) The company has received various notices from the NMMC (Navi Mumbai Municipal Corporation) department for the financial years 2001-02 to 2009-10 for submission of information. The assessment of the above mentioned periods were completed and closed except for the FY 2001-02. In view of the management the amount of demand is not ascertainable for the FY 2001-02 due to pending assessment & accordingly no provision has been made.
- b) Claim against the company not acknowledged as debts amounting to Rs. 4,86,856 /-(Estimated) (Previous Year Rs. 17,38,972/-).
- c) The company has issued perpetual indemnity in favor of Indusind Bank to the extent of Rs.30,00,000/- (Previous year Rs.30,00,000/-).
- d) The company has received demands from the Income Tax Department for an amount of Rs.71,46,538/- (Previous year : Rs.99,38,892/-) for various disallowances of expenditures relating to the various assessment years which have been disputed by the Company against which company has paid/ received refund granted by Income Tax Dept of Rs.74,34,632 for various assessment years. The company has filed appeals before higher authorities against the said orders. In the view of the management these demands are not tenable & accordingly no provision has been made.
- e) The company has received show cause notice subsequent to the year end from Service Tax Department for availment of cenvat credit of service tax paid for the years 2007-08 to 2012-13 on bill raised by the holding company for reimbursement of expenses of branches and management consultancy services. Total amount of cenvat credit disallowed is Rs. 53,07,347/-. As per the Company the demand raised by Service Tax Department is not tenable & accordingly no provision has been made.

4.26 In the opinion of the Management of the Group, 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

4.27 Remuneration to Auditors:

Particulars	Year ended March 31,2014 (Rs.)	Year ended March 31,2013 (Rs.)
Audit Fees	740,000	780,000
Tax Audit Fees	145,000	145,000
Certification & Other Services	249,500	263,010
Out of Pocket Expenses	12,216	4,293
Total (Net of Service Tax)	1,146,716	1,192,303

4.28 Disclosures under AS 15 Employee Benefits:

The following table sets out the status of the defined benefit Gratuity Plan:

a) Amount to be recognized in Balance sheet

(Amount in Rs.)

	Year ended March 31, 2014	Year ended March 31, 2013
Present Value of Funded Obligations	6,575,163	5,479,767
Fair Value of Plan Assets	(4,715,374)	(4,150,465)
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	1,859,789	1,329,302
Amount in Balance Sheet		
Liability	1,859,789	1,329,302
Assets	0	0
Net Liability	1,859,789	1,329,302

b) Expense to be recognised in Statement of Profit and Loss Account

(Amount in Rs.)

	Year ended March 31, 2014	Year ended March 31, 2013
Current Service Cost	1,012,320	885,788
Interest on Defined Benefit Obligation	510,263	408,551
Expected Return on Plan Assets	(369,030)	(282,856)
Net Actuarial Losses / (Gains) Recognised in Year	251,215	335,097
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"	1,404,768	1,346,580
Actual Return on Plan Assets	397,128	347,682

c) Reconciliation Of Benefit Obligation & Plan Assets For The Year

(Amount in Rs.)

	Year ended March 31, 2014	Year ended March 31, 2013
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	5,479,767	3,945,278
Current Service Cost	1,012,320	885,788
Interest Cost	510,263	408,551
Actuarial Losses / (Gain)	279,313	399,923
Past Service Cost	0	0
Actuarial Losses/ (Gain) due to Curtailment	0	0

(Amount in Rs.)

	Year ended March 31, 2014	Year ended March 31, 2013
Liabilities Extinguished on Settlements	0	0
Liabilities Assumed on Acquisition/ (Settled on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	(706,500)	(159,773)
Closing Defined Benefit Obligation	6,575,163	5,479,767
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	3,890,568	3,029,335
Expected Return on Plan Assets	369,030	282,856
Actuarial Gain/ (Losses)	28,098	64,826
Assets Distributed on Settlements	0	0
Contribution by Employer	874,281	933,221
Assets Acquired on Acquisition / (Distributed on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	(706,500)	(159,773)
Closing Fair Value of Plan Assets	4,455,477	4,150,465
Expected Employer's Contribution Next Year	2,200,000	1,800,000

d) Asset Information

Category of Assets (% Allocation)	(Amount Rs.)	%	%
	Year ended March 31, 2014	Year ended March 31, 2014	Year ended March 31, 2013
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	2,565,424	100%	100%
Others	0	0%	0%
Grand Total	2,565,424	100%	100%

e) Financial assumptions at the valuation date

	Holding Company-ISE		Subsidiary Company-ISS	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Discount Rate (p.a.)	9.20%	8.00%	9.35%	8.05%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%	7.50%	7.50%
Salary Escalation Rate (p.a.)	7.00%	7.00%	8.00%	7.00%

4.29 Related party transactions:

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

A) The Company has entered into transactions with the following related parties

Sr. No	Name of the Related Parties	Relationship	Country
1	Mr. P. J. Mathew, Managing Director upto August 02, 2013.	Key Managerial Personnel – Holding Company	India
2	Mr. Udai Kumar, Managing Director from December 03, 2013.	Key Managerial Personnel – Holding Company	India
3	Mr. Sivaraman K M– Chief Executive Officer & Whole Time Director	Key Managerial Personnel – Subsidiary Company	India

B) Transactions with related parties during the year:

(Amount in Rupees)

Sr. No	Nature of Transactions	Total as on March 31, 2014	Total as on March 31, 2013
1	Remuneration paid to Managing Director – Holding Company	2,748,708	4,297,946
2	Managerial Remuneration (Paid to Director & Officiating Director) – Subsidiary Company	30,01,505,	24,48,846
3	Reimbursement of expenses (Paid to Director & Officiating Director) - Subsidiary Company	1,42,920	1,28,875

4.30 Accounting for Leases

Operating Lease Subsidiary Company

Total of minimum lease payments

a)

(Amount in Rupees)

Particulars	As at	As at
	31-Mar-14	31-Mar-13
(i) Total of minimum lease payments	1,85,65,647	2,22,80,164
The total of future minimum lease payments under non-cancelable		
Operating leases for period:		
Not later than one year	65,44,412	54,91,550
Later than one year and not later than five years	1,20,21,235	1,67,88,614
Later than five years	-	-

b)

(Amount in Rupees)

Particulars	As at	As at
	31-Mar-14	31-Mar-13
Lease payments recognised in the statement of profit & loss for the year	68,80,929	58,43,668

(c) Details of lease Deposit

Place	Deposit (Rs)	Period
Powerica Limited	25,50,000/-	5 years
CRD Sanpada Godown	1,00,000/-	33 Months
Patna Branch Deposit	34,000/-	6 Months
Nagpur Branch	60,000/-	3 Months
Place	Deposit (Rs)	Period
Delhi Branch	1,00,000/-	30 Months
Coimbatore	90,000/-	3 Months
Kolkata Branch	1,50,000/-	3 Months
Kolkata Godown	20,000/-	3 Months

- (d) The general description of significant leasing arrangements: - The Company has entered into operating lease arrangements for office premises and CRD godown.

4.31 EARNINGS PER SHARE:

Sr. No	Particulars	As on March 31, 2014	As on March 31, 2013
1.	Profit After Tax (Including discontinued operations) (Rs)	(68,624,644)	(13,467,200)
2.	Profit After Tax (Discontinued operations)* (Rs)	(79,629,309)	(13,467,200)
3.	Number of shares beginning of the year	28,000,000	28,000,000
4.	Bonus Shares	Nil	Nil
5.	Number of shares close of the year	28,000,000	28,000,000
6.	Basic and Diluted Earnings Per Share for face value of Rs.1/- each (Including discontinued operations)	(2.45)	0.48
7.	Basic and Diluted Earnings Per Share for face value of Rs.1/- each (Excluding discontinued operations)	(2.84)	0.48

- * The discontinued operations in the Holding company have been taken over by the subsidiary company and thus profits of the same after take over are considered in Excluding discontinued operations for calculation of EPS.

5. OTHER DISCLOSURES

A. Holding Company

Inter-connected Stock Exchange of India Ltd. (ISE) had received letter from SEBI dated January 10, 2013 with regard to re-commencement of trading on the platform of ISE and directed to ensure compliance of conditions mentioned in the letter, before re-commencing trading operations to the satisfaction of SEBI.

SEBI vide its letter dated June 06, 2013 informed that the clearing house of ISE does not fulfil the basic eligibility criteria under Regulation 3 of SECC Regulations, 2012 and becomes ineligible to continue as Depository Participant (DP) in the capacity of clearing house of a Stock Exchange. Accordingly Company transferred the Depository Participant (DP) Services of Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) to ISE Securities and Services Ltd, wholly owned subsidiary w.e.f. October 01, 2013.

ISE vide its letter dated March 03, 2014 had submitted status of its compliance with the conditions laid down by SEBI vide letter dated January 10, 2013. However, SEBI vide its letter dated April 17, 2014 informed ISE that though sufficient time had been given, ISE had not complied with the requirements for recommencement of its trading platform and in view of the same the approval accorded to ISE by SEBI for re-commencing its trading platform was no more valid.

Considering the last date to apply for exiting from the Stock Exchange business through voluntary surrender of recognition was May 29, 2014. The Governing Board of ISE in its meeting held on May 29, 2014 decided and applied to SEBI for exiting from the stock exchange business through voluntary surrender of recognition subject to approval of Shareholders in the Extra General Meeting (EGM) held on June 3, 2014.

In the Extra General Meeting (EGM) held on June 3, 2014, the Shareholders confirmed the decision of the Governing Board and passed special resolution for exiting from the stock exchange business through voluntary surrender of recognition in terms of SEBI Circular No. CIR/ MRD/ DSA/ 14/2012 dated May 30, 2012 on Exit Policy for De-recognized/ Non-operational Stock Exchange, read with SEBI circular no. RD/Dop/SE/CIR-36/2008 dated December 29, 2008. And the decision of the Shareholders was communicated to SEBI on June 11, 2014.

ISE has incurred loss in the current year and the previous financial year. However the accumulated losses have not resulted in the substantial erosion of its networth. ISE has adequate reserves directly and indirectly through the wholly owned subsidiary.

The Governing Board of ISE considering various factors such as its presence in various cities through its Trading Members, expertise of its staff members and basic infrastructure which could be utilised in activities related to Capital Market, and hence the Governing Board is exploring possibilities of alternate business activities to be carried out post its exit from the stock exchange business. Accordingly the worth of the assets was not impaired as it was believed that the assets may earn atleast the value stated in the books.

Accordingly, ISE's financial statements have been prepared on a going concern basis whereby the realization of assets and discharge of liabilities are expected to occur in the normal course of business.

The Company has vide its agreement dated January 31 2014 with ISE Securities and Services Ltd, wholly owned subsidiary , transferred the Depository Participant business on a slump sale basis w.e.f. October 01, 2013. The detailed disclosure has been given in the Holding Company Financial Statements.

B. Subsidiary Company

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, effects if any on completion of reconciliation will not be material in nature.

The Company has acquired Depository Business from Interconnected Stock Exchange of India LTD (ISE) being Holding company on 1st October 2013. Pursuant to the agreement between ISE and Company it is decided to record the transfer of the Depository Participant (DP) business together with tangible and intangible assets, contracts, personnel and other assets together with the seller's intellectual property rights pertaining to the DP business, subject to the terms and condition of the said agreement. The detailed disclosure has been given in the Subsidiary Company Financial Statements.

The company has not been able to compile the details of vendor's 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.

6. Previous year amount has been re-grouped/re-classified and recast wherever necessary to confirm current year's classifications.

