

# 13<sup>th</sup> Annual Report 2010- 2011



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



# Inter-connected Stock Exchange of India Limited

## 13<sup>th</sup> Annual Report 2010-11

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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 - 380015  
(Branch Incharge: Shri Madhusudhan Soneji)

#### KOLKATA

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

#### COIMBATORE

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

#### NAGPUR

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

#### DELHI

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

#### PATNA

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

#### HYDERABAD

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

#### GUWAHATI

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

### INVESTOR POINTS

#### HYDERABAD

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

#### TIRUNELVELI

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



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### PUBLIC INTEREST DIRECTORS



**Shri K. Rajendran Nair**  
Chairman



**Shri A. K. Mago**



**Shri H. C. Parekh**

### SHAREHOLDER DIRECTORS



**Shri P. Sivakumar**



**Shri K. V. Thomas**



**Shri Dharmendra  
B. Mehta**



**Shri Debaraj Biswal**



**Shri Santosh Muchhal**



**Shri Bharat Meisheri**

### TRADING MEMBER DIRECTORS



**Shri Surendra Holani**



**Shri Rajeeb Ranjan Kumar**

### MANAGING DIRECTOR



**Shri P. J. Mathew**

# CORPORATE INFORMATION

## COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Milind Nigam

## AUDIT COMMITTEE

Shri P. Sivakumar  
Shri Dharmendra B. Mehta  
Shri Santosh Muchhal

## STATUTORY AUDITORS

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

## INTERNAL AUDITORS

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

## REGISTRAR & SHARE TRANSFER AGENT

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

## BANKERS

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

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

## REGISTERED OFFICE

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

**Notice of the 13th Annual General Meeting of Inter-connected Stock Exchange of India Limited  
to be held on Thursday, September 29, 2011 at 11.30 a.m. at Chandragupta Hall,  
2nd Floor, Hotel Abbott, Sector - 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai - 400 703**

**NOTICE** is hereby given that the 13th Annual General Meeting of the Members of Inter-connected Stock Exchange of India Ltd. will be held on Thursday, September 29, 2011 at 11.30 a.m. at Chandragupta Hall, 2<sup>nd</sup> Floor, Hotel Abbott, Sector - 2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai - 400 703 to transact the following business:

**Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2011 and the Profit & Loss Account for the period April 1, 2010 to March 31, 2011 and Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Shareholder Director in place of **Mr. K. V. Thomas**, who is liable to retire by rotation, as per the applicable provisions of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint a Shareholder Director in place of **Mr. D. B. Mehta**, 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.
5. To appoint a Trading Member Director in place of **Mr. Rajeeb Ranjan Kumar**, who is liable to retire by rotation, as per the applicable provisions of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
6. To appoint Auditors in place of retiring Auditors M/s. A. J. Shah & Co. and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s) the following resolution, as an **ORDINARY RESOLUTION**: -

**"RESOLVED THAT** in conformity with the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants, be and are hereby appointed as auditors of the company, in place of retiring Auditors M/s A. J. Shah & Co., whose audit division is merged with M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants, to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company, at such remuneration as may be decided by the Board of Directors of the Company".

**Special Business**

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **"Ordinary Resolution"**:  
**"RESOLVED THAT** since Inter-connected Stock Exchange of India Ltd. (the Exchange) is registered with SEBI as a "Depository Participant" of National Securities Depository Ltd. (NSDL) and pursuant to the provisions of clause 12 and other applicable clauses, if any, of the Memorandum of Association (MoA) of the Exchange, approval of the shareholders be and is hereby granted to the Board of Directors of the Exchange for accepting the appointment

and acting as an Enrollment Agency (EA) under the Unique Identification Authority of India (UIDAI), on such terms and conditions as may be specified by UIDAI / NSDL.

**RESOLVED FURTHER THAT** Mr. P.J.Mathew, Managing Director, be and is hereby authorized to make an application to NSDL / UIDAI and to sign all such documents and papers and to take all such actions as may be deemed necessary to give effect to this resolution".

**BY ORDER OF THE BOARD**

Date: September 2, 2011  
Place: Vashi, Navi Mumbai

sd/-  
**MILIND NIGAM**  
**COMPANY SECRETARY**

**Notes:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **THE PROXY TO BE EFFECTIVE, SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The explanatory statement as required under Section 173(2) of the Companies Act, 1956, in respect of the Special Business set out above is annexed hereto.
4. Members who hold Shares in dematerialized form are requested to write their Client ID and DP ID Nos. and those who hold shares in physical form are requested to write their folio No. in the attendance slip while attending the Meeting for easy identification of attendance at the Meeting.
5. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him and such proxy need not be a member of the company. Under the provisions of Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid up capital of at least Rs. 50,000/-.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 13.09.2011 to 29.09.2011 (both days inclusive). Dividend on equity shares as recommended by the directors, if declared at the ensuing Annual General Meeting, the payment of the dividend will be made to those shareholders whose name appears in the Register of Members of the Company as on September 12, 2011. In respect of the shares held in electronic form (dematerialized mode), the dividend will be payable on the basis of the details of beneficial ownership, furnished by M/s. Central Depository Services (India) Limited for this purpose as at the end of business hours on September 12, 2011.
7. Members are requested to
  - i. Write to the Company at least 7 days before the date of the meeting, in case they desire any information as





regards the Audited Accounts for the financial year ended 31<sup>st</sup> March 2011, so as to enable the Company to keep the information ready.

- ii. Bring their copy of the Annual Report and the Attendance Slip at the Annual General Meeting.
  - iii. Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their addresses, where the shares are held in electronic form such change is to be informed to the Depository Participant (DP) and not to the Company / R&TA.
  - iv. Quote Registered Folio Number or DP ID / Client ID in all the correspondence.
  - v. Approach the R & TA of the Company for consolidation of folios.
  - vi. Furnish bank account details to the R&TA / Depository Participant to prevent fraudulent encashment of dividend warrants.
  - vii. Avail of Nomination facility by filling in and forwarding the nomination form to the R&TA, if not already done.
  - viii. Send all share transfer lodgments (physical mode) / correspondence to the **R&TA** of the Company to Bigshare Services Pvt. Ltd., E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (E), Mumbai-400072 up to the date of book closure.
8. Members/ Proxies are requested to bring the Attendance Slip duly filled up for attending the Meeting.
  9. Corporate Members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
  10. All the documents referred to in the Notice are open for inspection at the Corporate Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
  11. Members are requested to contact for any query related to shares, dividend and other inquiry at the following address:

**Inter-connected Stock Exchange of India Ltd.**

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

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

**IN RESPECT OF ITEM NO. 6**

M/s. A. J. Shah & Co. Chartered Accountants and retiring Auditors informed that their audit division has been merged with new firm M/s. Contractor, Nayak & Kishnadwala Chartered Accountants. Mr. Hiren Shah one of the partners of M/s. A. J. Shah & Co. was in charge of the Company's Audit. He will continue to be a partner in the new firm and will continue to be in charge of the Audit of the Company. The necessary profile of new firm M/s. Contractor, Nayak & Kishnadwala Chartered Accountants has been received alongwith letter pursuant to provisions contained under Section 224(1B) of The Companies Act 1956.

None of the Directors is interested in the resolution.

**SPECIAL BUSINESS**

**IN RESPECT OF ITEM NO. 7**

The Inter-connected Stock Exchange of India Ltd. (ISE) stood registered with SEBI as a "Depository Participant" of National Securities Depository Ltd. (NSDL) since March 9, 1999 to carry out depository participant activities. NSDL are enrolling only the Depository Participants who are registered with NSDL to act as Enrollment Agency (EA) under Unique Identification Authority of India (UIDAI).

**WHAT IS UID AADHAR**

Established in February, 2009, the Unique Identification Authority of India (UIDAI) was set up with the single purpose of providing every Indian resident with a unique identification number. The authority would come up with a database containing simple biometric data including iris and fingerprints. The brand name of the Unique Identification number (UID) will be Aadhaar. The name and logo for the unique numbers to be issued by the UIDAI have been developed keeping in mind the transformational potential of the program.

The UIDAI's mandate is to issue every resident a unique identification number linked to the resident's demographic and biometric information, which they can use to identify themselves anywhere in India, and to access a host of benefits and services. The number (referred to until now as the 'UID') has been named Aadhaar, which translates into 'foundation', or 'support'. This word is present across most Indian languages and can therefore be used in branding and communication of the UIDAI program across the country.

**AGENCIES INVOLVED**

Banks, Financial institutions, Insurance companies, Depository (NSDL) are the partners for UID. These partners can appoint Enrollment Agencies (EA).

NSDL has been appointed as one of the Registrars for UID. They can appoint Enrolment Agencies who are depository participants, for the purposes of enrolling residents for Aadhaar.

**ENROLMENT AGENCY**

An agency contracted by the Registrar, subject to certification by the UIDAI, to perform their duties. Enrolment agencies provide operators and supervisors for the enrolment stations on the field, and also create the necessary conditions for the optimal enrolment of residents. Enrolment agencies must collect demographic data prior to an enrolment drive. They must notify residents and UIDAI, of the enrolment schedule in advance. Enrolment agencies may be empanelled by the UIDAI for the assistance of the Registrars. However, the Registrars, will be free to engage any other enrolment agencies as well.

None of the Directors is interested in the proposed resolution.

The Board of Directors recommends the adoption of the Resolution by the Members of the Company.

**BY ORDER OF THE BOARD**

**Date:** September 2, 2011  
**Place:** Vashi, Navi Mumbai

sd/-  
**MILIND NIGAM**  
**COMPANY SECRETARY**



# Director's Report 2010-11

The Board of Directors of Inter-connected Stock Exchange of India Ltd. are pleased to present the Thirteenth (13<sup>th</sup>) Annual Report for the year ended March 31, 2011 together with the Audited Statement of Accounts for the financial year 2010-11.

