

NINTH ANNUAL REPORT 2006-07



INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD.

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COMPANY INFORMATION

BOARD OF DIRECTORS

Public Interest Directors	Shareholder Directors	Trading Member Directors	Managing Director
Shri P. V. Narasimham, Chairman	Shri M. K. Anandakumar	Shri. Jambu Kumar Jain	Shri V. Shankar (till June 16, 2007)
Dr. S. D. Israni	Shri T. N. T. Nayar		
Dr. M. Y. Khan	Shri K. D. Gupta		
	Shri V. R. Bhaskar Reddy		

**ASST. COMPANY SECRETARY
& COMPLIANCE OFFICER**
Shri Milind Nigam

AUDIT COMMITTEE
Shri R. M. C. Rodrigues
Dr. S. D. Israni
Dr. M. Y. Khan

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

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

BANKERS

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

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

REGISTERED OFFICE

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

COMPANY INFORMATION

BRANCH OFFICES

AHMEDABAD

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

KOLKATA

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

COIMBATORE

Southern Regional Office
Coimbatore Stock Exchange Building
684, Stock Exchange Building
Trichy Road
Coimbatore - 6410 05.
(Branch Incharge: Shri T. Umashankar)

TIRUNEVELI

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

DELHI

3RD Floor, R.D.Chambers,
16/11, Arya Samaj Road,
Karol Bagh,
New Delhi, 110001

NAGPUR

F-2, First Floor, Narmada Plaza
Dharampeth
Nagpur: 440010
(Branch Incharge: Shri Amit Chakravarthy)

HYDERABAD

Hyderabad Stock Exchange Building
3-6-275, Himayat Nagar
Hyderabad - 500 029
(Branch Incharge: Shri Surendra Reddy)

PATNA

803, Ashiana Plaza
8th Floor, Budh Marg
Patna - 800 001
(Branch Incharge: Shri Himanshu Kumar)

INVESTOR POINTS

BORIVALI

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

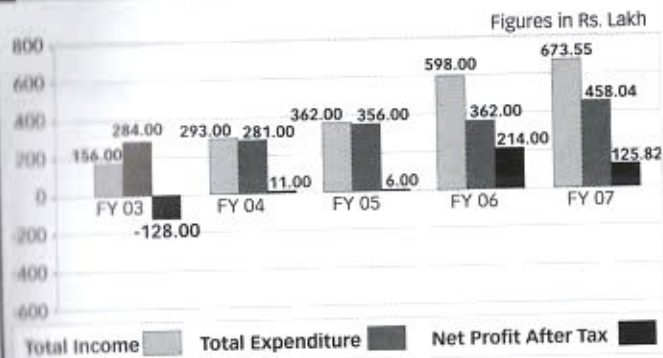
KARAIKUDI

Mahendra Complex,
Jawahar Street,
New Town,
Karaikudi- 630001.