Signatures to Notes 1 to 6

As per our attached Report of even date
For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Hiren Shah
Partner
Membership No 100052

Place: Vashi, Navi Mumbai
Date: August 24, 2014

For and on behalf of Board of Directors

sd/-
H. C. Parekh
Chairman

sd/-
Udai Kumar
Managing Director

sd/-
Milind Nigam
Company Secretary
Place: Vashi, Navi Mumbai
Date: August 24, 2014

INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD. INVESTOR PROTECTION FUND (ISE-IPF)

**Report of an auditor relating to accounts audited
Under sub-section (2) of section 33 & 34 and rule 19 of the Bombay Public Trusts Act.**

Registration No. No. E-6489

Name of the Public Trust: Inter-connected Stock Exchange of India Ltd. Investor Protection Fund Trust (ISEIPF)

For the year ending: 31st March 2014

a) Whether accounts are maintained regularly and in accordance with the provisions of the Act and the rules;	YES
b) Whether receipts and disbursements are properly and correctly shown in the accounts;	YES
c) Whether the cash balance and vouchers in the custody of the manager or trustee on the date of audit were in agreement with the accounts;	YES
d) Whether all books, deeds, accounts vouchers or other documents or records required by the auditor were produced before him;	YES
e) Whether a register of movable and immovable properties is properly maintained, the changes therein are communicated from time to time to the regional office, and the defects and inaccuracies mentioned in the previous audit report have been duly complied with;	Not Applicable; Since the trust has no movable and immovable property kept in its name.
f) Whether the manager or trustee or any other person required by the auditor to appear before him did so and furnished the necessary information required by him;	YES
g) Whether any property or funds of the Trust were applied for any object or purpose other than the object or purpose of the Trust;	NO
h) The amounts of outstanding for more than one year and the amounts written off, if any;	NIL
i) Whether tenders were invited for repairs or construction involving expenditure exceeding Rs.5,000/-;	NIL
j) Whether any money of the public trust has been invested contrary to the provisions of Section 35;	NO
k) Alienations, if any, of the immovable property contrary to the provisions of Section 36 which have come to the notice of the auditor;	Not Applicable Refer (e) above
l) All cases of irregular, illegal or improper expenditure, or failure or omission to recover monies or other property belonging to the public trust or of loss or waste of money or other property thereof, and whether such expenditure, failure, omission, loss or waste was caused in consequence of breach of trust or misapplication or any other misconduct on the part of the trustees or any other person while in the management of the trust;	NONE

INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD. INVESTOR PROTECTION FUND (ISE-IPF)

Report of an auditor relating to accounts audited Under sub-section (2) of section 33 & 34 and rule 19 of the Bombay Public Trusts Act.

m) Whether the budget has been filed in the form provided by rule 16A;	NO
n) Whether the maximum and minimum number of the trustees is maintained;	YES
o) Whether the meetings are held regularly as provided in such instrument;	YES
p) Whether the minute books of the proceedings of the meeting is maintained;	YES
q) Whether any of the trustees has any interest in the investment of the trust;	NO
r) Whether any of the trustees is a debtor or creditor of the trust;	NO
s) Whether the irregularities pointed out by the auditors in the accounts of the previous year have been duly complied with by the trustees during the period of audit;	NONE
t) Any special matter which the auditor may think fit or necessary to bring to the notice of the Deputy or Assistant Charity Commissioner.	NO

For CNK & Associates LLP
CHARTERED ACCOUNTANTS
Firm Registration No. 101961W

sd/-
HIREN SHAH
(PARTNER)
MEMBERSHIP NO. 100052

PLACE: Navi Mumbai
DATE: JULY 09, 2014

The Bombay Public Trusts Act, 1950
SCHEDULE IX C
(Vide Rule 32)

Statement of income liable to contribution for the year ending 31st March 2014

Name of the Public Trust: Inter-connected Stock Exchange of India Ltd. Investor Protection Fund Trust

Registered No: E-6489

	Amount Rs	Amount Rs
I. Income as shown in the Income and Expenditure Account (Schedule IX)		Rs. 277,993/-
II. Items not chargeable to Contribution under Section 58 and Rules 32		
(i) Donations received from other Public Trusts and Dharmadas		NIL
(ii) Grants received from Government and Local authorities.		NIL
(iii) Interest on Sinking or Depreciation Fund		NIL
(iv) Amount spent for the purpose of secular education		NIL
(v) Amount spent for the purpose of medical relief.		NIL
(vi) Amount spent for the purpose of veterinary treatment of animals		NIL
(vii) Expenditure incurred from donations for relief of distress caused by scarcity, drought, flood, fire or other natural calamity.		NIL
(viii) Deductions out of income from lands used for agricultural purposes:-		NIL
(a) Land Revenue and Local Fund Cess		NIL
(b) Rent payable to superior landlord		NIL
(c) Cost of production, if lands are cultivated by trust		NIL
(ix) Deductions out of income from lands used for non-agricultural purposes:-		NIL
(a) Assessment, cesses and other Government or Municipal Taxes		NIL
(b) Ground rent payable to the superior landlord.		NIL
(c) Insurance premia		NIL

The Bombay Public Trusts Act, 1950
SCHEDULE IX C
(Vide Rule 32)

(d) Repairs at 10 per cent of gross rent of building		NIL
(e) Cost of collection at 4 per cent of gross rent of buildings let out.		NIL
(x) Cost of collection of income or receipts from securities, stocks, etc. at 1 per cent of such income.	<u>Refer Note below</u>	NIL
(xi) Deductions on account of repairs in respect of buildings not rented and yielding no income, at 10 per cent of the estimated gross annual rent.		NIL
Gross Annual Income chargeable to contribution Rs.		Rs. 277,993/-

Note: The Trust has not provided for the contribution to be made to the Charity Commissioner, on the basis of Interim Order No. 40 of 2007 dated 25th September, 2009 passed by the Honorable High Court of Bombay in case of Public Interest Litigation filed by various Petitioners against the State of Maharashtra.

Trust Address:

**Inter-connected Stock Exchange of India Ltd. -
Investor Protection Fund Trust**

International Infotech Park, Tower 7,
5th Floor, Sector- 30 A, Vashi,
Navi Mumbai

As Per Our Report Of Even Date
For CNK & Associates LLP
Chartered Accountants
Firm Registration No. 101961W

sd/-

Manubhai Kalidas Parekh
Trustee

Place: Vashi, Navi Mumbai
Date: July 9, 2014

sd/-

Hiren Shah
(Partner)
Membership No : 100052

Place : Vashi, Navi Mumbai
Date : July 9, 2014

INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD. INVESTOR PROTECTION FUND (ISEIPF)

SCHEDULE VIII [vide rule 17(1)]

The Bombay Public Trusts Act, 1950

Registration No. E-6489

BALANCE SHEET AS AT MARCH 31, 2014

FUNDS & LIABILITIES	As at		As at March 31, 2013	PROPERTIES & ASSETS	As at		As at March 31, 2013
	March 31, 2014				March 31, 2014		
<u>ISE Investor Protection Fund Corpus:</u>				<u>Cash and Bank Balance:</u>			
Opening Balance as on 01.04.2013	1,559,298			(A) Balance in Current Account: with HDFC Bank Ltd	33,626	9,860	
Add: Fines and Penalties transferred from Inter-connected Stock Exchange of India Ltd. (Refer Note 3)	190,914						
Closing Balance as on 31.03.2014		1,750,211	1,559,298	(B) in Fixed Deposit: with Vijaya Bank	1,987,874	1,564,038	
<u>Income and Expenditure Account:</u>							
Opening Balance as on 01.04.2013	30,512			<u>Other Assets:</u>			
Add: Surplus /(Deficit) as per Annexed Income & Expenditure Account	277,993			TDS on Bank Fixed Deposits	17,325	1,804	
Closing Balance as on 31.03.2014		308,505	30,512	Interest Accrued on Bank Fixed Deposits	19,891	37,216	14,108
TOTAL		2,058,716	1,589,810	TOTAL		2,058,716	1,589,810

Significant Accounting Policies and Notes forming part of the Accounts

As per our attached report of even date

For For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Hiren Shah
Partner
Membership No.: 100052

For and on behalf of the Trust

sd/-
Manubhai Kalidas Parekh
Trustee

sd/-
Ashokkumar Bakliwal
Trustee

sd/-
Udai Kumar
Trustee

Place: Vashi, Navi Mumbai
Date: July 09, 2014

Place: Vashi, Navi Mumbai
Date: July 09, 2014

INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD. INVESTOR PROTECTION FUND (ISE-IPF)

SCHEDULE - IX [vide rule 17(1)]

The Bombay Public Trusts Act, 1950

Registration No. E-6489

INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2014

EXPENDITURE	For the year ended March 31, 2014	For the year ended March 31, 2013	INCOME	For the year ended March 31, 2014	For the year ended March 31, 2013
To Bank Charges	-	140	By Contribution received towards Listing Fees	338	325
			By Contribution received towards Fines & Penalties	122,125	-
			By Interest on Bank Fixed Deposits	155,530	26,629
To Surplus carried over to Balance Sheet	277,993	26,814			
	277,993	26,954		277,993	26,954

Significant Accounting Policies and Notes forming part of the Accounts

As per our attached report of even date

For For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Hiren Shah
Partner
Membership No.: 100052

For and on behalf of the Trust

sd/-
Manubhai Kalidas Parekh
Trustee

sd/-
Ashokkumar Bakliwal
Trustee

sd/-
Udai Kumar
Trustee

Place: Vashi, Navi Mumbai
Date: July 09, 2014

Place: Vashi, Navi Mumbai
Date: July 09, 2014

INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD. - INVESTOR PROTECTION FUND TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014.

1. Introduction:

Inter-connected Stock Exchange of India Ltd. Investor Protection Fund (ISE-IPF) Trust was formed on June 29, 2009. The main object of the trust is to pay/ compensate the investing public the amount payable to them from the Investor Protection Fund of the Exchange in the event of any Member of the Exchange becoming defaulter.

The ISE IPF Trust was formed as per the Securities and Exchange Board of India (SEBI) circular no. MRD/Dop/SE/Cir-38/2004 dated October 28, 2004.

The Trust is formed without any profit motive.

2. Significant Accounting Policies:

2.1 Basis of preparation of Financial Statements:

The Financial Statements are prepared on the basis of historical cost convention, on accrual method of accounting and as a going concern.

2.2 Revenue Recognition:

The Trust derives its revenue from contribution from Inter-connected Stock Exchange of India Ltd., (ISE) in the form of:

- (a) 1% of listing fees received.
- (b) 100% of the interest earned on the 1% security deposit kept by the issuer companies at the time of the offering of securities for subscription to the public, immediately on refund of the deposit.
- (c) The difference of the amount of auctions/ close-out price.
- (d) The amount received from the proceeds of the sale of securities written off.
- (e) The contribution based on the transaction charges collected from the members.
- (f) Interest on amount invested in Fixed Deposit.

2.3 Expenditure:

Expenses are accounted on accrual basis. Claims from the investors will be settled through the fund and the same is treated as a reduction from the corpus, upon approval of claims by the trustees.

3. As per SEBI directive Inter-connected Stock Exchange of India Ltd. (ISE) has transferred Fines & Penalties levied on its Trading Members to ISE-IPF Trust Corpus in Financial Year 2013-14. Accordingly, an amount of Rs. 1,90,914/- (previous year: Rs. 14,36,186/-) has been transferred to ISE-IPF Trust Corpus from ISE.

4. During the year, ISE IPF Trust had applied to Director of Income Tax (Exemptions), Mumbai for getting Income Tax exemption.

The Director of Income Tax (Exemptions), Mumbai rejected ISE IPF Trust's application for registration u/s. 12AA of the Income Tax Act, 1961.

Against the said decision, ISE IPF Trust had filed an appeal before the Income Tax Appellate Tribunal (ITAT), Mumbai. The Honourable ITAT 'I' Bench vide order dated 20/09/2013 passed the order in favor of ISE IPF and accordingly registration u/s. 12AA was granted.

Against the above referred ITAT order, Department of Income Tax has filed an appeal before the Honourable Bombay High Court. The said appeal is still pending before the Honourable Bombay High Court.

5. Shareholders of the ISE in the Extra General Meeting (EGM) held on June 3, 2014 decided to apply to SEBI for exiting from the stock exchange business through voluntary surrender of recognition in terms of SEBI Circular No. CIR/ MRD/ DSA/ 14/2012 dated May 30, 2012 on Exit Policy for De-recognized/ Non-operational Stock Exchange, read with SEBI circular no. RD/Dop/SE/CIR-36/2008 dated December 29, 2008.

Accordingly ISE has applied for voluntary exit from Stock Exchange Business with SEBI through voluntary surrender of recognition.

As per the Exit Policy of SEBI, the funds in ISE-IPF Trust would be transferred to SEBI IPEF.