## FINANCIAL HIGHLIGHTS

The financial performance of your Exchange for the year 2010-11, 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	2010-11	2009-10	2008-09	2007-08	2006-07
<b>INCOME</b>					
Admission Fees from Trading Members	6.70	163.09	190.35	16.75	153.05
Annual Subscriptions from Trading Members	94.47	110.00	88.66	85.18	83.52
Listing Fees	0.62	0.66	1.67	1.40	1.18
Transaction Charges	-	-	-	-	-
Income from DP Operations	173.13	182.66	154.70	185.63	128.42
Income from Training Programmes	9.16	6.95	12.44	22.72	30.24
Income from Research	0.23	0.43	1.01	1.09	0.30
Income from Rent	18.00	18.00	26.40	48.42	48.42
Interest on Bank Deposits	158.09	277.90	245.69	210.11	77.33
Others	80.33	29.66	75.87	15.54	57.13
Reimbursement by ISS for usage of ISE Assets	31.15	31.57	42.09	53.19	63.96
Management Services Fees	30.00	30.00	30.00	30.00	30.00
Income from Current Investments – Mutual Fund	-	-	-	21.41	-
<b>Total Income</b>	<b>601.88</b>	<b>850.92</b>	<b>868.88</b>	<b>691.44</b>	<b>673.55</b>
<b>EXPENDITURE</b>					
Employee Cost	239.59	197.88	146.37	141.45	116.73
Administrative & Operational Expenses	258.53	274.36	304.66	225.38	267.47
DP Expenses	37.72	46.16	46.02	65.03	44.28
Training Programmes Expenses	2.47	2.19	3.76	8.31	7.57
Research Expenses	-	0.05	0.12	0.06	0.25
Depreciation	28.37	26.27	25.61	20.87	21.74
<b>Total Expenditure</b>	<b>566.68</b>	<b>546.91</b>	<b>526.54</b>	<b>461.10</b>	<b>458.04</b>
<b>Profit/(Loss) before Taxation</b>	<b>35.21</b>	<b>304.01</b>	<b>342.34</b>	<b>230.34</b>	<b>215.51</b>
<b>Less: Provision for Tax and other adjustments</b>	<b>(8.69)*</b>	<b>63.79</b>	<b>166.16</b>	<b>131.40</b>	<b>89.69</b>
<b>PROFIT/(LOSS) AFTER TAXATION</b>	<b>43.90</b>	<b>240.22</b>	<b>176.18</b>	<b>98.94</b>	<b>125.82</b>

\* Excess provision of Income Tax amounting to Rs. 32.72 Lakh of A.Y. 2008-2009 written back.





## APPROPRIATIONS

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

	(₹ in lakh)
General Reserves	4.40
Proposed Dividend	14.00
Corporate Dividend Tax	-
Balance carried to Reserves and Surplus	490.45

## DIVIDEND

Considering the good performance during the year under review, the Board of Directors of the Company in its meeting held on August 19, 2011 has recommended a dividend of ₹ 1/- per equity share of ₹ 1/- each (100%), for the year ended March 31, 2011 and the same will be paid after the approval at the Annual General Meeting. The total dividend payout for the year 2010-11 (including dividend distribution tax) is ₹ 14 lakh.

## OPERATIONS OF THE EXCHANGE

### (i) Trading Membership

The status of registration of trading members on the Exchange was as given in Table 2.

Table 2: Status of Trading Members	
<b>Position as on 31.03.2010</b>	<b>745</b>
Fresh Registration	11
Resignation	32
Default	Nil
Expulsion	Nil
<b>Position as on 31.03.2011</b>	<b>724</b>

The distribution of the trading members across the different geographical regions of the country as on March 31, 2011 was as given in Table 3.

Table 3: Geographical distribution of Trading Members			
Sr. No.	Region	States	Trading Members
1	West	Goa, Gujarat, Maharashtra	296
2	North	Haryana, Delhi, Punjab, Rajasthan, Uttarakhand and Uttar Pradesh	123
3	East	Assam, Bihar, Orissa and West Bengal	192
4	South	Andhra Pradesh, Karnataka, Kerala and Tamilnadu	94
5	Central	Jharkhand, Chhattisgarh and Madhya Pradesh	19
		<b>Total</b>	<b>724</b>

### (ii) Listing

During the financial year 2010-11, no new companies were listed on your Exchange. As at the end of March 31, 2011, there were 5 Companies listed on your Exchange. The total market capitalization of the listed companies is ₹ 493.22 crore (previous year it was ₹452.71 crore).

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

### (iii) Depository Participant (DP) Operations

The growth in DP Operations during the last two years of operations of your Exchange in terms of the number of demat accounts opened and number of instructions processed was as shown in Table 4.



**Table 4: Growth in DP Operations**

Particulars	2010-11	2009-10
Income (₹ in lakh)	173.13	182.66
Expenditure (₹ in lakh)	37.72	46.16
Net Income (₹ in lakh)	135.41	136.50
No. of beneficiary accounts	41916	37826
No. of instructions processed	13,09,700	14,66,952
No. of collection centers	124	165
No. of DP branches	8	9
No. of investor points	2	2

The number of DP accounts opened with your Exchange grew from 37,826 in 2009-10 to 41,916 in 2010-11 i.e. 4,090 new Beneficiary Owner (BO) accounts were opened in 2010-11.

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

#### (iv) Training Programme

The training courses conducted by your Exchange are aimed at improving the financial literacy levels in the securities market. These courses are conducted not merely from the point of pure commercial interest, but also with the objective of increasing the level of knowledge on the various aspects of the securities market. Your Exchange believes that it is essential for all the participants operating in the securities 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 2010-11 are given in Table No. 5.

**Table No. 5: Details of training programmes conducted in 2010-11**

Sr. No.	Name of Training Programme	Date	No. of Participants
1.	Anti Money Laundering	April 15, 2010	26
2.	Capital Market (Basic )	April 17 - 19, 2010	05
3.	Equity Research Valuation	April 23 – 25, 2010	10
4.	Capital Market (Basic)	May 16 – 18, 2010	10
5.	Valuation of Securities ( Stockholding Corporation )	May 15, 2010	29
6.	Anti Money Laundering	June 5, 2010	22
7.	Capital Market (Basic)	June 19 – 21, 2010	06
8.	Arbitration Awareness	June 8, 2010	39
9.	Anti Money Laundering	July 3, 2010	16
10.	Anti Money Laundering	July 31, 2010	27
11.	Capital Market (Basic)	Aug. 21 – 23, 2010	08
12.	Anti Money Laundering	Aug. 28, 2010	09
13.	Equity Research Valuation	Sep. 3 -5, 2010	07
14.	Anti Money Laundering	Sep. 25, 2010	08
15.	Derivatives F. & O.	Oct. 9 & 10, 2010	18
16.	Capital Market (Basic)	Oct. 23 – 25, 2010	13
17.	Capital Market (Basic)	Nov. 27 – 29, 2010	04
18.	Anti Money Laundering	Nov. 30, 2010	10
19.	Capital Market (MGM College Kamothe)	Dec. 6 – 10, 2010	60
20.	Capital Market (MGM College Kamothe)	Dec. 9, 10, 11 & 22, 2010	60
21.	Capital Market ( IAE Hyderabad)	Dec. 3 – 5 2010	220
22.	Capital Market (SIES College Sion E.).	Jan. 17 - 28, 2011	44
23.	Capital Market (JDBIMS (SNDT Unversity) Juhu Santacruz w.)	Jan. 19 – March 1, 2011	38
24.	Advanced MS Excel & Equity Research Valuation	Feb. 12, 13, 25, 26 & 27, 2011	25
25.	Anti Money Laundering	Feb. 25, 2011	08
26.	IPO Processes & Regulations	March 12 – 13, 2011	14
27.	Capital Market (Pillai College, Panvel).	March 21 – April 02, 2011	39

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

During the year, the Exchange had tied- up with Investors Relations Society for Investor Relations Programme as also with Grow More Consultancy, Dombivli, Sunshine and M/s Anand Daga in Kolkata for Capital Market Courses. The Programme in Kolkata has started. Your exchange will further continue to conduct programmes in collaboration with other recognised institutions/management colleges.

A new Module "2 day Workshop on Advances MS Excel Programme" was introduced during the year and is now conducted at the Exchange on a regular basis. Another new Module "2-day Workshop on Financial Modelling" shall be commenced shortly.

An Arbitration Awareness Programme for common man was conducted at the Exchange on June 8, 2010 wherein 39 participants from the public attended the programme.

Your Exchange has been conducting classroom training programmes at Mumbai and Hyderabad. A need was felt to take the training programmes to other centres also. In order to expand its reach across the nation and take the Institution to a new technologically advanced level through ISE online.in portal, your Exchange has joined hands with CMS Ltd. to provide e-learning modes of Training Programmes on Capital Market and related subjects, where in participants will be given learning kits containing pre-recorded lectures, study materials, presentations, etc. on a high-speed pen-drive. Towards this end an MOU has been signed between your Exchange and CMS Ltd. However, immediately after the launch of the Programme, CMS has terminated the Agreement in April, 2011 effective from June 30, 2011. However, the Exchange has signed a fresh MOU with M/s Absolute Solution Group ASG which will provide all the support to the programme as provided by CMS.

44 staff members of ISE and ISS have undergone various training programmes as under:

No. of staff	Trading Programme attended
23	Arbitration awareness Programme
1	Equity Research & Valuation
8	Capital Market
5	Anti-money Laundering
3	Advanced MS Excel Programme
4	IPO Process & Regulations.

Your Exchange has conducted 7 in-house programmes with different organisations in the year 2010-11.