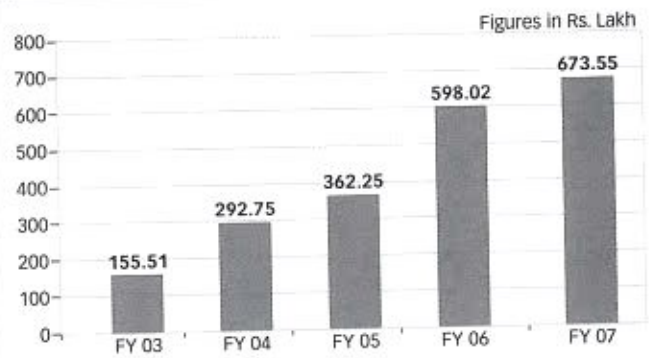
TIRUPUR

32-A , 2nd Floor
Easwaran Kovil
Tirupur

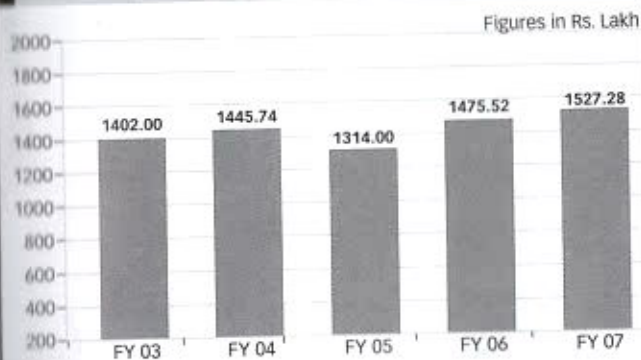
FINANCIAL PERFORMANCE



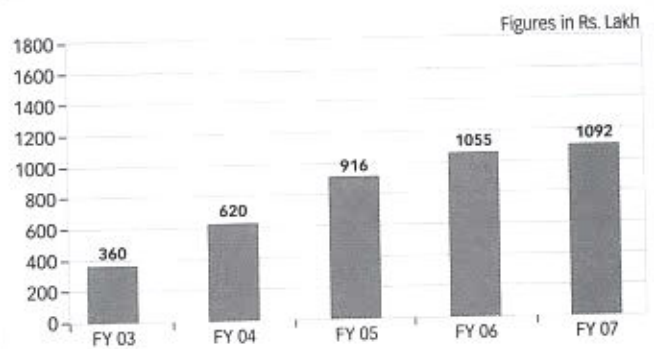
TOTAL INCOME



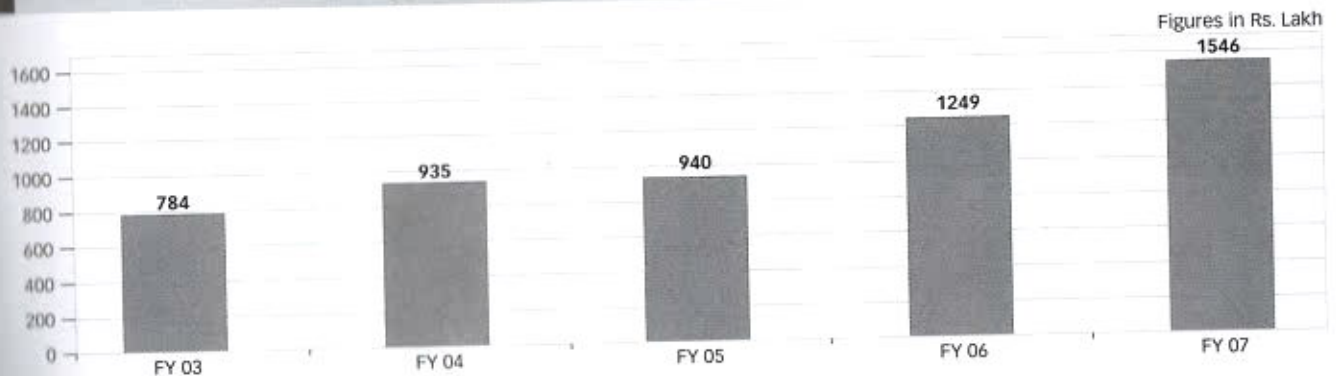
NETWORTH ANALYSIS



INVESTMENTS (FDR'S + MF'S): OWN FUNDS

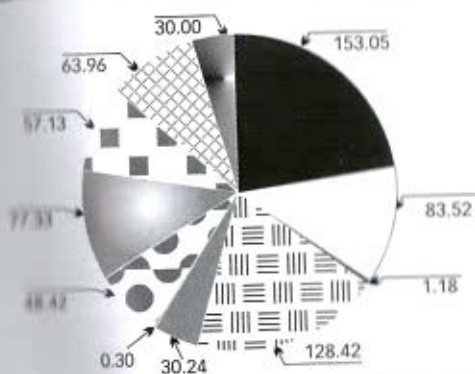


INVESTMENT (FDRS): EARMARKED FUNDS



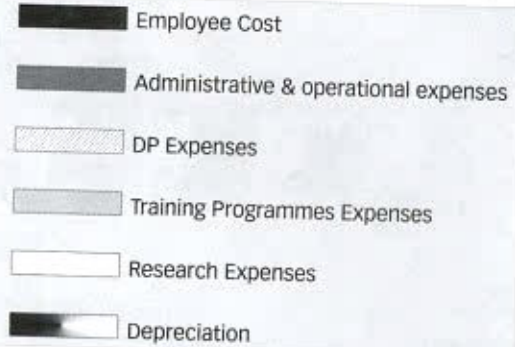
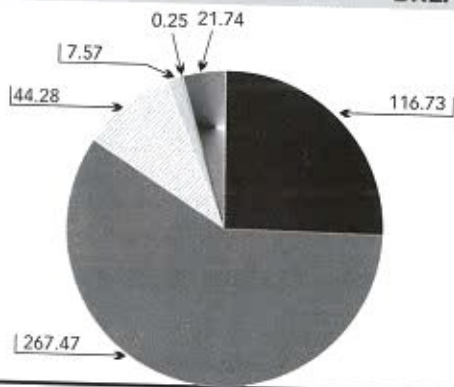
BREAK- UP OF INCOME