As per our attached Report of even date

For For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

For and on behalf of the Trust

sd/-
Hiren Shah
Partner
Membership No 100052

sd/-
Manubhai Kalidas Parekh
Trustee

sd/-
Ashokkumar Bakliwal
Trustee

sd/-
Udai Kumar
Trustee

Place: Vashi, Navi Mumbai
Date: July 09, 2014

Place: Vashi, Navi Mumbai
Date: July 09, 2014

INDEPENDENT AUDITORS' REPORT

To the Trustees of INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD. EMPLOYEES GROUP GRATUITY SCHEME TRUST

Report on the Financial Statements

1. We have audited the accompanying financial statements of Inter-Connected Stock Exchange Of India Ltd. Employees Group Gratuity Scheme Trust (the "Trust"), which comprise the Balance Sheet as at March 31, 2014, and Income and Expenditure Account and for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Trusts' Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Trust in accordance with the Accounting Standards generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information 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 the Balance Sheet, of the state of affairs of the Trust as at March 31, 2014;
 - (b) in the case of the Income and Expenditure of the excess of income over expenditure for the year ended on that date.

7. We report that:

- (a) 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;
- (b) In our opinion, proper books of account as required by law have been kept by the Trust so far as appears from our examination of those books
- (c) The Balance Sheet, Income and Expenditure Account, dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the Balance Sheet, Income and Expenditure Account, dealt with by this report comply with the Accounting Standards generally accepted in India.

For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

sd/-

Hiren Shah

Partner

Membership No 100052

Place: Navi Mumbai

Date: July 09, 2014

Inter-connected Stock Exchange of India Ltd.

EMPLOYEES GROUP GRATUITY SCHEME TRUST

PAN NO. AABTT6166F

BALANCE SHEET AS AT MARCH 31, 2014

LIABILITIES	As at March 31, 2014	As at March 31, 2013	ASSETS	As at March 31, 2014	As at March 31, 2013
Corpus:					
Opening Balance as on 01.04.2013	-		Investments:		
Add: Balance transferred from LIC Fund Statement to ISE Employees Group Gratuity Scheme Trust.	2,525,144		Investment in Employees Group Gratuity Scheme Trust (LIC - Fund Manager)	1,365,424	-
Add: Bank Balance transferred from Inter-connected Stock Exchange of India Ltd.	11,415				
Add: Contribution made by Inter-connected Stock Exchange of India Ltd. for the Financial Year 2013-2014 transferred to ISE Employees Group Gratuity Scheme Trust.	416,207		Cash and Bank Balance:		
Add: Gratuity Premium expense for the Financial Year 2013-2014.	53,287		Balance in Current Account: With ING Vysya Bank Ltd.	11,412	-
Less: Transfer of Depository Participant Employees from Inter-connected Stock Exchange of India Ltd. to ISE Securities and Services Ltd. due to sale of Depository Participant Business.	(1,040,613)				
Less: Benefits Paid	(706,500)				
Closing Balance as on 31.03.2014		1,258,940			-
Income and Expenditure Account:					
Opening Balance as on 01.04.2013	-				
Add: Surplus / (Deficit) as per Annexed Income and Expenditure Account.	117,896				
Closing Balance as on 31.03.2014		117,896			-
TOTAL	1,376,836	-	TOTAL	1,376,836	-

Significant Accounting Policies and Notes forming part of the Accounts

As per our attached report of even date

For For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

For and on behalf of the Trust

sd/-
Hiren Shah
 Partner
 Membership No.: 100052

sd/-
Udai Kumar
 Trustee

sd/-
Milind Nigam
 Trustee

sd/-
Gajendarnath Mudaliar
 Trustee

Place: Vashi, Navi Mumbai
Date: July 09, 2014

Place: Vashi, Navi Mumbai
Date: July 09, 2014

Inter-connected Stock Exchange of India Ltd.

EMPLOYEES GROUP GRATUITY SCHEME TRUST

PAN NO. AABTT6166F

INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2014

EXPENDITURE	As at March 31, 2014	As at March 31, 2013	INCOME	As at March 31, 2014	As at March 31, 2013
Gratuity Expenses	53,287	-	Interest received on Gratuity Fund	171,186	-
Bank Charges	3	-			
Surplus carried to Balance Sheet	117,896	-			
	171,186	-		171,186	-

Significant Accounting Policies and Notes forming part of the Accounts

As per our attached report of even date

For For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

For and on behalf of the Trust

sd/-
Hiren Shah
Partner
Membership No.: 100052

sd/-
Udai Kumar
Trustee

sd/-
Milind Nigam
Trustee

sd/-
Gajendarnath Mudaliar
Trustee

Place: Vashi, Navi Mumbai
Date: July 09, 2014

Place: Vashi, Navi Mumbai
Date: July 09, 2014

Inter-connected Stock Exchange of India Ltd. - Employees Group Gratuity Scheme Trust

NOTES TO THE FINANCIAL STATEMENTS

A. Introduction:

Inter-connected Stock Exchange of India Ltd. (ISE) Employees Group Gratuity Scheme Fund was established with effect from April 1, 1998. Life Insurance Corporation of India Ltd. (LIC) is the Fund Manager of ISE Employees Group Gratuity Scheme Trust.

The main objective of ISE Employees Group Gratuity Scheme Trust is to provide payment of Gratuity to permanent employees of ISE on termination of service, on death or retirement of the employee subject to the employee completing five years of service.

ISE Employees Group Gratuity Scheme Trust got itself registered with Income Tax Department and approval order was also received from Income Tax Department vide Order No. C.I.T.-10/Gratuity/2012-13/239 dated January 7, 2013. All the ledgers related to Gratuity standing in the books of Inter-connected Stock Exchange of India Ltd. (ISE) in the financial year 2013-14 have been transferred to ISE Employees Group Gratuity Scheme Trust.

The Trust is formed without any profit motive.

B. Significant Accounting Policies:

1. Basis of preparation of Financial Statements:

The Financial Statements are prepared on the basis of historical cost convention, on accrual method of accounting and as a going concern.

2. Revenue Recognition:

Interest Income is credited on Fund managed by LIC on accrual basis.

3. Expenditure:

Expenses are accounted on accrual basis. Expense include One Year Renewable Group Terms Assurance (OYRGTA) Premium charges.

4. Corpus Fund:

The Trust derives its contribution from Inter-connected Stock Exchange of India Ltd. (ISE). 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).

This is the first year of ISE Employees Group Gratuity Scheme Trust incorporation, there is no previous year comparatives.

As per our attached report of even date

For For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

For and on behalf of the Trust

sd/-
Hiren Shah
Partner
Membership No.: 100052

sd/-
Udai Kumar
Trustee

sd/-
Milind Nigam
Trustee

sd/-
Gajendarnath Mudaliar
Trustee

Place: Vashi, Navi Mumbai
Date: July 09, 2014

Place: Vashi, Navi Mumbai
Date: July 09, 2014



INTENTIONALLY BLANK





2013- 2014



ISE Securities & Services Limited
(Wholly-owned subsidiary of ISE)

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CONTENT

PUBLIC REPRESENTATIVE DIRECTORS



Shri Manubhai K. Parekh



Shri George Joseph

SHAREHOLDER REPRESENTATIVE DIRECTORS



Shri Ashish Parikh



Ms. Minu Mathew

NOMINEE DIRECTOR OF ISE



Shri Udai Kumar

CEO & WHOLE TIME DIRECTOR



Shri Sivaraman K. M.

AUDIT COMMITTEE

Shri Manubhai K. Parekh
Public Representative Director,
Chairman of the committee

Ms. Minu Mathew
Shareholder Representative Director

Shri Ashish Parikh
Shareholder Representative Director

Shri Udai Kumar
Director
(Nominee of Inter-connected Stock
Exchange of India Limited)

SECRETARIAL AND LEGAL

Shri Mayank Mehta
Company Secretary & Compliance Officer

STATUTORY AUDITORS

M/s. CNK & Associates LLP,
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
Bank of Baroda
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.

CORPORATE & CORRESPONDENCE OFFICE

6th Floor, 601, "Dakshna"
Next to Raigad Bhavan
Sector 11, CBD Belapur
Navi Mumbai - 400614

Directors' Report 2013-14

The Board of Directors of ISE Securities & Services Limited (ISS) are pleased to present the Fifteenth Annual Report for the year ended March 31, 2014, together with the Auditors' Report and Audited Accounts for the Financial Year 2013-2014.

FINANCIAL PERFORMANCE

In the Financial year 2013-14 the Company has posted net profit of ₹166.19 Lakhs. Despite adverse market conditions, the company earned a total income of ₹1048.31 lakhs during the year, compared to ₹1003.14 lakhs during the previous year. Expenditure before depreciation, interest and tax during the year under review stood at ₹737.05 lakhs, compared to ₹684.59 lakhs during the preceding year. After considering interest, finance charges and depreciation, the increase of income over expenditure for the year 2013-14 was ₹273.23 lakhs as compared to ₹281.39 lakhs for the previous year.

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

PERFORMANCE AT A GLANCE					(₹ in lakhs)
Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Income					
Net Operational Income	324.23	241.00	358.60	351.51	368.98
Interest	503.30	545.95	517.10	492.92	496.95
Networking Recoveries	46.41	56.57	68.41	83.65	86.15
Annual Fees	20.95	23.45	20.85	21.85	24.45
Exceptional Items	00.00	51.24	-	-	-
Depository Business Income	44.94	-	-	-	-
Other Income	108.48	84.93	62.10	80.39	83.11
Total Income	1048.31	1003.14	1027.06	1030.31	1059.66
Expenditure					
Others Expenses	323.40	325.31	338.18	332.11	398.82
Employee Cost	333.63	275.92	266.13	212.34	162.12
Finance Cost	-	0.03	0.27	0.60	3.54
Reimbursement of actual Expenses- ISE	20.02	23.33	74.39	34.16	34.74
Management Fees to ISE	60.00	60.00	60.00	30.00	30.00
Depreciation / Amortization	38.03	37.16	48.08	95.48	152.25
Total Expenditure	775.08	721.75	787.05	704.69	781.49
Profit / (Loss) before Taxation	273.23	281.39	240.01	325.62	278.16
Excess(Short) Provisions of Taxes of earlier years	(10.32)	(4.26)	-	-	-
Provision for : Current Tax	(99.00)	(92.00)	(90.00)	(133.00)	(130.00)
Deferred Tax (Expenses)/Savings	2.28	2.62	11.44	22.68	33.12
Net Profit / (Loss) after Taxation	166.19	187.75	161.45	215.30	181.29

PERFORMANCE AT A GLANCE

(₹ in lakhs)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Interim Dividend	110.00	101.75	82.50	-	-
Final / Proposed Dividend	-	-	-	49.50	38.50
Capital Structure					
Share Capital	550.00	550.00	550.00	550.00	550.00
Reserves & Surplus	815.86	778.36	708.87	701.40	486.09
Net Fixed Assets	98.79	47.55	76.95	110.44	148.77
Investments	67.10	67.10	67.10	67.10	67.10
Net Current Assets	1166.52	1165.88	1069.62	1039.74	808.79
Net worth	1365.86	1328.36	1258.87	1251.40	1036.09
Earning per share (in ₹)	3.02	3.41	2.93	3.91	3.30

Note
 ** Previous year amounts have been re-grouped/re-classified and recast wherever necessary to confirm to current year's classifications.

DIVIDEND

The Board of Directors at their meeting held on March 14, 2014, approved the payment of interim dividend, for the year ended March 31, 2014, at 20% on 55,00,000 equity shares of ₹10/- each. In view of this, no final dividend has been recommended by the Board.

OPERATIONAL HIGHLIGHTS

During the year 2013-2014, the Company recorded a turnover of ₹ 8,522 crores in the NSE Equities segment, ₹ 12,498 crores in the NSE equity derivatives (F&O) segment & ₹ 133 crores in NSE currency derivatives (CD) segment, aggregating to ₹ 21,153 crores. During the year 2013-2014, turnover of ₹ 2,022 crores was recorded in BSE Equities segment. The turnover of NSE Equities, F&O & CD segments and BSE Equities segment taken together was recorded at ₹ 23,175 crores during the year 2013-2014.