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

#### (v) Research Centre

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

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

#### (vi) Settlement Guarantee Fund

Your Exchange maintains a Settlement Guarantee Fund (SGF) as per the norms stipulated by SEBI. The corpus of the SGF has grown from ₹1765.54 lakh as at March 31, 2010 to ₹1856.61 lakh as at March 31, 2011. The details of the SGF are given in Table 6.

**Table 6: Status of Settlement Guarantee Fund**

Sr. No.	Item	31.3.2011	31.3.2010
1	Cash contribution from promoter Exchanges	130.00	130.00
2	Settlement Guarantee Fund (including accretions from levy on transactions)	91.53	73.61
3	Contribution towards Base Minimum Capital (Cash component) from Registered Trading Member's	761.50	771.05
4	Interest accrued on the cash component of SGF	873.58	790.88
	<b>Total corpus</b>	<b>1856.61</b>	<b>1765.54</b>

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

Your Exchange maintains Investors' Protection Fund (IPF) and Investors' Services Fund (ISF) in accordance with the norms stipulated by SEBI. Details of these funds are given in Table 7 (i) & (ii).

**Table 7 (i): Status of Investors' Protection Fund (IPF)**

(Amount in ₹)

<b>Investors' Protection Fund (IPF)</b>		
Particulars	2010-11	2009-10
Opening balance	91,101	103,338
Add: Accretion during the year	900	950
Amount transferred from Investor Service Fund	17,924	-
Less: Expenses incurred for Investor Awareness, education during the F.Y.2010-11	21,266	13,187
<b>Closing balance as on March 31</b>	<b>88,659</b>	<b>91,101</b>

**Table 7(ii): Status of Investors' Services Fund (ISF)**

(Amount in ₹)

<b>Investors' Services Fund (ISF)</b>		
Particulars	2010-11	2009-10
Opening balance	20,24,771	18,90,058
Add: Accretion during the year	115,482	134,713
Less: Expenses incurred for Investor Programmes conducted	28,744	-
Less: Amount transferred to Investor Protection Fund	17,924	-
<b>Closing balance as on March 31</b>	<b>20,93,585</b>	<b>20,24,771</b>

**(viii) Investors' Grievance Cell**

The Investors' Grievance Cell attends to all complaints lodged by the investors against trading members, as well as against listed companies. Every complaint is followed up promptly by your Exchange with the concerned respondent, and conciliation meetings are arranged between the parties, if required, to resolve the matter. Where such conciliation 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.

**(ix) Pending Legal Cases**

The status with regard to legal cases filed by the trading members or erstwhile trading members against your Exchange, along with the comparative position for the previous year, is given in Table 8.

**Table 8: 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
2009-10	3	Nil	Nil	3
2010-11	3	1	1	3

Regarding the three cases pending against your Exchange at the beginning of the year 2010-11, adequate legal measures are being taken to defend your Exchange.

There is no arbitration case pending against your Exchange.

## **FUTURE PROSPECTS**

The Exchange is in the process of raising funds of more than Rs. 100 crore for increasing the network of the Exchange in order that new products can be introduced in addition to the Equity segment. The Exchange is also contesting for providing trading platform to the Small and Medium Enterprises (SMEs) alongwith introduction of other new products. W.r.t. the Trading Platform of the Exchange, the softwares and hardwares have been procured and network connectivity has been established. In addition, the Disaster Recovery Site and the Data Centre are in place alongwith all other technological requirements, and the Exchange is all set to "Go-live", subject to the approval of SEBI.

## **OFFICE INFRASTRUCTURE**

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

## **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, 2011, Report of the Board of Directors and the Report of the Auditors for the year ended March 31, 2011 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 ₹ 1030.31 lakh for the year 2010-11, which is 2.77 per cent lower than the figure of ₹ 1059.66 lakh achieved in 2009-10. While the income decreased by 2.77 per cent, expenditure also decreased from ₹ 781.49 lakh to ₹ 704.69 lakh by 9.83 per cent, thereby resulting in increase in profit. The Finance cost was less by ₹ 2.94 lakh as compared to that of previous year thereby providing relief to that extent to the company. Since the percentage of decrease in expenditure is much higher than the percentage of decrease in income, the profit increased to ₹ 215.30 lakh as compared to ₹ 181.29 lakh for the previous 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, 2011:

- 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, 2011 and Profit & Loss Account for the year ended March 31, 2011;
- 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 12th Annual General Meeting held on September 29, 2010, eight meetings of the Board of Directors were held, as detailed in Table 9.

**Table 9: Details of Board Meeting**

Meeting No.	Date	Venue
104 <sup>th</sup>	September 29, 2010	At the Registered Office of the Company, Vashi
105 <sup>th</sup>	October 15, 2010	At the Registered Office of the Company, Vashi
106 <sup>th</sup>	December 16, 2010	At the Registered Office of the Company, Vashi
107 <sup>th</sup>	January 25, 2011	At the Registered Office of the Company, Vashi
108 <sup>th</sup>	February 4, 2011	At the Registered Office of the Company, Vashi
109 <sup>th</sup>	April 6, 2011	At the Registered Office of the Company, Vashi
110 <sup>th</sup>	July 4, 2011	At the Registered Office of the Company, Vashi
111 <sup>th</sup>	August 19, 2011	At the Registered Office of the Company, Vashi

The changes which have taken place in the Board of Directors from September 29, 2010 till date are presented in Table 10.

**Table 10: Changes in Directors during 2010-11**

Sr. No.	Name of Director	Particulars	Date of appointment/ re-appointment/ cessation
1.	Shri K. D. Gupta	Ceased as a Shareholder Director	September 29, 2010
2.	Shri Surendra Holani	Re-appointed as a Trading Member Director	September 29, 2010
3.	Shri P. Sivakumar	Re-appointed as a Shareholder Director	September 29, 2010
4.	Shri Bharat Meisheri	Appointed as a Shareholder Director	September 29, 2010
5.	Shri Santosh Muchhal	Appointed as a Shareholder Director	September 29, 2010

## CONSTITUTION OF THE STATUTORY AND OPERATIONAL COMMITTEES

Your Exchange has constituted the various Statutory and Operational Committees, as required by SEBI. Details of the composition of these Committees for the year 2010-11, as well as for the previous year, are given in Table 11.

**Table 11: Details of Committees**

### Central Arbitration Panel

Sr. No.	2010-11		2009-10	
	Name	Category	Name	Category
1	Shri K. Rajendran Nair	Public Interest Director	Shri K. Rajendran Nair	Public Interest Director
2	Shri A. K. Mago	Public Interest Director	Shri A. K. Mago	Public Interest Director
3	Shri H. C. Parekh	Public Interest Director	Shri K. D. Gupta	Shareholder Director
4	Shri Santosh Muchhal	Shareholder Director	Shri Cyriac Thomas	Public Representative
5	Shri Manubhai Parekh	Public Representative	Shri Manubhai Parekh	Public Representative
6	Shri V. R. Agnihotri	Public Representative	Shri V. R. Agnihotri	Public Representative
7	Dr. Jignesh Panchali	Public Representative	Dr. Jignesh Panchali	Public Representative
8	Shri S. N. Bhandari	Public Representative	Shri S. N. Bhandari	Public Representative
9	Shri Surendra Holani	Trading Member Director	Shri Surendra Holani	Trading Member Director
10	Shri Rajeeb Ranjan Kumar	Trading Member Director	Shri Rajeeb Ranjan Kumar	Trading Member Director
11	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director



### Defaults Committee

Sr. No.	2010-11		2009-10	
	Name	Category	Name	Category
1	Shri H. C. Parekh	Public Interest Director	Shri H. C. Parekh	Public Interest Director
2	Shri A. K. Mago	Public Interest Director	Shri Debaraj Biswal	Shareholder Director
3	Shri Debaraj Biswal	Shareholder Director	Shri Wahidul Hasan	Public Representative
4	Shri Bharat Meisheri	Shareholder Director	Shri P. Sivakumar	Shareholder Director
5	Shri Jay Mahendra Shah	Public Representative	Shri Bharat Meisheri	Public Representative
6	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

### Disciplinary Action Committee

Sr. No.	2010-11		2009-10	
	Name	Category	Name	Category
1	Shri A. K. Mago	Public Interest Director	Shri K. D. Gupta	Shareholder Director
2	Shri H. C. Parekh	Public Interest Director	Shri Debaraj Biswal	Shareholder Director
3	Shri Debaraj Biswal	Shareholder Director	Shri Wahidul Hasan	Public Representative
4	Shri Cyriac Thomas	Public Representative	Shri Manubhai Parekh	Public Representative
5	Shri Ashvin Jain	Public Representative	Shri Ashvin Jain	Public Representative
6	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

### Investors Services Committee

Sr. No.	2010-11		2009-10	
	Name	Category	Name	Category
1	Shri K. Rajendran Nair	Public Interest Director	Shri K. Rajendran Nair	Public Interest Director
2	Shri A.K. Mago	Public Interest Director	Shri A.K. Mago	Public Interest Director
3	Shri D. B. Mehta	Shareholder Director	Shri D. B. Mehta	Shareholder Director
4	Shri A. P. Bakliwal	Public Representative	Shri A. P. Bakliwal	Public Representative
5	Shri Surendra Holani	Trading Member Director	Shri Surendra Holani	Trading Member Director
6	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

### SEBI Inspection Compliance Committee

Sr. No.	2010-11		2009-10	
	Name	Category	Name	Category
1	Shri K. Rajendran Nair	Public Interest Director	Shri K. Rajendran Nair	Public Interest Director
2	Shri A. K. Mago	Public Interest Director	Shri A. K. Mago	Public Interest Director
3	Shri H. C. Parekh	Public Interest Director	Shri H. C. Parekh	Public Interest Director
4	Shri Rajeeb Ranjan Kumar	Trading Member Director	Shri Rajeeb Ranjan Kumar	Trading Member Director
5	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