Figures in Rs. Lakh

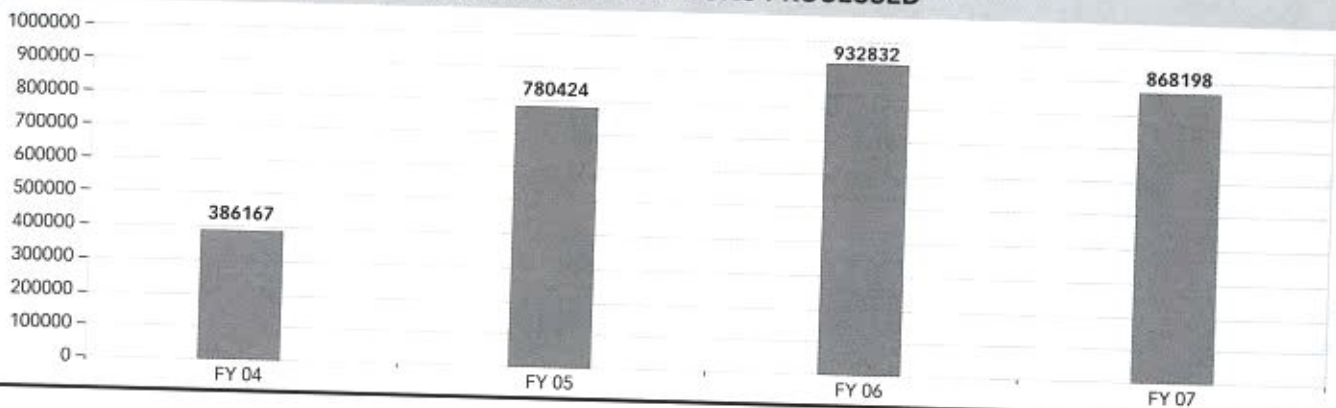


- Admission Fees from trading members
- Annual Subscriptions trading members
- Listing fees
- ▨ Income from DP Operations
- ▩ Income from Training Programmes
- ▧ Income from Research
- ▤ Income from Rent
- ▥ Interest on Bank Deposits
- ▦ Others
- ▧ Reimbursement of expenses by subsidiary company
- ▨ Management Services Fees