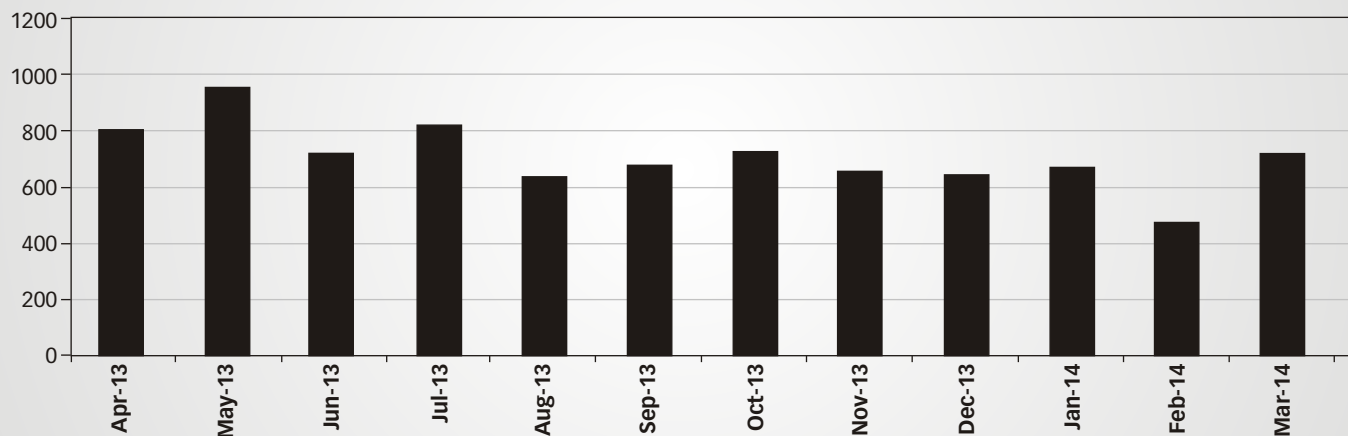
The month-wise turnover of the Company for the financial year in the Capital Market, Equity Derivatives & Currency Derivatives segments of NSE & Equities Segment of BSE is given below and the same are also represented below diagrammatically:

For the Financial Year 2013-2014	NSE Equities, Equity Derivatives & Currency Derivatives segments and BSE Equities Segment							
	Total Turnover (₹Cr.) (Rounded off)				No. of Active Intermediaries (sub-brokers)			
	NSE Equities	BSE Equities	NSE Equity Derivatives #	NSE Currency Derivatives #	NSE Equities	BSE Equities	NSE Equity Derivatives	NSE Currency Derivatives
April	807	159	818	5	179	147	85	5
May	956	170	1313	7	185	153	83	6
June	720	128	708	39	180	148	85	8
July	823	172	1101	12	182	144	82	8
August	639	166	1020	12	176	145	80	6
September	681	172	1054	9	179	138	76	5
October	726	158	1077	7	181	140	81	4
November	660	174	1781	9	178	140	78	4
December	645	184	1329	8	177	139	77	3
January	670	196	887	8	174	141	75	4
February	475	150	782	7	173	139	72	3
March	720	193	628	10	175	144	77	4
Total 2013-14	8522	2022	12498	133				

Note:
 Futures Turnover = Trade Quantity * Trade Price
 Futures Final Settlement = Futures Final Long Settlement Value + Futures Final Short Settlement Value
 Option Turnover = Trade Quantity * Trade Price
 Exercised Strike Value = Exercised Quantity * Strike Price
 Assigned Strike Value = Assigned Quantity * Strike Price

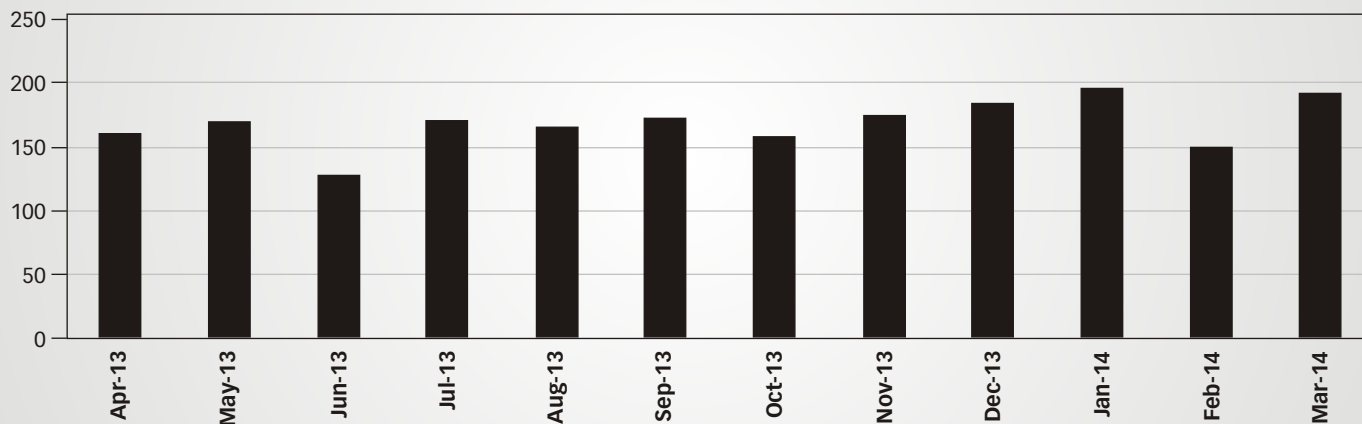
ISS Turnover on NSE (Equities Segment)

Turnover in Cr (NSE)



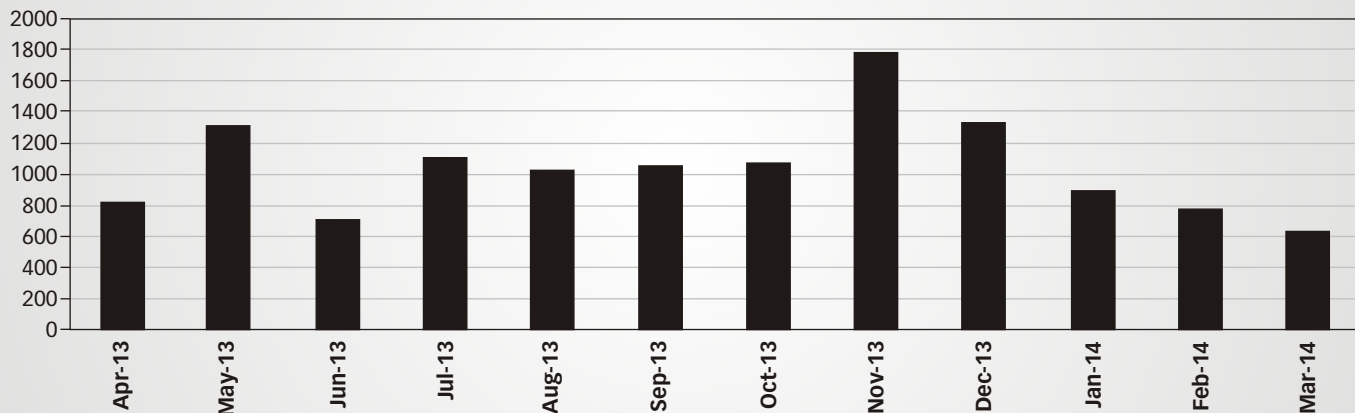
ISS Turnover on BSE (Equities Segment)

Turnover in Cr (BSE)

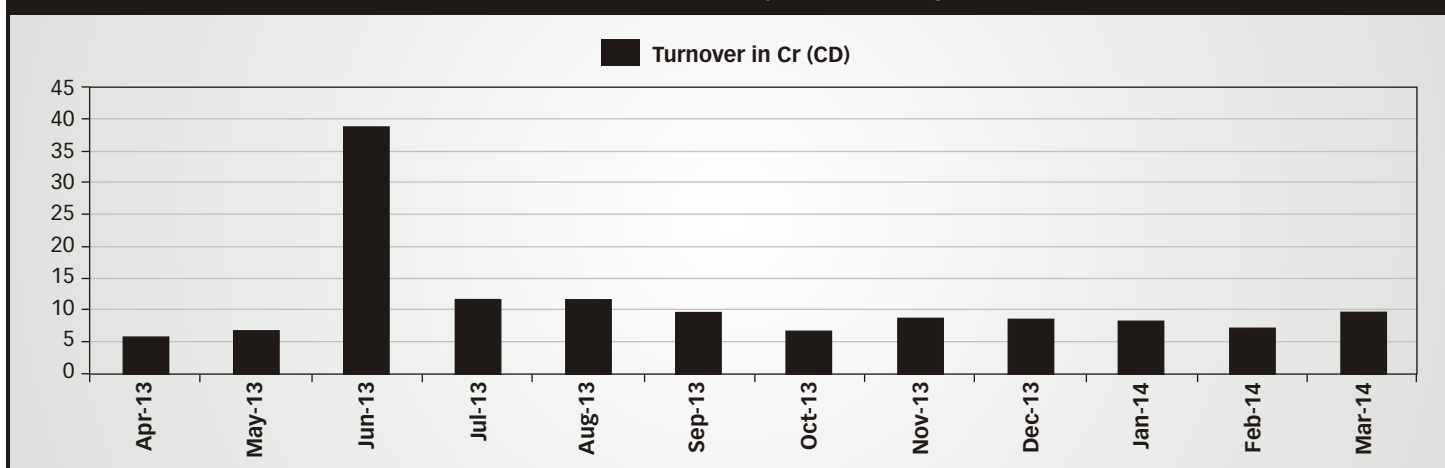


ISS Turnover on NSE (Equity Derivatives Segment)

Turnover in Cr (F&O)



ISS Turnover on NSE (Currency Derivatives Segment)



TECHNOLOGY AND SYSTEMS

There are no major Technological Changes during the year under review except streamlining and certain up gradation was done in technology for which no major expenses were incurred during the year under review.

NEW LAUNCHES IN 2013-2014

Considering recent spurt in trading volume of Equity Derivatives segment of BSE, the Board of Directors decided to apply for registration as a Trading cum Clearing Member with Equity Derivatives segment of BSE. Accordingly, applicable documentation was completed and submitted to BSE. Exchange, in turn, has also completed process at their end and issued admission letter to organization. We are pleased to inform that SEBI has provided registration certificate dated September 19, 2013 to company, as a Trading cum Clearing Member in Equity Derivatives segment with registration number INF011077733.

MCX-SX, India's new stock exchange recently launched its operations in Equity & Equity Derivatives segments. Taking into account, the lucrative business opportunity and in order to add two more segments to the business portfolio, the Board of Directors decided to apply for registration with the Equity segment as a Member & with Equity Derivatives segment and as a Trading cum Clearing Member. Applicable documentation has been completed and submitted to MCX-SX. Exchange, in turn, has also completed process at their end and issued admission letter to organization. We are pleased to inform that SEBI has provided registration certificates dated September 19, 2013 to company, as a Member in Capital Market segment and Trading cum Clearing Member in Equity Derivatives segment with registration numbers INB261077730 & INF261077730.

Pursuant to the business purchase agreement dated January 31, 2014, entered between Inter-connected Stock Exchange of India Limited (ISE) & ISE Securities & Services Limited (ISS), the Depository Participant business earlier carried on by ISE was taken over by ISS, which already registered itself as Depository Participant with CDSL with effect from August 26, 2013. Also vide letter no. CDSL/OPS/KP/2013-14//281 dated August 31, 2013; CDSL approved the assignment of DP operations by seller to purchaser including SEBI registration of ISE to ISS. All Beneficiary Owners accounts are transferred to ISS with effect from the evening of September 24, 2013 and ISS commenced DP operations from September 25, 2013.

For administrative convenience, both the parties agreed cut-off date of September 30, 2013 for business transfer and the same was effected the transfer in the books of both the parties with effect from October 01, 2013.

OPERATIONS OF THE COMPANY

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

PARTICULARS	NSE	BSE	NSE Equity Derivatives	NSE Currency Derivatives
No. of sub-brokers registered in ISS as on 31.03.2013	385	252	175	14
Existing ISE members registered as sub-brokers in ISS during 01.04.2013 to 31.03.2014	03	03	04	05
Cancellations during 1.04.2013 to 31.03.2014	27	21	12	00
Position as on 31.03.2014	361	234	167	19
Change (+/-)	(24)	(18)	(08)	05

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-brokers & authorized persons registration as on March 31, 2014

Sr. No.	Particulars	No. of applications pending			
		NSE (Equities Segment)	BSE (Equities Segment)	NSE (Equity Derivatives Segment)	NSE (Currency Derivatives Segment)
1.	Documents pending from sub-broker applicants	05	04	NIL	NIL
2.	Applications under process by ISS (received recently)	NIL	NIL	NIL	NIL
3.	Applications pending at NSE	07	N.A.	NIL	NIL
4.	Applications pending at BSE	N.A.	05	N.A.	N.A.
5.	Applications pending at SEBI	09	12	N.A.	N.A.
	Total	21	21	NIL	NIL

The distribution of intermediaries across the different geographical regions of the country as on March 31, 2014 is as given below.