### Audit Committee

Sr. No.	2010-11		2009-10	
	Name	Category	Name	Category
1	Shri P. Sivakumar	Shareholder Director	Shri K. D. Gupta	Shareholder Director
2	Shri D. B. Mehta	Shareholder Director	Dr. Alok Kumar Chakrawal (upto July 15, 2010)	Shareholder Director
3	Shri Santosh Muchhal	Shareholder Director	Shri P. Sivakumar	Shareholder Director
4	-	-	Shri D. B. Mehta	Shareholder Director



### **Ethics Committee**

Sr. No.	2010-11		2009-10	
	Name	Category	Name	Category
1	Shri K. Rajendran Nair	Public Interest Director	Shri K. Rajendran Nair	Public Interest Director
2	Shri H. C. Parekh	Public Interest Director	Shri H. C. Parekh	Public Interest Director
3	Shri Surendra Holani	Trading Member Director	Shri Rajeeb Ranjan Kumar	Trading Member Director
4	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

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

Sr. No.	2010-11		2009-10	
	Name	Category	Name	Category
1	Shri K. D. Gupta	Public Representative	Dr. M.Y. Khan	Public Representative
2	Dr. M.Y. Khan	Public Representative	Shri Cyriac Thomas	Public Representative
3	Shri Cyriac Thomas	Public Representative	Shri T. N. T. Nayar	Public Representative
4	Shri T. N. T. Nayar	Public Representative	Shri P. J. Mathew	Managing Director
5	Shri P. J. Mathew	Managing Director	-	-

### **Listing / De-listing Committee**

Sr. No.	2010-11		2009-10	
	Name	Category	Name	Category
1	Shri H. C. Parekh	Public Interest Director	Shri H. C. Parekh	Public Interest Director
2	Shri P. Sivakumar	Shareholder Director	Shri P. Sivakumar	Shareholder Director
3	Shri A. P. Bakliwal	Representative of Investors	Shri A. P. Bakliwal	Representative of Investors
4	Shri Henry Richard	Registrar of Companies- Mumbai	Shri Henry Richard	Registrar of Companies- Mumbai
5	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

### **HR & Remuneration Committee**

Sr. No.	2010-11		2009-10	
	Name	Category	Name	Category
1	Shri K. Rajendran Nair	Public Interest Director	Shri K. Rajendran Nair	Public Interest Director
2	Shri K. V. Thomas	Shareholder Director	Shri K. D. Gupta	Shareholder Director
3	Shri Debaraj Biswal	Shareholder Director	Shri K. V. Thomas	Shareholder Director
4	Shri Bharat Meisheri	Shareholder Director	Shri Debaraj Biswal	Shareholder Director
5	Shri P. J. Mathew	Managing Director	Dr. A. K. Chakrawal (upto July 15, 2010)	Shareholder Director
6	-	-	Shri P. J. Mathew	Managing Director

### **Business Development Committee**

Sr. No.	2010-11		2009-10	
	Name	Category	Name	Category
1	Shri K. V. Thomas	Shareholder Director	Shri K. V. Thomas	Shareholder Director
2	Shri H. C. Parekh	Public Interest Director	Shri H. C. Parekh	Public Interest Director
3	Shri Bharat Meisheri	Shareholder Director	Shri Cyriac Thomas	Public Representative
4	Shri Cyriac Thomas	Public Representative	Shri Manubhai Parekh	Public Representative
5	Shri Ashok Koyani	Public Representative	Shri Surendra Holani	Trading Member Director
6	Shri P. J. Mathew	Managing Director	Dr. A. K. Chakrawal (upto July 15, 2010)	Shareholder Director
7	-	-	Shri P. J. Mathew	Managing Director

**Business Rules Committee**

Sr. No.	2010-11		2009-10	
	Name	Category	Name	Category
1	Shri Surendra Holani	Trading Member Director	Shri Surendra Holani	Trading Member Director
2	Shri Rajeeb Ranjan Kumar	Trading Member Director	Shri Rajeeb Ranjan Kumar	Trading Member Director
3	Shri Bharat Meisheri	Shareholder Director	Shri Ashish Parikh	Trading Member
4	Shri Ashish Parekh	Trading Member	Shri Bharat Meisheri	Trading Member
5	Shri Mitesh Shah	Trading Member	Shri Mitesh Shah	Trading Member
6	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

**AUDITORS**

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

The Auditors' Report relating to the accounts for the year ended March 31, 2011 does not contain any qualification.

M/s A. J. Shah & Co. Chartered Accountants and retiring Auditors informed that their audit division has been merged with new firm M/s. Contractor, Nayak & Kishnadwala Chartered Accountants. Mr. Hiren Shah one of the partner of M/s. A. J. Shah & Co. was in charge of the Company's Audit. He will continue to be a partner in the new firm and will continue to be in charge of the Audit of the Company. The necessary profile of new firm M/s. Contractor, Nayak & Kishnadwala Chartered Accountants has been received alongwith letter pursuant to provisions contained under Section 224(1B) of the Companies Act 1956.

**PARTICULARS OF EMPLOYEES**

Your Exchange had a total staff strength of 76 on its rolls as on March 31, 2011. In addition, 17 contractual staff are working for our Exchange. However, none of the employees was in receipt of remuneration in excess of the limits specified in Section 217(2A) of the Companies Act, 1956, and as such no disclosure is required to be made in the Directors Report.

**STATUTORY DISCLOSURE OF PARTICULARS**

The disclosure required in terms of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption, foreign exchange earnings and outgo, do not apply to your Exchange, and therefore, no details have been provided.

**CORPORATE GOVERNANCE**

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

**PUBLIC DEPOSIT**

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

**ACKNOWLEDGEMENTS**

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

Your Exchange would like to take this opportunity to express its sincere thanks to all its valued customers for their continued patronage.

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

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

**Date:** August 19, 2011  
**Place:** Vashi, Navi Mumbai

sd/-  
**K. Rajendran Nair**  
**Chairman**





Date: 22-08-2011

CIN: U671020MH2005PLC157556

**Nominal Capital: 500 lakh**

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

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

We have examined the registers, records, books and papers of Inter-connected Stock Exchange of India, Limited as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations, information and certifications furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions of the Act and the Rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate with the Registrar of Companies, Mumbai, within the time prescribed under the Act and the Rules made there under.
3. The Company being Public Limited Company the provision of this clause is not applicable.
4. The Board of directors met Ten (10) times during the financial year on 9th April 2010, 25th May 2010, 11th June 2010, 30th June 2010, 15th July 2010, 13th August 2010, 29th September 2010, 15th October 2010, 16th December 2010 and 4th February 2011 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 14th September 2010 to 29th September 2010 during the financial year.
6. The Annual General Meeting for the Financial Year ended on 31st March 2010 was held on 29th September, 2010 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. One Extra-ordinary General Meeting was held during the financial year i.e. 12th November 2010.
8. The Company has not advanced loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into contracts falling within the purview of section 297 of the Act and complied with the applicable provision of section 297
10. 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). has delivered share certificates after transfer of shares further there was no allotment/ transmission of securities during the financial year.
  - ii). has paid the dividend by issuing the demand draft in the name of concerned shareholder after declaration of dividend during the financial year.
  - iii). has delivered demand draft to members of the Company within 30 days from the date of declaration of dividend.
  - iv). has informed that it was not required to transfer any amount in the Unpaid Dividend account, application money due for the refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of 7 years to Investor Education and Protection Fund.
  - v). has duly complied with the requirement of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted. The appointment / re-appointment, cessation and resignation of the directors were duly made during the financial year.
15. The tenure of the Managing Director was renewed for a period of 3 years and the Company has not appointed any Whole time Director or Manager during the financial year.
16. The company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of Company Law Board, Registrar of Companies, 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 allotted any securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year. The Company has not issued any preference shares.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made borrowings during the year under Section 293(1)(d) of the Act.
25. The Company has not made loans and investments, or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's Registered Office from one state to another during the year under scrutiny.
27. The Company has altered the provisions of the Memorandum with respect to the Objects of the Company during the year under scrutiny in its Extra-ordinary General Meeting held on 12th November, 2010.
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.
30. The Company has altered its Articles of Association in the Board meeting held on 9th April, 2010 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:** 22.08.2011

#### **ANNEXURE - A**

##### **Registers as maintained by the Company:**

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

#### **ANNEXURE - B**

Forms and returns as filed by the company with the Registrar of Companies, during the financial year ended 31st March 2011.