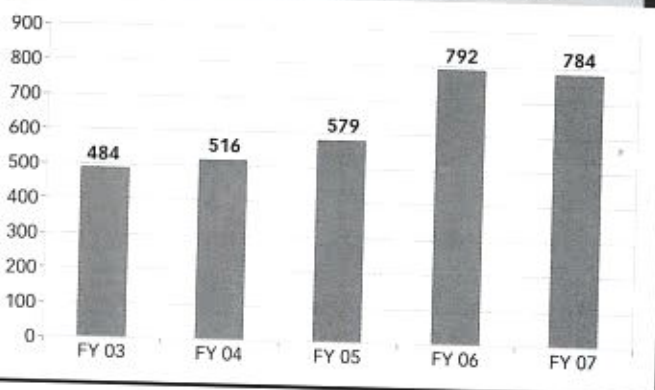
BREAK-UP OF EXPENDITURE



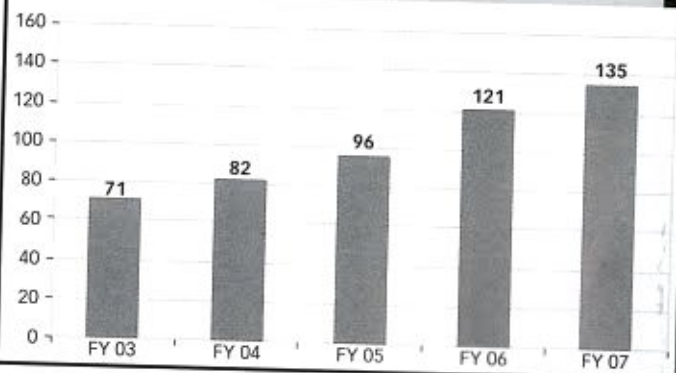
NO. OF DP INSTRUCTIONS PROCESSED



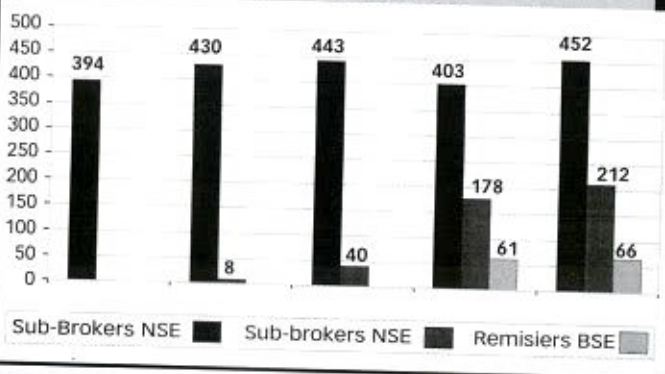
NO. OF REGISTERED TRADING MEMBERS



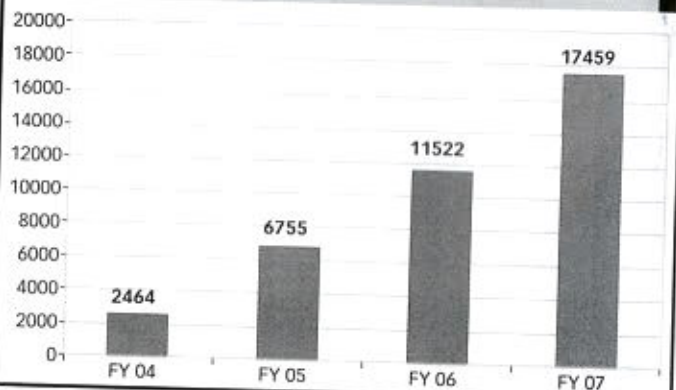
NO. OF CITIES WHERE TRADING MEMBERS ARE SITUATED



NO. OF REGISTERED INTERMEDIARIES FOR NSE AND BSE



NO. OF DP BENEFICIARY ACCOUNTS



DIRECTORS' REPORT: 2006 - 07

The Board of Directors of Inter-connected Stock Exchange of India Ltd. is pleased to present the Ninth Annual Report for the year ended March 31, 2007 together with the Audited Statement of Accounts for the financial year 2006-07.

FINANCIAL HIGHLIGHTS

The financial performance of Inter-connected Stock Exchange of India Ltd. for the year 2006-07, together with the comparable figures for the four previous years, is presented below:

Table 1 : Comparative Financial Performance

(Figs. in Rs. lakh)

	2006-07	2005-06	2004-05	2003-04	2002-03
INCOME					
Admission Fees from trading members	153.05	5.80	0.45	0.50	0.80
Annual Subscriptions trading members	83.52	61.51	49.91	52.18	90.77
Listing Fees	1.18	1.20	1.36	0.89	1.16
Transaction Charges	-	-	-	-	0.35
Income from DP Operations	128.42	81.24	38.88	14.80	-
Income from Training Programmes	30.24	19.30	-	-	-
Income from Research	0.30	-	-	-	-
Income from Rent	48.42	38.34	27.02	16.19	-
Interest on Bank Deposits	77.33	63.34	48.46	36.12	38.74
Others	57.13	47.00	41.86	35.49	23.69
Reimbursement of expenses by subsidiary company	63.96	75.83	99.60	85.58	-
Management Services Fees	30.00	30.00	-	-	-
Application fee & Admission fee for Additional Trading Rights	-	9.40	54.72	51.00	-
Profit on sale of assets	-	165.06	-	-	-
Total Income	673.55	598.02	362.26	292.75	155.51
EXPENDITURE					
Employee Cost	116.73	93.68	57.87	48.23	39.48
Administrative & operational expenses	267.47	166.98	134.74	77.94	99.67
DP Expenses	44.28	36.94	20.95	11.58	-
Training Programmes Expenses	7.57	36.16	-	-	-
Research Expenses	0.25	-	-	-	-
Interest	-	-	-	-	1.91
Depreciation	21.74	28.24	142.53	143.59	142.70
Total Expenditure	458.04	362.00	356.09	281.34	283.76
Profit/(Loss) before Taxation	215.51	236.02	6.17	11.41	(128.25)
Less: Provision for tax	89.69	21.56	-	-	-
PROFIT/(LOSS) AFTER TAXATION	125.82	214.46	6.17	11.41	(128.25)