Geographical distribution of Registered Intermediaries

Sr. No.	Region	States	Trading Members		Authorised Persons (NSE F&O)	Authorised Persons (NSE CD)
			NSE	BSE		
1.	West	Goa, Gujarat, Maharashtra	142	89	73	12
2.	North	Haryana, Jammu & Kashmir, Delhi, Punjab, Rajasthan, Uttaranchal and Uttarpradesh	53	28	19	02
3.	East	Assam, Bihar, Jharkhand, Orissa and West Bengal	112	87	50	03
4.	South	Andhra Pradesh, Karnataka, Kerala and Tamilnadu	46	24	20	02
5.	Central	Chhattisgarh and Madhya Pradesh	08	06	05	-
		TOTAL	361	234	167	19

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 whereas Corporate Office of the company is situated at 6th Floor, 601, "Dakshna", Next to Raigad Bhavan, Sector 11, CBD Belapur, Navi Mumbai 400614

Apart from the registered office located at Vashi and Corporate Office at CBD Belapur, for the purpose of Depository Participant business operations, branches are located at Delhi, Kolkata, Nagpur, Coimbatore, Gauhati and Patna.

COMPLAINTS REDRESSAL, ARBITRATION AND LEGAL CASES

The clients' / sub-brokers' 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 reviews 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 (₹)	Amt Paid up (₹)	% 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 Krishna Wagle (Nominiee of Inter- connected Stock Exchange of India Limited)	1	10/-	10/-	0.000018
4	Shri Milind Nigam (Nominiee of Inter- connected Stock Exchange of India Limited)	1	10/-	10/-	0.000018
5	Shri Shachindrakumar Dube (Nominiee of Inter- connected Stock Exchange of India Limited)	1	10/-	10/-	0.000018
6	Shri Thomas Kurian (Nominiee of Inter- connected Stock Exchange of India Limited)	1	10/-	10/-	0.000018
7	Shri Udai Kumar (Nominiee of Inter- connected Stock Exchange of India Limited)	3	10/-	30/-	0.000056
8	Shri H.C. Parekh (Nominiee of Inter- connected Stock Exchange of India Limited)	1	10/-	10/-	0.000018
9	Shri Gajendarnath Mudaliar (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 consists of:

Sr. No.	Name of the Director	Status	Date of Appointment
1.	Shri Manubhai K. Parekh	Public Representative Director	October 21, 2008
2.	Shri George Joseph	Public Representative Director	October 21, 2008
3.	Shri Ashish Parikh	Shareholder Representative Director	September 04, 2012
4.	Ms. Minu Mathew	Shareholder Representative Director	September 04, 2012
5.	Shri Udai Kumar	Director [Nominee of Inter-connected Stock Exchange of India Limited (ISE)]	January 20, 2014
6.	Shri Sivaraman K. M.	Chief Executive Officer & Whole Time Director	January 22, 2010

Shri P. J. Mathew, erstwhile Managing Director of ISE, parent exchange and nominee of the same on ISS Board ceased to be Director of ISS with effect from August 02, 2013, pursuant to the cessation of Managing Director of ISE.

Shri Udai Kumar, newly appointed Managing Director of ISE, was inducted as its nominee director on ISS Board pursuant to Article 87.1 (c) of the Articles of Association of ISS and nomination received from ISE with effect from January 20, 2014.

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

- Shri Udai Kumar, Nominee of Parent Exchange and Shri Sivaraman K.M., Whole-time Director, are not liable to retire by rotation.
- 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, Ms. Minu Mathew retired by rotation and was reappointed in 14th Annual General Meeting held on August 01, 2013. Therefore, in terms of provisions of Section 256 (2) of the Companies Act, 1956, Shri Ashish Parikh, Shareholder Representative Director shall be liable to retire by rotation in the ensuing

Annual General Meeting.

During the period April 01, 2013 to March 31, 2014, the following Board Meetings were held:

Board Meeting No.	Date
109	April 22, 2013
110	May 31, 2013
111	August 01, 2013
112	September 25, 2013
113	November 20, 2013
114	January 20, 2014
115	March 14, 2014

DETAILS OF ATTENDANCE OF THE DIRECTORS IN THE BOARD MEETINGS

During the period April 01, 2013 to March 31, 2014, the Board of Directors met 7 times. The attendance record of the Directors at each Board Meeting and the last Annual General Meeting held on August 01, 2013 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 14th AGM
1.	Shri Manubhai K. Parekh Public Representative Director	7	7	Present
2.	Shri George Joseph Public Representative Director	7	6	Present
3.	Shri Ashish Parikh Shareholder Representative Director	7	7	Present
4.	Ms. Minu Mathew Shareholder Representative Director	7	5	Present
5.	Shri P. J. Mathew Director	3	3	Present
6.	Sivaraman K. M., Chief Executive Officer / Whole Time Director	7	7	Present
7.	Shri Udai Kumar Director	1	1	Not Applicable

GENERAL BODY MEETINGS

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

The last three Annual General Meetings i.e. 12th, 13th and 14th Meetings of the Company were held on the following dates

12th AGM: August 11, 2011 (at the Registered Office of the Company)

13th AGM: September 04, 2012 (at the Registered Office of the Company)

14th AGM: August 01, 2013 (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 and has been reconstituted from time to time thereafter, pursuant to the changes in composition of directors of the company. During the period April 01, 2013 to March 31, 2014, the Audit Committee was reconstituted twice i.e. at 112th Board Meeting held on September 25, 2013, on account of cessation of Shri P. J. Mathew, nominee director of ISE and Audit Committee member and at 116th Board Meeting held on May 29, 2014, upon induction of Shri Udai Kumar, nominee director of ISE as a member of Audit Committee. The present members of the Committee are Shri Manubhai K. Parekh (Chairman of the Committee), Ms. Minu Mathew, Shri Ashish Parikh and Shri Udai Kumar. 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 statement 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, 2013 to March 31, 2014, the Audit Committee met 4 times i.e. on May 17, 2013, September 25, 2013, November 20, 2013 and March 14, 2014. 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	4	4
2.	Ms. Minu Mathew	4	3
3.	Shri P. J. Mathew	1	1
4.	Shri Ashish Parikh	3	3

AUDITORS

M/s. CNK & Associates LLP, Chartered Accountants, were appointed by the Members in the Fourteenth Annual General Meeting as Statutory Auditors to hold office from the conclusion of the Fourteenth Annual General Meeting till the conclusion of the forthcoming (Fifteenth) Annual General Meeting.

M/s. Haribhakti & Co., Internal Auditors of the Company, have been submitting quarterly 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.

M/s. Haribhakti & Co., Chartered Accountants & Internal Auditors were reappointed w.e.f. April 01, 2013 to September 30, 2013 by the Board in its meeting held on March 26, 2013. Their term was further extended for the period of six months starting from October 01, 2013 to March 31, 2014 by the Board in its meeting held on September 25, 2013.

Now, pursuant to fresh proposal received from M/s. Haribhakti & Co., Chartered Accountants & Internal Auditors, they have been reappointed for the period of six months starting from April 01, 2014 to September 30, 2014 by the Board in its meeting held on March 14, 2014.

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.

HUMAN RESOURCES AND PARTICULARS OF EMPLOYEES

There are in all 75 persons working for the Company, out of whom 59 are on rolls, 9 are working as consultants, 5 are working on contract, and remaining 2 are on temporary basis. Further, the Company follows a policy of outsourcing certain labour-intensive activities to outside processing agencies. The particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not applicable to the Company, since no employee draws amount of salary prescribed under that section.

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.

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, 2014 and Profit & Loss Account for the year ended March 31, 2014;
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.

INCREASE IN REMUNERATION OF CEO & WHOLE TIME DIRECTOR SHRI SIVARAMAN K. M.

Governing Board of Inter-connected Stock Exchange of India Ltd. (ISE) at its 124th meeting held on June 07, 2013, decided to increase the salary of all its employees to the extent of 10% of CTC of each employee with effect from April 01, 2013. Similarly, Board also recommended that salary of all the employees of ISE Securities & Services Ltd. (ISS) wholly owned subsidiary of ISE including that of Shri Sivaraman K. M., CEO & Whole Time Director, be increased to the extent of 10% of CTC of each employee with effect from April 01, 2013 and effect is to be given at the time of payment of salary for the month of June 2013.

As Shri Sivaraman K. M. is CEO & Whole Time Director of the company, any increase in remuneration payable to him was required to be approved first by the Board of Directors. Pursuant to the increase of 10% in the remuneration of Shri Sivaraman K. M., his salary structure was revised with effect from April 01, 2013. The matter was approved by the Board on Circulation on June 17, 2013, which was subsequently placed before the Board meeting held on 01/08/2013, for Noting.

It was the practice, since long time ISE Compensation Committee approves PLB for employees of ISE as well for ISS and disbursement use to happen accordingly. In the same line this year also ISE Compensation Committee in its Tele-conferencing meeting held on 10.10.2013 has approved the PLB for Employees of ISE as well for ISS including that of Shri Sivaraman K. M., CEO & Whole Time Director.

Accordingly the Board of ISS approved the payment of Performance Link Bonus to employees of ISS, including to Mr. Sivaraman K.M., who is an employee of ISS as CEO & Whole time Director, on October 17, 2013 by circulation of a note to that effect. The same was noted by the Board in its subsequent meeting held on November 20, 2013. The revised remuneration is in accordance with the provisions of schedule XIII of the Companies Act, 1956. The details are given below:

Particulars		Amount in ₹
Basic		120000
House Rent Allowance	30% of Basic Salary	36000
Special Allowance		5731
Gross Monthly		161731
Gross Yearly		1940772
Provident Fund	12% of Annual Basic Salary	172800
Gratuity / Exgratia	Half month's Basic Salary for each completed year of service	60000
Cost to Company		2173572
Variable Salary		
Performance Linked Bonus	To be paid Half Yearly	341420
Total		2514992

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, BSE & MCX-SX 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 P. J. Mathew who served as Nominee Director of the company till August 02, 2013.

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: July 01, 2014
Place: Navi Mumbai

sd/-
Udai Kumar
Director

sd/-
Sivaraman K. M
Chief Executive Officer
& Whole Time Director

INDEPENDENT AUDITORS' REPORT

To The Members of ISE Securities and Services Limited.

Report on Financial Statements

1. We have audited the accompanying financial statements of ISE Securities and Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2014
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - a. 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;

- b. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- c. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For CNK & Associates LLP,
Chartered Accountants
Firm's Registration Number.: 101961W**

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

Place: Mumbai
Date: 1st July, 2014

Annexure to Independent Auditors' Report

Referred to in Paragraph 7 Under the heading of "Report on Other Legal and Regulatory Requirements" of Our report of even date

- (i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- (b) All the fixed assets have been physically verified by the management and discrepancies observed are adjusted during the year.
- (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. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (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 2014, 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 Income Tax, Service Tax and Cess that have not been deposited on account of any dispute.
- (x) The company does not have accumulated losses as at 31st March 2014 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) The Company is not a Chit Fund Company or Nidhi / Mutual Benefit Fund / Society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the Company
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
- (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.