<b>Sr. No.</b>	<b>Name of the document</b>	<b>Companies Act, 1956</b>	<b>For</b>	<b>Filing Date [Receipt No.]</b>
1.	Form 23	192 (2)	09.04.2010	22.04.2010 (A83444737)
2.	Form 61	637B	23.04.2010	23.04.2010 (A83539353)
3.	Form 32	303	15.07.2010	29.07.2010 (A90216664)
4.	Form 61	Section 621A	30.06.2010	26.07.2010 (A89976732)
5.	Form 32 & Form 67	Section 257	29.09.2010	14.10.2010 03.11.2010 (A96007141)
6.	Form 32	Section 257	29.09.2010	02.11.2010 (A97351027)
7.	Form 23AC	Section 220	31.03.2010	13.10.2010 (P54527809)
8.	Form 23ACA	Section 220	31.03.2010	13.10.2010 (P54527809)
9.	Form 20B	Section 159	29.09.2010	24.11.2010 (P60942463)
10.	Form 66	Section 383A	31.03.2010	14.10.2010 (P54568886)
11.	Form 23	Section 192	12.11.2010	20.11.2010 (A98653645)

#### **END OF COMPLIANCE CERTIFICATE**





# AUDITORS' REPORT

The Members,  
**Inter Connected Stock Exchange Of India Limited**

1. We have audited the attached Balance Sheet of **Inter-connected Stock Exchange Of India Limited** as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended 31st March, 2011. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 5 and 6 of the said Order.
4. Further we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable to the company;
  - v. On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and the Notes forming parts of accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a. In the case of Balance Sheet of the state of affairs of company as at 31st March, 2011.
    - b. In the case of Profit and Loss Account of the profit for the year ended on that date; and In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

**FOR A. J. SHAH AND COMPANY**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 109476W

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

**Place:** Mumbai  
**Date:** August 19, 2011



## Annexure to the Auditor's Report

With reference to the Annexure referred to in paragraph 3 of the report of the Auditors' to the Members of Inter-connected Stock Exchange of India Limited on the accounts for the period ended 31st March, 2011, we report that:

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

- xiii. According to the information and explanation given to us, there are no term loans obtained by the Company.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- xv. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xvi. The Company has not issued any debentures during the year.
- xvii. The Company has not raised any money by public issues during the year.
- xviii. According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**FOR A. J. SHAH AND COMPANY**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 109476W

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

**Place:** Mumbai  
**Date:** August 19, 2011

# Inter-connected Stock Exchange of India Ltd.

## Balance Sheet as at March 31, 2011

Particulars	Schedule	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
<b>Sources of funds</b>			
<b>Shareholders' funds</b>			
Share Capital	1	1,400,000	1,400,000
Reserves and Surplus	2	448,994,949	435,919,869
Unsecured Loans	3	-	-
Deferred Tax Liability (Net) (Refer Note 13 of Schedule 16)		1,879,536	2,476,733
<b>Total</b>		<b>452,274,485</b>	<b>439,796,602</b>
<b>Fixed assets</b>	4		
Gross block (at cost)		62,243,918	60,466,544
Less: Depreciation		25,215,692	23,206,199
Net block		37,028,226	37,260,345
Capital work-in-progress		99,418,747	23,249,247
		136,446,973	60,509,592
<b>Investments</b>	5	55,000,000	55,000,000
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	6	10,532,770	7,846,926
Cash and Bank Balances	7	345,791,917	419,064,840
Loans and Advances	8	15,097,823	9,901,492
		371,422,510	436,813,258
Less: <b>Current Liabilities and Provisions</b>			
Current liabilities	9	101,899,058	103,325,318
Provisions	10	8,695,940	9,200,930
		110,594,998	112,526,248
<b>Net Current Assets</b>		260,827,512	324,287,010
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	11	-	-
<b>Total</b>		<b>452,274,485</b>	<b>439,796,602</b>
<b>Significant Accounting Policies and Notes forming part of the Accounts</b>	16		

As per our attached Report of even date

For and on behalf of Board of Directors

For **A. J. Shah & Co.,**  
Chartered Accountants  
Firm Registration No.: 109476W

sd/-  
**K. Rajendran Nair**  
Chairman

sd/-  
**P. J. Mathew**  
Managing Director

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

sd/-  
**Milind Nigam**  
Company Secretary

**Place:** Mumbai  
**Date:** August 19, 2011

**Place:** Mumbai  
**Date:** August 19, 2011



# Inter-connected Stock Exchange of India Ltd.

## Profit and Loss Account for the period April 01, 2010 to March 31, 2011

Particulars	Schedule		Year ended March 31, 2011 (Rupees)	Year ended March 31, 2010 (Rupees)
<b>Income</b>				
Income from Operations	12		34,547,100	52,535,537
Other Income	13		25,641,295	32,556,397
<b>Total</b>			<b>60,188,395</b>	<b>85,091,934</b>
<b>Expenditure</b>				
Employee Costs	14		23,958,502	19,787,918
Administration and Operational Expenses	15		29,872,240	32,276,269
Depreciation/Amortisation			2,879,332	2,692,860
Less : Adjusted against Capital Reserve (Refer Note 8 of Schedule 16)			(42,500)	(66,160)
			2,836,832	2,626,700
<b>Total</b>			<b>56,667,574</b>	<b>54,690,887</b>
<b>Profit before tax</b>			3,520,821	30,401,047
Less : Provision for taxation				
- Current tax (after adjusting taxation provision on interest credited to earmarked funds account of Rs. 4,154,946/- (previous year: Rs.5,710,817/-))			(3,000,000)	(14,420,000)
- Deferred Tax Saving/ (Expenses) (Refer Note 13 of Schedule 16)			597,197	6,238,468
- Fringe Benefit Tax			-	(29,546)
- Excess Provision of Income Tax of earlier year written back			3,272,218	1,831,864
<b>Net profit after tax</b>			4,390,236	24,021,833
<b>Add: Balance brought forward from last year</b>			46,495,046	29,232,696
<b>Profit available for Appropriation</b>			50,885,282	53,254,529
Less: Proposed Dividend		1,400,000		
Less: Tax on Proposed Dividend (net of Rs. Nil (previous year Rs.6,54,308/-) credit available on tax on dividend declared by the subsidiary company)		-	1,400,000	4,259,483
Less: Transfer to General Reserve			440,000	2,500,000
<b>Balance carried to the Balance sheet</b>			49,045,282	46,495,046
<b>Earning Per Share (Rs.) (Basic &amp; Diluted) (Refer Note 14 of Schedule 16)</b>			<b>3.14</b>	<b>17.16</b>
<b>Significant Accounting Policies and Notes forming part of the Accounts</b>	16			

As per our attached Report of even date

For and on behalf of Board of Directors

For **A. J. Shah & Co.,**  
Chartered Accountants  
Firm Registration No.: 109476W

sd/-  
**K. Rajendran Nair**  
Chairman

sd/-  
**P. J. Mathew**  
Managing Director

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

sd/-  
**Milind Nigam**  
Company Secretary

**Place:** Mumbai  
**Date:** August 19, 2011

**Place:** Mumbai  
**Date:** August 19, 2011



# Inter-connected Stock Exchange of India Ltd.

## Schedules forming part of Accounts

### SCHEDULE 1: SHARE CAPITAL

Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
<b>Authorised Capital</b> (5,00,00,000 Equity shares of Re 1/- each)	50,000,000	50,000,000
<b>Issued, Subscribed And Paid Up</b> (14,00,000 Equity shares of Re 1/- each fully paid up)	1,400,000	1,400,000
<b>Total</b>	<b>1,400,000</b>	<b>1,400,000</b>

### SCHEDULE 2 : RESERVES & SURPLUS

Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
<b>PART A : RESERVES &amp; SURPLUS (before November 24, 2005)</b>		
Free Reserves Surplus in P&L as per last Balance Sheet	11,888,319	11,888,319
<b>Total Free Reserves</b>	<b>11,888,319</b>	<b>11,888,319</b>
<b>Capital Reserves</b> Infrastructure Development Contribution As per last Balance Sheet	91,900,000	91,900,000
<b>Networking Equipment Contribution</b> As per last Balance Sheet (Balance transferred from erstwhile Company, Inter-connected Stock Exchange of India Ltd., limited by guarantee) Less : Adjustment towards Depreciation (Refer Note 8 of Schedule 16)	91,900,000 1,304,209 42,500 1,261,709	91,900,000 1,370,369 66,160 1,304,209
Dealer Admission Fees As per last Balance Sheet	38,328,857 38,328,857	38,328,857 38,328,857
<b>Total Capital Reserves</b>	<b>131,490,566</b>	<b>131,533,066</b>
<b>Total of PART A : RESERVES &amp; SURPLUS</b>	<b>143,378,884</b>	<b>143,421,385</b>

Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
<b>PART B : RESERVES &amp; SURPLUS (after November 24, 2005)</b>		
<b>Share Premium Account</b> As per last Balance Sheet	138,038,315	138,038,315
<b>General Reserves</b> As per last Balance Sheet Add: Transfer from Profit & Loss Account	138,038,315 6,399,725 440,000 6,839,725	138,038,315 3,899,725 2,500,000 6,399,725



Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
<b>Free Reserves</b>		
Surplus in Profit & Loss Account Balance	49,045,282	46,495,046
<b>Total of PART B : RESERVES &amp; SURPLUS</b>	<b>193,923,322</b>	<b>190,933,086</b>

Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
<b>PART C : EARMARKED RESERVES</b>		
<b>Settlement Guarantee Fund</b>		
Opening Balance	99,449,526	88,428,594
<u>Add:</u> Additions during the period: (including Rs. 1,731,970/- (previous year: Rs. Nil) on transfer of credit balance of Defaulter Trading Members, accretion by way of interest of Rs.82,69,003/-, (previous year: Rs.10,955,932/-) net of income tax of Rs. 4,113,451/- (previous year Rs. 5,641,450/-) for the period on deposits etc made out of such funds in accordance with the Rules and Bye-laws of the Company, contributions from the Trading Members: Rs.60,000/- (previous year: Rs.65,000/-))	10,060,973	11,020,932
	109,510,499	99,449,526
<b>Investor Protection Fund</b>		
Opening Balance	91,101	103,338
<u>Add:</u> Additions during the period (accretion by way of appropriation from the listing fee income during the period: Rs.900/-)	900	950
<u>Add:</u> Amount transferred from Investor Service Fund	17,924	-
<u>Less:</u> Expenses incurred for Investor Awareness, education	21,266	13,187
	88,659	91,101
<b>Investor Services Fund</b>		
Opening Balance	2,024,771	1,890,058
<u>Add :</u> Additions during the period	115,482	134,713
Additions during the period:Accretion by way of interest of Rs.83,414/- net of income tax Rs. 41,495/- (previous year: Rs. 111,856/ net of income tax Rs.69,367/- , for the period on deposits, etc made out of such funds in accordance with the Rules and Bye-laws of the Company, Rs. 14,067/- (previous year Rs. 3,857/-) towards sale of securities and appropriation from listing fee income during the period: Rs. 18,000/-, previous year: Rs. 19,000/-))	28,744	-
<u>Less:</u> Expenses incurred for Investor Programmes conducted	17,924	-
<u>Less:</u> Amount transferred to Investor Protection Fund		
	2,093,585	2,024,771
<b>Total of PART C : Earmarked Reserves</b>	<b>111,692,743</b>	<b>101,565,398</b>
<b>Total Reserves and Surplus (TOTAL OF PART A+B+C)</b>	<b>448,994,949</b>	<b>435,919,869</b>

### SCHEDULE 3 : UNSECURED LOANS

Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
Temporary Overdraft against Company's Bank Fixed Deposits	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



**SCHEDULE 4 : FIXED ASSETS**

(Amount in Rs.)