* The higher profit during the year 2005-06 were because of sale of assets of Rs. 165.06 lakhs. If we take out the sales figure, the operational profits work out to Rs. 49.40 lakhs as such the exchange showed steep rise in its profits during 2006-07 on the basis of its operations.

The Exchange has improved its financial performance with its total income rising to Rs.673.55 lakh, up from Rs. 598.02 lakh earned during the year 2005-06. The main contributors to the additional income were DP income which had gone up to Rs. 128.42 lakh in 2006-07 from Rs. 81.24 lakh in 2005-06 and training income of Rs. 30.24 lakh in 2006-07 from Rs. 19.30 lakh in 2005-06. Interest income in 2006-07 was also higher at Rs. 77.33 lakh compared to Rs.63.34 lakh during the previous year.

On the expenditure side, the administrative & operational expenses and employee cost have shown increase commensurate with the larger scale of activities carried out during 2006-07, mainly for supporting the new DP branches, training programmes and Research & publications.

The net worth of your Exchange stood at Rs. 1527.28 lakh at the end of March 2007 compared to Rs. 1475.52 lakh at the end of March 2006.

APPROPRIATIONS

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

(Amount in Rs. lakhs)

General Reserves	12.60
Proposed Dividend	33.60
Corporate Dividend Tax	5.71
Balance carried to Reserves and Surplus	76.70

DIVIDEND

Considering the excellent performance during the year under review, the Board of Directors of the Company in its meeting held on June 16, 2007 recommended a dividend of Rs. 4 per equity share of Rs. 1 each (400 per cent), for the year ended March 31, 2007 and the same will be paid after the

approval at the Annual General Meeting. The total dividend payout for year 2006-07 (including dividend distribution tax) was Rs. 39.31 lakh.

MACRO-ECONOMIC REVIEW

Growth Scenario

Sterling performance of services and manufacturing sectors helped the Indian economy to register growth of 9.4 per cent in 2006-07, as compared to a rise of 9.0 per cent during 2005-06, the highest increase in 18 years, despite slowdown toward the close of the year (Table 2). The better performance during the year under review was largely contributed by the manufacturing, services, mining and quarrying sectors. The other important developments in the economy has been the increase in domestic saving rate and capital formation which facilitated the diversified growth in the economy. It has been projected that GDP growth may be around 10 per cent during 2007-08.

Trends in Equity Market

Primary Market

Resources raised through the public issues increased by 20.2 per cent to Rs.32,382 crore during 2006-07 as compared to Rs. 26940 crore year 2005-06 (Table 3). The average size of issues increased to Rs.272 crore from Rs.195 crore during the corresponding period of the previous year reflecting the entry of large companies in the market. All issues, except one, during 2006-07 were by non-Government public limited companies (private sector) and mostly by non-financial companies.

Mobilisation of resources through private placement increased by 50.8 per cent to Rs.1,03,169 crore during April-December 2006 over the corresponding period of the previous year. This was mainly on account of a nearly

Table 2 : Revised Estimates of GDP at Factor Cost by Economic Activity

Industry	(At 1999-2000 prices)	
	Percentage change over previous year	
	2005-06	2006-07
1. agriculture, forestry & fishing	6.0	2.7
2. mining & quarrying	3.6	5.1
3. manufacturing	9.1	12.3
4. electricity, gas & water supply	5.3	7.4
5. construction	14.2	10.7
6. trade, hotels, transport and communication	10.4	13.0
7. financing, insurance, real estate & business services	10.9	10.6
8. community, social & personal Services	7.7	7.8
9. GDP at factor cost	9.0	9.4

Source : CSO & RBI