**For CNK & Associates LLP,
Chartered Accountants
Firm's Registration Number.: 101961W**

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

Place: Mumbai
Date: 1st July, 2014

ISE Securities & Services Limited

Balance Sheet as at 31st March, 2014

Particulars	Note No.	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
I EQUITY AND LIABILITIES			
A Shareholder's funds			
(i) Shares Capital	2	55,000,000	55,000,000
(ii) Reserves & Surplus	3	81,585,634	77,835,705
B NON CURRENT LIABILITIES			
(i) Long Term Borrowing		-	-
(ii) Deferred Tax Liability (Net)		-	-
(iii) Other long Term Liabilities		-	-
(iv) Long Term Provisions	4	1,664,962	2,055,388
C CURRENT LIABILITIES			
(i) Trade Payable	5	421,380,752	749,280,212
(ii) Other Current Liabilities	6	19,288,933	23,607,763
(iii) Short Term Provisions	7	4,222,975	4,991,045
Total		583,143,256	912,770,113
II ASSETS			
A NON - CURRENT ASSETS			
(i) Fixed assets	8		
(a) Tangible Assets		3,328,697	3,692,844
(b) Intangible Assets		5,229,406	1,062,339
(c) Capital Work In Progress		1,320,675	-
(ii) Non Current Investments	9	6,710,005	6,710,005
(iii) Deferred Tax Assets (net)	10	5,009,802	4,782,140
(iv) Other Non-current Assets	11	65,537,671	62,497,515
B CURRENT ASSETS			
(i) Current Investments		-	-
(ii) Trade Receivables	12	76,765,639	90,923,872
(iii) Cash & Bank Balances	13	405,245,916	711,104,032
(iv) Short Term Loans & Advances	14	77,694	190,176
(v) Other current assets	15	13,917,751	31,807,190
Total		583,143,256	912,770,113
Significant Accounting Policies and Notes forming part of the Accounts	1 to 29		

As per our attached Report of even date

For and on behalf of the Board of Directors

For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Sivaraman K M
Whole Time Director
& CEO

sd/-
Udai Kumar
Director

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

sd/-
Mayank Mehta
Company Secretary

Place: Mumbai
Date: 1st July 2014

Place: Navi Mumbai
Date: 1st July 2014

ISE Securities & Services Limited

Statement of Profit and Loss for the period ended 31st March, 2014

Particulars	Note No.	For the Year ended March 31, 2014 ₹	For the Year ended March 31, 2013 ₹
I. Revenue from Operations			
Brokerage Income		283,947,209	194,942,015
Commission paid/ payable		(251,523,865)	(170,842,199)
		32,423,344	24,099,816
Income From Depository Services		4,494,006	-
Other Operating Revenues	16	11,401,028	13,780,391
II. Other Income	17	56,513,356	62,433,457
III. Total Revenue		104,831,734	100,313,664
IV. Expenditure			
Employee Benefit Expenses	18	33,363,259	27,591,898
Finance Costs	19	-	3,334
Depreciation/Amortization	8	3,802,552	3,716,047
Other Expenses	20	40,342,389	40,864,229
Total Expenses		77,508,200	72,175,508
V Profit before exceptional and extraordinary items and tax		27,323,534	28,138,156
VI Tax Expenses			
(i) Current Tax		(9,900,000)	(9,200,000)
(ii) Deferred Tax		227,662	261,931
(ii) Excess(Short) Provisions of Taxes of earlier years		(1,031,817)	(425,757)
VII Profit/(loss) for the period		16,619,379	18,774,330
VIII Profit/(Loss) from discontinuing Operations		-	-
IX Tax expenses of Discontinuing operations		-	-
X Profit/(Loss) for the period from continuing Operations (after tax)		-	-
Earning Per Share (₹) (Basic)	22	3.02	3.41
Significant Accounting Policies and Notes forming part of the Accounts	1 to 29		

As per our attached Report of even date

For and on behalf of the Board of Directors

For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

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

Place: Mumbai
Date: 1st July 2014

sd/-
Sivaraman K M
Whole Time Director
& CEO

sd/-
Udai Kumar
Director

sd/-
Mayank Mehta
Company Secretary

Place: Navi Mumbai
Date: 1st July 2014

ISE Securities & Services Limited

Cash Flow Statement for the year ended March 31, 2014

(Amount in ₹)

Particulars	As at 31.03.2014		As at 31.03.2013	
I. Cash Flow from Operating Activities:				
Net profit before tax & extra ordinary items		27,323,534		28,138,156
Adjustments for:				
Depreciation	3,802,552		3,716,047	
Dividend received	(520,000)		(780,000)	
Excess provision written back	(966,166)		(1,395,272)	
Provision for Bad & Doubtful debts- Others	-		318,372	
Provision for Bad & Doubtful debts- Debtors	2,315,674		-	
Fixed Assets Written Off	-		1,937,095	
		4,632,060		3,796,242
Operating profit before working capital changes		31,955,594		31,934,398
Adjustments for:				
(Increase) / Decrease in Trade & Other receivable	17,349,883		(2,014,527)	
(Increase) / Decrease in Loans & Advances	112,482		(404,646)	
Increase / (Decrease) in Trade & Other Payable	(333,376,786)		291,684,409	
		(315,914,421)		289,265,236
Cash generated from operations before tax & extra ordinary items		(283,958,827)		321,199,634
Less: Direct Tax Paid (net of refunds)		(623,692)		(7,645,460)
		(284,582,519)		313,554,174
Net Cash From Operating Activities (A)		(284,582,519)		313,554,174
II. Cash Flow From Investing Activities:				
Purchase of Fixed Assets	(1,780,979)		(2,713,099)	
Acquisition of Depository Business (Goodwill)	(7,145,168)		-	
Dividend Income	520,000		780,000	
		(8,406,147)		(1,933,099)
Net Cash (Used in) / from investing activities (B)		(8,406,147)		(1,933,099)
III. Cash Flow From Financing Activities:				
Dividend Distribution tax	(1,869,450)		(1,650,640)	
Dividend Paid	(11,000,000)		(10,175,000)	
Net Cash (Used in) / from Financing activities (C)		(12,869,450)		(11,825,640)
Net Increase / decrease in cash & cash equivalents (A+B+C)		(305,858,116)		299,795,435
Cash & Cash equivalents at the beginning of the year		711,104,032		411,308,597
Cash & Cash equivalents at the end of the year		405,245,916		711,104,032
Refer Note- 1 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'
- Cash & Cash equivalents includes cash and bank balance in current account, fixed deposit with bank (including lien deposits) Refer Note 13
- Interest received is treated as income from operating activities for cash flow purpose.

As per our attached Report of even date

For and on behalf of the Board of Directors

For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Sivaraman K M
Whole Time Director
& CEO

sd/-
Udai Kumar
Director

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

sd/-
Mayank Mehta
Company Secretary

Place: Mumbai
Date: 1st July 2014

Place: Navi Mumbai
Date: 1st July 2014

ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014.

Significant Accounting Policies and Notes forming part of the Accounts as at March 31, 2014

● **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 authorized persons, who are required to be stock brokers of the parent stock exchange (ISE). As at March 31, 2014, 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 forming part of the Accounts

1. 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 notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as 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 recognized for all settlements completed during the year, with respect to funds pay-in and pay-out. Brokerage income received from sub-brokers is net of service tax, stamp duty and transaction charges.
- ii) Interest, Networking Recoveries, Annual Fees and Other incomes are accounted for on an accrual basis based on certainty of recovery.
- iii) Income from Depository Activities is recognized where there is a reasonable certainty of recovery. Maintenance charges are recognized on pro rata basis from the date of charging till the year end. Transaction charges are recognized on the execution of instruction slips.

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 ₹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 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.
- vi) Furniture & fixture at leasehold premises amortized in accordance with the lease agreement period or 5 years whichever is less.
- vii) Goodwill is the excess of the purchase consideration over the fair value of the net identifiable assets at the date of acquisition of Depository Business from the Holding Company. Goodwill is being amortized on a straight-line method over a period of three years from the year of acquisition. Goodwill is assessed for impairment annually. Amortization and impairment are charged in the statement of profit and loss.

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, if any, 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, 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 contribution's 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 the time of retirement or at the time of resignation or before retirement, if the unutilized leave exceeds 300 days 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".

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

ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

2 SHARE CAPITAL

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Authorised Capital (6,000,000 Equity shares of ₹10/- each)	60,000,000	60,000,000
Issued, Subscribed and Paid Up Capital (55,00,000 Equity shares of ₹10/- each fully paid up)	55,000,000	55,000,000
Total	55,000,000	55,000,000

2.1 The company has only one class of shares referred to as equity shares having a par value of ₹10/- each.

2.2 Details of shares held by Holding Company

Particulars	As at March 31, 2014	As at March 31, 2013
Equity Shares held by Interconnected Stock Exchange of India Ltd , the holding company along with the nominees		
No of Shares	5,500,000	5,500,000
% Holding	100	100

2.3 Reconciliation of number of shares outstanding

Particulars	As at March 31, 2014	As at March 31, 2013
55,00,000 Equity Shares Of ₹10 Each	55,000,000	55,000,000
Number of Shares at the beginning	5,500,000	5,500,000
Number of Shares issued	-	-
Number of Shares bought back	-	-
Other Adjustments	-	-
Number of Shares at the end	5,500,000	5,500,000

2.4 Details of shareholders holding more than 5% shares in the company

Particulars	As at March 31, 2014	As at March 31, 2013
Equity Shares held by		
Interconnected Stock Exchange of India Ltd, the holding company		
No of Shares	5,500,000	5,500,000
% Holding	100	100

3 RESERVES & SURPLUS

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
RESERVES & SURPLUS		
General Reserves		
Opening Balance as on 01.04.2013	28,735,000	27,310,000
Add: Transfer from Profit & loss A/c	1,800,000	1,425,000
Closing Balance in Genral Reserves Account	30,535,000	28,735,000

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Free Reserves		
Surplus in P&L as per last Balance Sheet		
Surplus - Opening balance as on 01.04.2013	49,100,705	43,577,015
Add: Net profit after tax transferred from statement of profit and loss	16,619,379	18,774,330
Profit available for Appropriation	65,720,084	62,351,345
(-) Interim Dividends	(11,000,000)	(10,175,000)
(-) Tax on Interim Dividends	(1,869,450)	(1,650,640)
(-) Transfer to General Reserves	(1,800,000)	(1,425,000)
Closing Balance in Profit & Loss Account	51,050,634	49,100,705
Total of : RESERVES & SURPLUS	81,585,634	77,835,705

4 LONG TERM PROVISIONS

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Gratuity - Benefits	760,193	606,122
Unavailed leave	904,769	1,449,266
Total	1,664,962	2,055,388

5 Trade Payables

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Exchange Liability	936,418	1,330,819
Settlement Obligations to Sub-Brokers/Clients/Authorised person	321,116,428	628,062,920
Sub Brokers Margin-BSE	36,008,520	48,691,624
Sub Brokers Margin-NSE	63,319,386	71,194,849
Outstanding Dues of Micro and Small Enterprises	NIL	NIL
Total	421,380,752	749,280,212

6 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Clients Unpaid Dividend	-	54,788
Statutory Liability	3,089,706	3,659,735
Other Liability	14,173,523	13,702,140
Expenses Payable (other than Micro and Small Enterprises)	2,025,704	6,191,100
Outstanding Dues of Micro and Small Enterprises	NIL	NIL
Total	19,288,933	23,607,763

7 SHORT TERM PROVISIONS

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Provision for employee benefits		
Unavailed leave - current	-	162,405
Employee's Leave Travel Allowance (LTA)	138,000	178,000
Provision for		
Dividend Distribution Tax	84,975	1,650,640
Performance Linked Bonus	4,000,000	3,000,000
Total	4,222,975	4,991,045

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Note no 8 Fixed Assets as on 31st March, 2014

Particulars	Gross Block (At Cost)			Depreciation/Amortisation			Net Block		
	Balance as at 01-04-2013	Additions	Deductions	Balance as at 31-03-2014	Balance as at 01-04-2013	Depreciation / amortisation expense for the year	Deductions	Balance as at 31-03-2014	Balance as at 31-03-2013
Tangible Assets :									
Plant & Machinery	620,311	-	-	620,311	126,779	29,465	-	156,244	493,532
Furniture & Fixtures	1,222,315	102,106	-	1,324,421	445,521	212,023	-	657,544	776,794
Office Equipment	1,696,720	141,212	-	1,837,932	312,125	123,201	-	435,326	1,384,595
Computers Equipment	5,036,346	201,988	-	5,238,333	4,521,713	344,648	-	4,866,361	514,632
Networking Equipment	856,780	-	-	856,780	766,202	68,099	-	834,301	90,578
Power Equipment	674,015	-	-	674,015	241,302	32,016	-	273,318	432,713
Mobile phones	76,127	14,998	-	91,125	76,127	14,998	-	91,125	-
Total - A	10,182,613	460,304	-	10,642,917	6,489,769	824,450	-	7,314,219	3,328,697
Intangible Assets									
Computer Software	17,663,565	-	-	17,663,565	16,601,226	596,379	-	17,197,605	1,062,339
Goodwill	-	7,145,168	-	7,145,168	-	2,381,723	-	2,381,723	-
Total - B	17,663,565	7,145,168	-	24,808,733	16,601,226	2,978,102	-	19,579,328	1,062,339
Capital Work-in-Progress	-	1,320,675	-	1,320,675	-	-	-	-	-
Total - A+B	27,846,178	8,926,147	-	36,772,325	23,090,995	3,802,552	-	26,693,547	4,755,183
Previous Year Figures	75,461,077	2,713,099	50,327,997	27,846,178	67,765,850	3,716,047	48,390,902	23,090,995	4,755,183

Note

8.1: Additions in the current year include Furniture & Fixtures of ₹79,606, Office Equipments ₹ 48,512 and Computer Equipments of ₹162,634.65 acquired on acquisition of Depository Business from Interconnected Stock Exchange of India Limited, the Holding Company.