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 01-04-2010	Additions	Deductions	As at 31-03-2011	As at 01-04-2010	For the period	Deductions / Adjustments	As At 31-03-2011	As at 31-03-2011	As at 01-04-2010
<b>Tangible Assets</b>										
Leasehold Land	870,626	-	-	870,626	161,548	14,191	-	175,739	694,887	709,078
Leasehold Premises	32,585,962	-	-	32,585,962	6,591,147	531,151	-	7,122,298	25,463,664	25,994,815
Machinery and Electrical Equipments	3,868,742	679,972	-	4,548,714	1,201,243	207,176	-	1,408,419	3,140,295	2,667,499
Furniture and Fixtures	8,084,302	706,568	394,938	8,395,933	3,959,284	513,577	313,801	4,159,060	4,236,873	4,125,018
Vehicles	725,000	-	-	725,000	330,789	68,875	-	399,664	325,336	394,211
Office Equipments	2,433,010	70,591	650,896	1,852,706	904,195	394,504	527,179	771,520	1,081,186	1,528,815
Computer Equipments including networking equipments	6,659,959	1,360,375	46,800	7,973,534	5,810,663	544,559	28,860	6,326,362	1,647,172	849,296
<b>Intangible Assets</b>										
Computer Software	5,238,943	52,500	-	5,291,443	4,247,330	605,299	-	4,852,629	438,814	991,613
<b>Total</b>	<b>60,466,544</b>	<b>2,870,006</b>	<b>1,092,633</b>	<b>62,243,918</b>	<b>23,206,199</b>	<b>2,879,332</b>	<b>869,840</b>	<b>25,215,692</b>	<b>37,028,226</b>	<b>37,260,345</b>
Cap WIP - Machinery & Electrical Equipment									6,630,440	5,272,913
Cap WIP - Furniture & Fixtures									-	665,618
Cap WIP - Computer									19,292,602	7,714,826
Cap WIP - Computer Software									67,741,197	9,595,890
Cap WIP - Development Cost									5,754,508	-
<b>Capital Work in Progress - Total</b>									<b>99,418,747</b>	<b>23,249,247</b>
								<b>Total</b>	<b>136,446,973</b>	<b>60,509,592</b>

Note : 1. Leasehold Premises represent cost of office premises, including improvements to premises, taken from CIDCO under lease for a period of 60 years, in respect of which a Lease Deed has been executed.

**SCHEDULE 5 : INVESTMENTS**

Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
<b>Long Term Investments (unquoted, at cost):</b>		
In the shares of the wholly-owned subsidiary company, ISE Securities & Services Limited (5,500,000 equity shares of Rs.10/- each, fully paid up)	55,000,000	55,000,000
<b>Total</b>	<b>55,000,000</b>	<b>55,000,000</b>

**SCHEDULE 6 : SUNDRY DEBTORS**

Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
<b>Unsecured</b>		
Debts outstanding for a period exceeding six months		
- Considered Good	10,085,874	7,686,668
- Considered Doubtful	1,147,085	433,017
<b>Other Debts</b>		
- Considered Good	446,896	160,258
- Considered Doubtful	-	40,518
	11,679,855	8,320,461
Less : Provision for Doubtful Debts	1,147,085	473,535
<b>Total</b>	<b>10,532,770</b>	<b>7,846,926</b>

**SCHEDULE 7 : CASH & BANK BALANCES**

Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
Cash-in-hand	-	-
<b>Bank Balances:</b>		
<b>With Scheduled Banks</b>		
- in Current Accounts		
* in Free Fund Accounts	1,765,813	808,181
* in Earmarked Fund Accounts (Refer Note 11 of Schedule 16)	138,509	137,466
- in Deposit Accounts		
* in Free Fund Accounts	154,991,916	225,197,122
* in Earmarked Fund Accounts (Refer Note 11 of Schedule 16)	188,895,679	192,922,071
<b>Total</b>	<b>345,791,917</b>	<b>419,064,840</b>

**SCHEDULE 8 : LOANS & ADVANCES**

Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
<b>Unsecured Considered Good, unless otherwise stated</b>		
Advances given to the subsidiary company/ expenses recoverable from subsidiary company (maximum outstanding during the year Rs. 32,74,527/- (previous year: Rs. 23,69,240/-))	2,771,798	2,314,554
Trade Deposits	3,919,181	3,868,211
Advances recoverable in cash or kind or for value to be received	5,034,540	1,188,210
Staff Advances	84,291	129,186
Advance Tax/ Income Tax refund receivable (Net of Provision for Taxation)	3,288,013	2,401,331
<b>Total</b>	<b>15,097,823</b>	<b>9,901,492</b>

**SCHEDULE 9 : CURRENT LIABILITIES**

Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
Sundry Creditors		
- Micro Small & Medium Enterprises (Refer Note 5 of Schedule 16)	-	-
- Others	7,768,022	10,747,673
	7,768,022	10,747,673
Rent Deposit from Subsidiary Company	2,500,000	2,500,000
Refundable Deposits as per the Rules and Bye-laws of the Company		
- Base Minimum Capital of trading members	76,150,405	77,104,855
- Trading Member Security Deposit	4,500,000	2,100,000
Advance towards admission fees, annual fees, etc from trading members, pending registration / approval of SEBI	5,997,500	5,872,500
Depository Participant received in advance	4,678,729	4,765,173
Trading Member Annual Fees received in advance	121,213	49,451
Subscription income received in advance	13,189	5,666
Advance Listing Fees	170,000	180,000
<b>Total</b>	<b>101,899,058</b>	<b>103,325,318</b>

**SCHEDULE 10 : PROVISIONS**

Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
Gratuity	658,579	263,952
Employees' Leave Encashment	1,781,579	807,421
Performance Linked Bonus	3,992,857	3,007,149
Contingencies	862,925	862,925
Proposed Dividend	1,400,000	4,200,000
Tax on Proposed Dividend	-	59,483
<b>Total</b>	<b>8,695,940</b>	<b>9,200,930</b>

**SCHEDULE 11: MISCELLANEOUS EXPENDITURE**

Particulars	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
Miscellaneous Expenditure	-	1,256,535
Less: Written off	-	1,256,535
<b>Total</b>	<b>-</b>	<b>-</b>

**SCHEDULE 12 : INCOME FROM OPERATIONS**

Particulars	For the year ended March 31, 2011 (Rupees)	For the year ended March 31, 2010 (Rupees)
Depository Participant (DP) Operations	17,313,322	18,266,318
Training Programmes	916,477	695,014
Subscription for Research Publications	23,277	43,069
Annual Subscription from trading members	9,446,875	10,999,727
Admission Fees	670,000	16,308,643
Listing Fees	62,100	65,550
Reimbursement of Expenses	3,115,049	3,157,216
Management Services Fee (TDS : Rs. 330,900/-; Previous Year : 352,902/-)	3,000,000	3,000,000
<b>Total</b>	<b>34,547,100</b>	<b>52,535,537</b>

**SCHEDULE 13 : OTHER INCOME**

Particulars	For the year ended March 31, 2011 (Rupees)	For the year ended March 31, 2010 (Rupees)
Gross Interest on Bank Deposits (TDS: Rs.2,430,587/-, Previous Year: Rs.4,363,280/-)	24,161,191	38,896,403
Less : Interest earned on Earmarked Funds (net of Income Tax Rs. 4,154,946/-, previous year: Rs.5,710,817/-)	8,352,417	11,106,404
	15,808,774	27,789,999
Dividend from Subsidiary Company	3,850,000	550,000
Interest on delayed payments from trading members	372,207	429,342
Rent (TDS : Rs. 180,000/-; Previous Year : 312,930/-)	1,800,000	1,800,000
Miscellaneous Income	1,464,966	1,630,696
Bad Debts Recovery	61,095	91,292
Interest on Income Tax Refund	408,400	265,068
Liability no longer required written back	1,875,852	-
<b>Total</b>	<b>25,641,295</b>	<b>32,556,397</b>

**SCHEDULE 14 : EMPLOYEE COST**

Particulars	For the year ended March 31, 2011 (Rupees)	For the year ended March 31, 2010 (Rupees)
<b>Salaries and allowances</b> (Refer Note 17 of Schedule 16) (Net of recovery: Rs.2,198,658/-, previous year: Rs.1,745,642/-)	19,853,696	16,470,065
<b>Contribution to Provident and other funds</b> Leave Encashment (Compensated Absences)	1,348,751 989,162	1,167,966 914,780
<b>Gratuity</b>	<b>632,821</b>	<b>278,318</b>
<b>Staff Welfare</b> (Net of recovery: Rs.Nil /-, previous year: Rs. 43,075/-)	1,134,073	956,789
<b>Total</b>	<b>23,958,502</b>	<b>19,787,918</b>