9 NON CURRENT INVESTMENTS

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Non Current Investments (Trade, unquoted & at cost): 130,000 Equity shares of Face value ₹ 1/- Fully paid of Bombay Stock Exchange Ltd - BSE (previous year 1,30,000 equity shares). Out of this 1,20,000 shares are received as bonus shares during the year 2008-09.	6,710,005	6,710,005
Total	6,710,005	6,710,005

9.1 During the financial year 2004-05, the Company had acquired the corporate membership of Bombay Stock Exchange Ltd. at a cost of ₹67,10,005/-. As per its entitlement the Company had subscribed to and was allotted 10,000 shares of face value ₹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 12:1. 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.

10 DEFERRED TAX ASSETS

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

Particulars	As at April 01, 2013 ₹	Adjustment during the period ₹	As at March 31, 2014 ₹
Deferred Tax Assets			
Provision for doubtful debts	2,204,952	700,042	2,904,994
Provision for doubtful debts - Other Advances	239,954	(128,449)	111,505
Provision for compensated absences, gratuity and other employee benefits	1,733,221	104,776	1,837,997
On difference between book balance and tax balance of fixed assets	604,013	(448,707)	155,306
Net Deferred Tax (Liability) /Asset	4,782,140	227,662	5,009,802

10.1 Pursuant to Accounting Standard 22 "Accounting for Taxes on Income" the Company has recorded a net deferred tax adjustment of ₹ 2,27,662/- (Previous Year ₹ 2,61,930 /-) adjusted from the profits and loss account.

11 OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Unsecured Considered Good, unless otherwise stated		
Deposit with Exchanges	49,925,000	52,925,000
Advance Tax/ Income Tax Refund (Net of Provisions)	10,308,125	6,740,460
Security Deposits	5,304,546	2,832,055
Total	65,537,671	62,497,515

12 TRADE RECEIVABLES

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Debts outstanding for a period exceeding six months		
- Considered Good	6,167,636	-
- Considered Doubtful	8,326,008	6,517,550
Other Debts		
- Considered Doubtful	627,589	120,373
- Considered Good	70,598,003	90,923,872
	85,719,236	97,561,795
Less : Provision for Doubtful Debts	(8,953,597)	(6,637,923)
Total	76,765,639	90,923,872

12.1 Trade Receivable represents settlement dues, dues recoverable on account of payment of funds/ securities and other charges receivable from Sub-brokers/ Authorized Persons and the end clients as at March 31, 2014. The Trade Receivable are secured by way of base and additional trading deposits, bank guarantees, fixed deposits and securities withheld. On the basis of the same Trade Receivable has been classified as good debts and doubtful debts. Out of Total trade receivables of ₹8,57,19,236 the company has classified an amount of ₹89,53,597/- as doubtful and provision has been made against the same. There is an increase in provision in the current year for ₹ 23,15,674 and out of this ₹ 12,85,806 represents provision for DP debtors taken over from ISE and the balance ₹ 10,29,869 represents sebi fees and annual fees of in active sub brokers.

13 CASH & BANK BALANCES

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
A) Cash & Cash Equivalents		
In Current Accounts	55,682,745	116,625,889
Bank Deposit having Maturity <3 Months	205,250,000	356,120,823
Cash on hand	-	-
B) Other Bank Deposit		
In deposit accounts		
Bank Deposit having Maturity > 3 Months but <12 Months	139,100,000	206,057,320
Bank Deposit having Maturity >12 Months	5,213,171	32,300,000
	405,245,916	711,104,032

13.1 Deposit includes Fixed Deposit lien marked with various exchanges & Banks for the purpose of obtaining trading limits and overdraft facility. The value of the fixed deposit pledged as on March 31, 2014 is as follows: (As certified by the management)

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
NSE Cash Segment	40,000,000	50,100,000
BSE Cash Segment	50,000,000	65,000,100
NSE F&O Segment	179,550,000	309,620,823
NSE Currency	800,000	800,000
ILFS (Clearing Member)	10,000,000	1,000,000
Against Overdraft Facility	67,500,000	107,000,000
Free Fixed Deposit	1,713,171	60,957,220
	349,563,171	594,478,143

14 SHORT TERM LOANS & ADVANCES

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Unsecured Considered Good, unless otherwise stated		
Staff Advances	77,694	190,176
Total	77,694	190,176

15 OTHER CURRENT ASSETS

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Unsecured Considered Good, unless otherwise stated		
Advances recoverable in cash or kind or for value to be received		
Considered good	867,039	558,748
Considered doubtful	343,675	722,372
Less Provisions for Bad & Doubtful Advances (Refer Note 15.1)	(343,675)	(722,372)
	867,039	558,748
Interest Accrued on Fixed Deposit with bank	4,976,591	6,553,511
Prepaid Expenses	2,754,016	1,639,888
Settlement Obligation to/from Clearing House	4,441,073	18,819,844
Service Tax credit receivable	879,032	4,235,198
Total	13,917,751	31,807,190

15.1 As a matter of Prudence, a provision of ₹ 1,59,524/- has been made towards the Sebi Registration Fees recoverable and ₹1,84,151 for Insurance Claim Recoverable.

16 Other Operating Revenues

Particulars	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Networking Recoveries	4,640,944	5,656,850
Annual Fees	2,095,000	2,345,000
Penalty for delayed payin	3,645,595	4,399,612
Excess Recovery Of Transaction Charges	279,715	509,607
Fines Collected from Clients	10,472	2,000
Other Charges Recovery related to operations	729,302	867,322
Total	11,401,028	13,780,391

17 Other Income

Particular	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Interest Income from Banks on Fixed Deposit including Short Term and Long Term Fixed Deposit	50,329,955	54,595,097
Recovery of DP Charges (NET)	1,341,016	539,391
Bad Debt Recovery	3,166,011	-
ISS Error & Omission - Income	109,259	-
Dividend Income on Long Term Investment	520,000	780,000
Reimbursement from Holding Co	80,950	-
Liability No Longer Required to pay	-	5,123,698
Excess Provision Written Back	966,166	1,395,272
Total	56,513,356	62,433,457

18 Employee Cost

Particular	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Salary & Other Allowances	30,116,426	24,847,319
Provident Fund - Employer Contribution	1,897,508	1,425,925
Gratuity	612,145	562,249
Staff Welfare expenses	737,180	756,405
Total	33,363,259	27,591,898

18.1 As per Accounting Standard 15 "Employees Benefits", the disclosure as defined in the Accounting Standard are given below :

Amount To Be Recognized In Balance Sheet	Year ended 31 March 2014	Year ended 31 March 2013
Present Value of Funded Obligations	4,110,143	2,231,443
Fair Value of Plan Assets	(3,349,950)	(1,625,321)
Present Value of Unfunded Obligations	-	-
Unrecognized Past Service Cost	-	-
Net Liability	760,193	606,122
<u>Amount in Balance Sheet</u>		
Liability	760,193	606,122
Assets	-	-
<u>Net Liability is bifurcated as follows:</u>		
Current	-	-
Non Current	760,193	606,122
Net Liability	760,193	606,122

Amount To Be Recognised In Profit & Loss Accounts	Year ended 31 March 2014	Year ended 31 March 2013
Current Service Cost	408,457	343,205
Interest on Defined Benefit Obligation	209,523	163,132
Expected Return on Plan Assets	(149,115)	(114,288)
Net Actuarial Losses / (Gains) Recognized in Year	143,280	136,793
Total, Included in "Employee Benefit Expense"	612,145	528,842
Actual Return on Plan Assets	225,942	130,705

Reconciliation Of Benefit Obligation & Plan Assets For The Year	Year ended 31 March 2014	Year ended 31 March 2013
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	2,231,443	1,571,896
Current Service Cost	408,457	343,205
Interest Cost	209,523	163,132
Actuarial Losses / (Gain)	220,107	153,210
Liabilities Assumed on Acquisition/ (Settled on divestiture)	1,040,613	-
Closing Defined Benefit Obligation	4,110,143	2,231,443
Change in Fair Value of Assets		
<u>Opening Fair Value of Plan Assets</u>	1,625,321	1,203,013
Expected Return on Plan Assets	149,115	114,288
Actuarial Gain/ (Losses)	76,827	16,417
Contributions by Employer	458,074	291,603
Assets Acquired on Acquisition/ (Distributed on divestiture)	1,040,613	-
Closing Fair Value of Plan Assets	3,349,950	1,625,321
Expected Employer Contribution next year	1,200,000	800,000

Category of Assets (% Allocation)	(Amount in ₹)	%	%
	Year ended 31 March 2014	Year ended 31 March 2014	Year ended 31 March 2013
Government of India Securities	-	0%	0%
Corporate Bonds	-	0%	0%
Special Deposit Scheme	-	0%	0%
Equity Shares of Listed Companies	-	0%	0%
Property	-	0%	0%
Insurer Managed Funds	3,349,950	100%	100%
Others	-	0%	0%
Grand Total	3,349,950	100%	100%

(Amount in ₹)

Experience Adjustment	March 31, 2010	March 31, 2011	March 31, 2012
Defined Benefit Obligation	752,376	1,160,549	1,571,896
Plan Assets	606,175	789,474	1,203,013
Surplus/(Deficit)	(146,201)	(371,075)	(368,883)
Exp.Adj on plan Liabilities	36,894	91,726	24,190
Exp.Adj on plan Assets	4,980	8,504	12,954

Experience Adjustment	March 31, 2014	March 31, 2013
Defined Benefit Obligation	4,110,143	2,231,443
Plan Assets	3,349,950	1,625,321
Surplus/(Deficit)	(760,193)	(606,122)
Exp.Adj on plan Liabilities	383,263	(12,413)
Exp.Adj on plan Assets	76,827	16,417

Financial Assumptions As The Valuation Date	Year ended 31 March 2014	Year ended 31 March 2013
Discount Rate (p.a.)	9.35%	8.05%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.)	8.00%	7.00%

18.2 Long term Employee Benefits : Amount of ₹ 9,04,769/- (Previous Year ₹ 14,49,266/-) & Short term Employee Benefits : Amount of ₹ Nil (Previous Year ₹ 1,62,405/-) is recognized as an expense towards Employee Benefits-Compensated Absences (Leave Encashment) included under the Note-18: Employee Costs.