**SCHEDULE 15 : ADMINISTRATION & OPERATIONAL EXPENSES**

Particulars	For the year ended March 31, 2011 (Rupees)	For the year ended March 31, 2010 (Rupees)
Telephone and Fax	1,048,735	824,005
Printing and Stationery	1,699,417	1,314,423
DP Operations	3,772,031	4,616,108
Training Expenses	247,379	219,440
Research Expenses	-	5,300
Remuneration to Auditors (Refer Note 4 of Schedule 16)	468,318	533,942
Legal and Professional Charges	2,890,291	6,256,583
Power, Fuel & Water Charges	4,211,251	4,106,232
Board / Committee Meeting	1,195,000	710,500
Rent, Rates and Taxes	2,665,503	2,587,084
Repairs and Maintenance - Leasehold Premises	358,859	355,433
Repairs and Maintenance - Others	1,637,548	1,511,831
Travelling and Conveyance	2,889,095	2,399,439
Postage and Courier	1,739,272	1,725,821
Security	810,749	729,300
Insurance	132,879	95,396
Advertisement and Publicity	399,430	646,256
Books, Newspapers and Periodicals	24,282	15,682
Vehicle Maintenance	177,916	102,860
Bank Charges	4,754	9,473
Miscellaneous Expenses	26,580	414,534
Lodging & Boarding Exp	748,496	561,393
Provision for Doubtful Debts	673,550	222,180
Provision for Contingencies	-	862,925
Tax paid	1,420,427	3,287
Loss on Sale of Fixed Assets	43,525	6,485
Sebi Fees	206,200	100,200
Bad Debts	110,967	71,715
Interest Paid	98,018	5,011
Write off of Assets	171,769	6,896
Miscellaneous Expenses write off - Demutualization Expenses	-	1,256,535
<b>Total</b>	<b>29,872,240</b>	<b>32,276,269</b>

## Schedule 16: Significant Accounting Policies and Notes forming part of the Accounts

### 1. Significant Accounting Policies:

#### 1.1 Basis of preparation of Financial Statements

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

#### 1.2 Use of Estimates

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

#### 1.3 Revenue Recognition

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

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

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

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

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

#### 1.4 Fixed Assets

Fixed Assets are valued at cost. They are stated at historical cost including incidental expenses 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.

#### 1.5 Depreciation and Amortisation

- i. Depreciation is provided on straight-line basis at the rates prescribed in Schedule XIV to the Companies Act, 1956 except in case of Computers Equipments and Computer Software which would be depreciated over 5 years and 3 years respectively.
- ii. Depreciation on assets acquired/purchased during the year is provided on pro-rata basis.
- iii. Leasehold Land and Premises, including improvements, are amortised over the year of the lease.
- iv. Depreciation on networking equipment is charged to the Networking Equipment Contribution in the proportion of the total capital cost incurred and the amounts recovered from trading members (Refer Note 8).
- v. Intangible assets, comprising computer software, have been amortised on a straight-line method over 3 years from the year of acquisition or installation.

#### 1.6 Borrowing Costs

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

#### 1.7 Investments

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



## **1.8 Employees Benefits :**

### **(a) Provident Fund:**

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

### **(b) Gratuity:**

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

### **(c) Compensated Absences:**

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

### **(d) Other Employee Benefits:**

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

## **1.9 Settlement Transactions**

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

## **1.10 Networking Equipment Contributions**

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

## **1.11 Taxation**

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

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

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

As per AS 29, norms for Provisions, Contingent Liabilities and Contingent Assets, the Company recognises provisions only when it has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation and when a reliable estimate of the amount of the obligation can be made. No provision is recognised for any possible obligation that arises from past events and the existence of which will be confirmed only by that occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

## **1.13 Impairment of Assets**

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



## 1.14 Miscellaneous Expenditure Demutualization Expenditure

Demutualization expenditure has been amortised over three years.

## 2. Capital commitment and Contingent Liabilities not provided for:

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

2.2 Disclosure under Accounting Standard 29:

Provisions, Contingent Liabilities and contingent Assets:

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

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

\* The Company has deposited 50% of the above claim amount i.e. Rs. 431,463/- (Previous Year: Rs. 431,463/-) in the form of Bank Fixed Deposit with Registrar, State Commission, New Delhi. The same has been classified under Loans & Advances Trade Deposit (Ref. Schedule No. 8)

2.3

Particulars	April 1, 2010 to March 31, 2011 (Rs.)	April 1, 2009 to March 31, 2010 (Rs.)
Estimated amount of contract remaining unexecuted on capital account and not provided for. (Net of Advances)	18,750,000	29,300,000

2.4 Company has received notice pertaining to Navi Mumbai Municipal Corporation (NMMC) Cess Tax for Rs. 37,18,468/-. In the opinion of the management this demand is not tenable and accordingly no provision has been made.

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

Particulars	April 1, 2010 to March 31, 2011 (Rs.)	April 1, 2009 to March 31, 2010 (Rs.)
Salaries & Allowances*	3,430,885	2,740,046
Contribution to Provident Fund and other Funds	294,858	251,478
Monetary Value of Perquisites	NIL	NIL
Commission	NIL	NIL
Total	3,725,743	2,991,524

\* includes Performance Link Bonus for the year ended March 31, 2010 amounting to Rs. 519,558/-

## 4. Remuneration to Auditors:

Particulars	April 1, 2010 to March 31, 2011 (Rs.)	April 1, 2009 to March 31, 2010 (Rs.)
Audit Fees	337,508	333,026
Tax Audit Fees	77,210	77,210
Certification & Other Expenses	13,236	-
Out of Pocket Expenses	1,812	1,867
To Associate Firm:		
Taxation related services	38,552	121,839
<b>Total (Net of Service Tax)</b>	<b>468,318</b>	<b>533,942</b>

5. The company has compiled the details of vendors' status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The Company contends that no overdue amounts alongwith interest have been payable to enterprise covered under MSMED Act and generally payments are made to vendors within the stipulated time/agreed credit terms.
6. Shares, fixed deposits and bank guarantees received from trading members in compliance with the Base Minimum Capital requirements (viz. capital adequacy norms), as prescribed in the Rules, Bye-laws and Regulations, have been held as collateral securities, and accordingly, have not been accounted in the books of the Company.
7. SEBI, vide its Circular No. SEBI/SMD/SE/Cir-24/2003/18/06 dated June 18, 2003, has permitted the Company to refund Base Minimum Capital in excess of Rs.100,000/- to its trading members after complying with the procedures prescribed there under, including obtaining No Objection Certificates (NOCs) from SEBI. Accordingly, in response to applications made by certain trading members, the Company after receiving necessary approvals from SEBI, has during the year refunded an aggregate amount of Rs. 298,907/- in cash, excluding bank guarantees / fixed deposit receipts / securities to such trading members.  
  
The Base Minimum Capital is being maintained in the form of cash, bank fixed deposit receipts, approved securities and/or undertakings from the Promoter Exchanges, as permitted by SEBI.
8. During the year, an amount of Rs. 42,500/-, being the proportionate amount of depreciation for the central networking equipments, has been withdrawn from the Networking Equipment Contribution (referred to as Capital Reserves in Schedule 2) and has also been disclosed as deduction from the Depreciation for the year.
9. Sundry Debtors (Schedule 6) include Trading members, listed companies and other sundry debtors from whom an amount of Rs. 11,679,855/- is outstanding on account of various charges including DP charges recoverable. Out of this, an amount of Rs.673,550/- (Previous year Rs.222,180/-) has been provided as doubtful debts during the year March 31, 2011. 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.
10. During the year, the Company has encashed fixed deposits/bank guarantees/securities of defaulters/expelled trading members and the surplus arising after adjustment of their respective dues have been transferred as per the Rules, Bye-laws and Regulations of the Company to the following Earmarked Reserves.

Particulars	As on March 31, 2011	As on March 31, 2010
Settlement Guarantee Fund	Nil	Nil
Investor Services Fund Nil	Nil	
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

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

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

Settlement Guarantee Fund	As on March 31, 2011 (Rs.)	As on March 31, 2010 (Rs.)
Settlement Guarantee Fund (including accretions from levy on transactions)	9,152,787	7,360,817
Settlement Stabilisation Fund	13,000,000	13,000,000
Contribution towards Base Minimum Capital (Cash component) from Registered Trading Member's	76,150,405	77,104,855
Interest accrued on above	87,357,712	79,088,709
<b>Total</b>	<b>185,660,904</b>	<b>176,554,381</b>

The balances as on March 31, 2011 in the Settlement Guarantee Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under:

Particulars	As on March 31, 2011 (Rs.)	As on March 31, 2010 (Rs.)
With Bank in Fixed Deposits	185,650,499	176,543,976
With Bank in Current Account	10,405	10,405
<b>Total of Deposits and Bank Balance</b>	<b>185,660,904</b>	<b>176,554,381</b>
<b>Amount outstanding as on March 31, 2011</b>	<b>Nil</b>	<b>Nil</b>
<b>To be transferred to Normal Fund</b>	<b>961,273</b>	<b>14,239,818</b>

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

Settlement Guarantee Fund	As on March 31, 2011 (Rs.)	As on March 31, 2010 (Rs.)
Contribution towards SGF/ BMC from Trading Members pending registration	5,077,500	5,287,500
<b>Total</b>	<b>5,077,500</b>	<b>5,287,500</b>

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

Non-cash component	As on March 31, 2011 (Rs.)	As on March 31, 2010 (Rs.)
<b>Bank Guarantees from trading members</b>		
- Registered	Nil	Nil
- Unregistered	Nil	Nil
<b>Fixed Deposits under lien</b>		
- Registered	6,012,112	6,449,408
- Unregistered	305,139	304,225
<b>Securities pledged, (at market value)*</b>		
- Registered	15,681,758	18,307,376
- Unregistered	Nil	Nil
<b>Undertakings given by the regional stock exchanges on behalf their trading members</b>		
- Registered	23,300,000	20,600,000
- Unregistered	4,800,000	8,400,000
<b>Total Non-Cash Component</b>		
- Registered	44,993,870	45,356,784
- Unregistered	5,105,139	8,704,225