19

Finance Costs	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Interest - Other than Fixed Loans	-	3,334
Total	-	3,334

Other Expenses	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
VSAT, VPN and other Communication expenses	3,890,579	5,156,130
Annual Maintenance Charges for Networking Equipment	4,023,888	3,646,780
Annual Maintenance charges	441,081	295,223
Board Meeting Expenses	631,548	505,251
Director Sitting Fees	300,000	260,000
Reimbursement of actual Expenses (Refer Note 20.1)	2,001,784	2,332,832
Management Fees to ISE	6,000,000	6,000,000
Business Development Expenses - ISE	-	1,000,000
Rates & Taxes	826,789	49,321
Electricity Charges	2,260,213	2,395,533
Telephone Expenses	475,215	445,610
Security Charges	901,296	576,192
Provision for Doubtful Debts - Debtors	1,029,868	-
Provision for Doubtful Debts - DP Business	1,285,806	-
Provision for Doubtful Debts - Expenses others	-	318,372
Courier Charges	256,380	216,892
Insurance	68,165	82,169
Legal, Professional Charges and Contract charges	4,928,074	4,365,607
Miscellaneous Expenses	1,896,258	1,594,064
Membership charges	318,973	310,879
Printing & Stationery	524,241	256,178
Remuneration to Auditor (Refer Note 20.2)	570,610	535,019
Rent	6,880,929	5,843,668
Demat Charges	448,838	-
Admission Fees - MCX-SX	-	1,000,000
Fixed Assets Written off	-	1,937,095
Sundry Balances Written off	-	978,591
Repairs & Maintenance	381,854	762,824
Total	40,342,389	40,864,229

20.1 Reimbursement of actual Expenses

Particulars	31-03-2014 ₹	31-03-2013 ₹
Rent - ISE	759,055	938,182
Electricity Expenses - ISE	180,328	232,578
PLB - ISE	251,303	220,055
Retainers - ISE	111,460	192,731
Telephone & fax - ISE	171,790	158,237
Professional fees others - ISE	63,230	131,698
Courier & postage - ISE	44,307	111,397
Office refreshment - ISE	67,311	72,604
Repairs & maint/cleaning - ISE	19,436	43,322
Kra Service Charges (CDCLI Venture) - ISE	15,753	46,192

Particulars	31-03-2014 ₹	31-03-2013 ₹
Conveyance - ISE	30,518	34,373
Employees Leave Travelling Allowances- ISE	8,246	22,215
Cleaning-ISE	22,661	22,159
Office stationary - ISE	17,425	20,775
Photocopy charges -ISE	10,639	23,079
Computer consumable - ISE	10,395	12,522
Pooja Expenses - ISE	11,074	12,487
Gift & publicity - ISE	500	11,546
Newspaper charges -ISE	9,470	6,674
Rates & Taxes -Ise	1,755	-
Annual maintainance chs -ISE	-	6,884
Rates & Taxes -ISE	-	5,178
Training Expenses - ISE	4,403	3,057
Printing Charges - ISE	62,280	2,975
Stampduty ISE	3,825	900
Hiring Charges - ISE	375	375
Godown Rent-ISE	76,776	-
Online Subscription - ISE	47,357	-
Travelling Expenses - ISE	-	352
Diesel Consumption - ISE	-	250
Bank Charges- ISE	-	37
Filing Fees - ISE	113	-
Total Reimbursement of Expenses	2,001,784	2,332,832
Other Reimbursements		
Branches Salary	935,919	1,650,443
Group Mediclaim Insurance	667,497	673,520
Service Tax	447,374	575,583
Total	2,050,790	2,899,546
Grand Total	4,052,574	5,232,378

20.2 Remuneration to Auditor (exclusive of Service tax as applicable) :

Particulars	Year ended 31-03-2014 (₹)	Year ended 31-03-2013 (₹)
Payments to the auditor as		
As Auditors - Statutory Audit	330,000	300,000
For Taxation matters	75,000	75,000
For Other Services - Limited Review	100,000	100,000
For Management Services/Others	56,000	58,510
Reimbursement of expenses	9,610	1,509
Total	570,610	535,019

21. (a) Contingent Liability not provided for and Other Commitment :

- i) The company has received various notices from the NMMC (Navi Mumbai Municipal Corporation) department for the financial years 2001-02 to 2009-10 for submission of information. The assessment of the above mentioned periods were completed and closed except for the F Y 2001-02. In the management view the amount of demand is not ascertainable for the F Y 2001-02 due to pending assessment & accordingly no provision has been made.
 - ii) Claim against the company not acknowledged as debts amounting to ₹4,86,856/- (Estimated) (Previous Year ₹17,38,972/-).
 - iii) The company has issued perpetual indemnity in favor of Indusind Bank to the extent of ₹30,00,000/- (Previous year ₹30,00,000/-).
- (b) The company has received demands from the Income Tax Department for an amount of ₹71,46,538/- (Previous year : ₹99,38,892/-) for various disallowances of expenditures relating to the various assessment years which have been disputed by the Company against which company has paid/ received refund granted by Income Tax Dept of ₹74,34,632 for various assessment years. The company has filed appeals before higher authorities against the said orders. In the management view these demands are not tenable & accordingly no provision has been made.
- (c) The company has received show cause notice subsequent to the year end from Service Tax Department for availment of cervat credit of service tax paid for the years 2007-08 to 2012-13 on bill raised by the holding company for reimbursement of expenses of branches and management consultancy services. Total amount of cervat credit disallowed is ₹53,07,347/-. As per the Company the demand raised by Service Tax Department is not tenable & accordingly no provision has been made.

22. Earnings per share:

Particulars	Year ended 31-3-2014	Year ended 31-3-2013
Net Profit/(Loss) after taxation attributable to equity shareholders	₹1,66,19,379	₹1,87,74,330
Weighted average outstanding number of equity shares (Face value ₹10/- per share)	55,00,000	55,00,000
Basic / diluted earnings per share of ₹10/- each	3.02	3.41

- 23 The Company has acquired Depository Business from Interconnected Stock Exchange of India LTD (ISE) being Holding company on 1st October 2013. Pursuant to the agreement between ISE and Company it is decided to record the transfer of the Depository Participant (DP) business together with tangible and intangible assets, contracts, personnel and other assets together with the seller's intellectual property rights pertaining to the DP business, subject to the terms and condition of the said agreement. Following Assets and Liabilities are taken over and the goodwill has arrived at difference between the purchase price and the net assets taken over as shown below.

Particulars	Amount in ₹
ASSETS	
Tangible Assets	2,90,750
Trade Receivables	82,53,014
Security Deposit	18,44,000
Other Current Assets	3,46,797
Total Assets	1,07,34,564
Liabilities	
Other Current Liabilities	5,379,732
Total Liabilities	53,79,732
Net Assets	53,54,832
Sale Consideration	1,25,00,000
Goodwill	71,45,168

24. 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.
25. 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.
26. The company has not been able to compile the details of vendor's 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.

27. 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. Sivaraman K M- Chief Executive Officer & Whole Time Director	Key Managerial Personnel	India

Transactions with related parties during the period:

(Amounts in ₹)

Sr. No	Nature of Transactions	Holding Company	Key Management Personnel	Total as on March 31, 2014	Total as on March 31, 2013
1	Rendering of Services (inclusive of Service Tax)	67,41,600	-	67,41,600	67,41,600
2	Reimbursement of Expenses (inclusive of service tax) –	40,52,574	-	40,52,574	52,32,378
3	DP Charges (inclusive of Service tax)	12,68,486	-	12,68,486	30,44,450
4	Sale Consideration paid for acquisition of Depository Business	1,25,00,000	-	1,25,00,000	NIL
5	Rent (inclusive of Service tax)	5,91,602	-	5,91,602	NIL
6	Business Development	NIL	-	NIL	11,23,600
7	Dividend paid	1,10,00,000	-	1,10,00,000	1,01,75,000
8	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
9	Managerial Remuneration (Paid to Director & Officiating Director)	-	30,01,505	30,01,505,	24,48,846
10	Reimbursement of expenses (Paid to Director & Officiating Director)	-	1,42,920	1,42,920	1,28,875
11	Amount Outstanding as at March 31, 2014				
	Loans (incl. interest) (Maximum outstanding during the year)	Nil	Nil	Nil	Nil
	Investment in Equity	5,50,00,000	Nil	5,50,00,000	5,50,00,000
	Managerial Remuneration	Nil	Nil	Nil	Nil
	Reimbursement of expenses	22,110	-	22,110	42,23,893

28. Operating Lease:

(a) Total of minimum lease payments

(Amounts in ₹)

Particulars	As at 31-Mar-14	As at 31-Mar-13
(i) Total of minimum lease payments	1,85,65,647	2,22,80,164
The total of future minimum lease payments under non- Cancelable		
Operating leases for period:		
Not later than one year	65,44,412	54,91,550
Later than one year and not later than five years	1,20,21,235	1,67,88,614
Later than five years	-	-

(Amounts in ₹)

Particulars	As at 31-Mar-14	As at 31-Mar-13
(b) Lease payments recognized in the statement of profit & loss for the year	68,80,929	58,43,668

(c) Details of lease Deposit

Place	Deposit (₹)	Period
Powerica Limited	25,50,000/-	5 Years
CRD Sanpada Godown	1,00,000/-	33 Months
Patna Branch Deposit	34,000/-	6 Months
Nagpur Branch	60,000/-	3 Months
Delhi Branch	1,00,000/-	30 Months
Coimbatore	90,000/-	3 Months
Kolkata Branch	1,50,000/-	3 Months
Kolkata Godown	20,000/-	3 Months

d) The general description of significant leasing arrangements: - The Company has entered into operating lease arrangements for office premises and CRD godown.

29. Previous year amount has been re-grouped/re-classified and recast wherever necessary to confirm current year's classifications.

Signature to Notes 1 to 29

As per our attached Report of even date

For and on behalf of the Board of Directors

For CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Sivaraman K M
Whole Time Director
& CEO

sd/-
Udai Kumar
Director

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

sd/-
Mayank Mehta
Company Secretary

Place: Mumbai
Date: 1st July 2014

Place: Navi Mumbai
Date: 1st July 2014

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:	3/31/2014		

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 ₹ Thousands)

Total Liabilities	5,83,143	Total Assets	5,83,143
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Sources of Funds

Paid up Capital	55,000	Reserves & Surplus	81,586
Secured Loans	Nil	Unsecured Loans	Nil
Deferred Tax	Nil		

Application of Funds

Net Fixed Assets	9,879	Investments	6,710
Deferred Tax	5,010	Net Current Assets	1,149,870
Accumulated Losses	Nil		

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

Turnover	104,832	Total expenditure	77,508
Profit / Loss before Tax	27,323	Profit / Loss after Tax	16,619
Earnings per share	3.02	Dividend Rate	Nil

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

Item Code No. (ITC Code)	9971	Product Description	Financial & Related Services
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ATTENDANCE SLIP

INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD

CIN: U67120MH2005PLC157556

Registered office: **International Infotech Park, Tower 7, 5th Floor, Sector-30A, Vashi, Navi Mumbai-703**

(PLEASE COMPLETE THIS SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING HALL)

16th ANNUAL GENERAL MEETING

Folio No. / DP ID : _____

Name of the member(s) : _____

Joint Holder 1 : _____

Joint Holder 2 : _____

Registered Address : _____

E-mail id : _____

I/we hereby record my/our presence at the **16th ANNUAL GENERAL MEETING** of the Company being held on **Saturday, October 25, 2014 at 11.00 am at Chandragupta Hall, 2nd Floor, Hotel Abbott, Sector - 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai 400 703.**

(Member's Folio No. / DP ID No.)

(Name of the Shareholder/ Proxy)

(Signature of the Shareholder/Proxy)

Notes:

1. Please complete the Folio/DP ID Client ID no. and name of the Member / Proxy, sign this attendance Slip and Hand it over, duly signed at the entrance of the Meeting Hall.
2. Shareholder/ Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting



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PROXY FORM

**INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD
CIN: U67120MH2005PLC157556**

Registered office: **International Infotech Park, Tower 7, 5th Floor, Sector-30A, Vashi, Navi Mumbai-703**
(PLEASE COMPLETE THIS SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING HALL)

16th ANNUAL GENERAL MEETING

Name of the member(s) _____ E-mail id _____

Registered Address _____ Folio No. / DP ID _____

I/We, being the member(s) of _____ shares of above named Company, hereby appoint:

1. Name _____ Address _____ e-mail id _____

signature _____ or failing him

2. Name _____ Address _____ e-mail id _____

signature _____ or failing him

3. Name _____ Address _____ e-mail id _____

signature _____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 16th Annual General Meeting of the Company, to be held on Saturday, October 25, 2014 at 11.00am at Chandragupta Hall, 2nd Floor, Hotel Abbott, Sector - 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai - 400703 and at any adjournment thereof in respect of the following resolutions:

Resolution No.	Resolution
Ordinary Resolution	
1	Adoption of Financial Statements, Directors & Auditors' Report for the year ended 31st March 2014
2	Re-appointment of Shri Santosh Muchhal, who retires by rotation, subject to approval of SEBI
3	Appoint Auditors and fix their remuneration
Special Business	
1	Appointment of Shri Tarun Rastogi as Shareholder Director, who retires by rotation, subject to approval of SEBI
2	Appointment of Shri Dharmendra Ganatra as Director, who retires by rotation, subject to approval of SEBI.

Signed this day of 2014

Signature of shareholder : _____

Signature of proxy holders : _____

**Affix
Re.1/-
Revenue
Stamp**

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, explanatory statements and notes, please refer to the notice of the 16th Annual General Meeting.



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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: invgrivise@iseindia.co.in