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

**ii) Investor Protection Fund:**

Particulars	As on March 31, 2011 (Rs.)	As on March 31, 2010 (Rs.)
Rs. 900/- (previous year: Rs. 950/-) accretion by way of appropriation from the listing fee income, Rs. 17,924/- (previous year Nil) transferred from Investor Service Fund and less Rs. 21,266/- (previous year Rs. 13,187/-) expenses incurred for Investor Awareness, education during the year.	88,659	91,101

The balances as on March 31, 2011 in the Investor Protection Fund are earmarked in accordance with the Rules, Bye-laws and Regulations of the Company as under:

Particulars	As on March 31, 2011 (Rs.)	As on March 31, 2010 (Rs.)
With Bank in Fixed Deposits	Nil	Nil
With Bank in Current Account	88,659	91,101
<b>Total of Deposits and Bank Balance</b>	<b>88,659</b>	<b>91,101</b>
<b>Amount outstanding as on March 31, 2011</b>	<b>Nil</b>	<b>Nil</b>
<b>To be transferred to Normal Fund</b>	<b>24,445</b>	<b>21,103</b>

**iii) Investor Services Fund:**

Particulars	As on March 31, 2011 (Rs.)	As on March 31, 2010 (Rs.)
Including Rs. 18,000/- (previous year: Rs. 19,000/-) appropriation from listing fee income during the year, Rs. 83,414/- (previous year: Rs. 111,856/-) accretions by the way of interest on fixed deposit, Rs. 14,067/- (previous year: Rs. 3,857/-) towards sale of securities, Less: Rs. 17,924/- (previous year: Nil) transferred to Investor Protection Fund and Rs. 28,744/- (previous year: Nil) towards expenses incurred for conducting Investor programmes.	2,093,585	2,024,771

The balances as on March 31, 2011 in the Investor Services Fund are earmarked in accordance with the Rules and Bye-laws of the Company as under:

Particulars	As on March 31, 2011 (Rs.)	As on March 31, 2010 (Rs.)
With Bank in Fixed Deposits	2,078,585	2,009,914
With Bank in Current Account	15,000	14,857
<b>Total of Deposits and Bank Balance</b>	<b>2,093,585</b>	<b>2,024,771</b>
<b>Amount outstanding as on March 31, 2011</b>	<b>Nil</b>	<b>Nil</b>
<b>To be transferred to Normal Fund</b>	<b>205,323</b>	<b>128,363</b>

**12 Related party transactions:**

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

The Company has entered into transactions with the following related parties

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

Transactions with related parties during the year:

(Amount in Rupees)

Sr. No	Nature of Transactions	Subsidiary	Key Management Personnel	Total as on March 31, 2011	Total as on March 31, 2010
1	Rendering of Services (net of Service Tax)	3,000,000	-	3,000,000	3,000,000
2	Finance (Including loans and equity contributions in cash or in kind)				
	- Loans (incl. interest)	Nil	-	Nil	Nil
	- Investment in Equity	Nil	-	Nil	Nil
	- Provision for diminution in value of Investment	Nil	-	Nil	Nil
3	Interest Income	Nil	-	Nil	Nil



Sr. No	Nature of Transactions	Subsidiary	Key Management Personnel	Total as on March 31, 2011	Total as on March 31, 2010
4	Remuneration paid to Managing Director	-	3,725,743	3,725,743	2,991,524
5	Amt Outstanding as at March 31, 2011	-	-	-	-
	Loans (incl. interest)	Nil	-	Nil	Nil
	(Maximum outstanding during the year)	Nil	-	Nil	Nil
	Investment in Equity	55,000,000	-	55,000,000	55,000,000
	Managerial Remuneration	-	Nil	Nil	Nil
	Recovery of expenditure	2,771,798	-	2,771,798	2,314,554
	Deposit from subsidiary	2,500,000	-	2,500,000	2,500,000
6	Reimbursement of Expenses	5,640,098	-	5,640,098	5,044,986
7	DP Charges	5,158,696	-	5,158,696	6,072,768
8	Rent	1,800,000	-	1,800,000	1,800,000

### 13. Deferred Taxation:

Pursuant to Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has recorded a net deferred tax adjustment of Rs. 597,197/- adjusted from the profits and loss account.

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

Particulars	As on March 31, 2010 (Rupees)	Adjustment during the year (Rupees)	As on March 31, 2011 (Rupees)
<b>Deferred Tax Liability</b>			
- Depreciation	(3,295,155)	40,517	(3,254,638)
<b>Total Deferred Tax Liability</b>	<b>(3,295,155)</b>	<b>40,517</b>	<b>(3,254,638)</b>
<b>Deferred Tax Assets</b>			
- Provision for doubtful debts	160,955	193,494	354,449
- Provision for gratuity	89,717	113,784	203,501
- Provision for compensated absence	274,442	276,066	550,508
- Provision for contingency	293,308	(26,664)	266,644
<b>Total Deferred Tax Assets</b>	<b>818,422</b>	<b>556,680</b>	<b>1,375,102</b>
<b>Net Deferred Tax Liabilities</b>	<b>(2,476,733)</b>	<b>597,197</b>	<b>(1,879,536)</b>

### 14. Earnings Per Share:

Sr. No.	Particulars	As on March 31, 2011	As on March 31, 2010
1.	Profit After Tax (Rs.) (after considering excess provision of Income Tax of earlier year written back)	4,390,236	24,021,833
2.	Number of shares outstanding at the end of the year	1,400,000	1,400,000
3.	Basic and Diluted Earnings Per Share for face value of Rs.1/- each	3.14	17.16

### 15. Impairment of Assets:

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

### 16. Disclosures under AS 15 Employee Benefits:

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

(Amount in Rs.)

	Year ended 31 March 2011	Year ended 31 March 2010
Present Value of Funded Obligations	1,704,219	1,060,838
Fair Value of Plan Assets	(1,045,640)	(796,886)
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	658,579	263,952
Amount in Balance Sheet		
Liability	658,579	263,952
Assets	0	0
Net Liability	658,579	263,952

(Amount in Rs.)

	Year ended 31 March 2011	Year ended 31 March 2010
Current Service Cost	249,435	274,121
Interest on Defined Benefit Obligation	107,415	79,771
Expected Return on Plan Assets	(77,308)	(56,296)
Net Actuarial Losses / (Gains) Recognised in Year	130,732	(38,647)
Past Service Cost	200,006	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"	610,280	258,949
Actual Return on Plan Assets	88,630	64,331

(Amount in Rs.)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	1,060,838	737,558
Current Service Cost	249,435	274,121
Interest Cost	107,415	79,771
Actuarial Losses / (Gain)	142,054	(30,612)
Past Service Cost	200,006	0
Actuarial Losses/ (Gain) due to Curtailment	0	0
Liabilities Extinguished on Settlements	0	0
Liabilities Assumed on Acquisition/ (Settled on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	(55,529)	0
Closing Defined Benefit Obligation	1,704,219	1,060,838
<b>Change in Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	796,886	508,879
Expected Return on Plan Assets	77,308	56,296
Actuarial Gain/ (Losses)	11,322	8,035
Assets Distributed on Settlements	0	0
Contribution by Employer	215,653	223,676
Assets Acquired on Acquisition / (Distributed on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	(55,529)	0
Closing Fair Value of Plan Assets	1045,640	796,886
Expected Employer's Contribution Next Year	500,000	500,000





Category of Assets (% Allocation)	Year ended 31 March 2011 (Amount in Rs.)	Year ended 31 March 2011 (%)	Year ended 31 March 2010 (%)
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	1,045,640	100%	100%
Others	0	0%	0%
Grand Total	1,045,640	100%	100%

(Amount in Rs.)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Discount Rate (p.a.)	8.30%	8.30%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.)	7.00%	7.00%

(ii) Other Long term Employee Benefits:

Amount of Rs.989,162/- (previous year: Rs. 914,780/-) is recognised as an expense towards Other Long term Employee Benefits-Compensated Absences (Leave Encashment) included under the Schedule-14: 'Employee Cost' in profit and loss account.

17. Amount of Rs 57,54,508/- transferred from Salary and Allowances to Cap WIP - Development Cost w.r.t. Trading Platform.

Particulars	Amount (Rs.)
Gross Salary (Net of Recovery)	25,608,204
Less: Cap WIP – Development Cost	5,754,508
<b>Net amount transferred to P&amp;L</b>	<b>19,853,696</b>

18. Previous year figures have been regrouped wherever necessary.

**Signatures to Schedules 1 to 16**

As per our attached Report of even date

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

**For A. J. Shah & Co.,**  
Chartered Accountants  
Firm Registration No.: 109476W

sd/-  
**K. Rajendran Nair**  
Chairman

sd/-  
**P. J. Mathew**  
Managing Director

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

sd/-  
**Milind Nigam**  
Company Secretary

**Place:** Mumbai  
**Date:** August 19, 2011

**Place:** Mumbai  
**Date:** August 19, 2011

# Inter-connected Stock Exchange of India Ltd.

## Cash Flow Statement for the year ended March 31, 2011

	01.04.2010 to 31.03.2011		2009-10	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
<b>A. Cash Flow from Operating activities</b>				
Net Profit before tax		3,520,821		30,401,047
Adjustment for :				
Interest on Bank Fixed Deposits	(15,808,774)		(27,789,999)	
Dividend received from Subsidiary	(3,850,000)		(550,000)	
Interest on Income Tax refund	(408,400)		(265,068)	
Liability no longer required written back	(1,875,852)		-	
Provision for Doubtful Debts	673,550		222,180	
Miscellaneous expenditure -Demutalisation Expenditure	-		1,256,535	
Loss on sale of Fixed Assets	43,525		6,485	
Depreciation	2,836,832		2,626,700	
		(18,389,120)		(24,493,167)
<b>Operating Profits before working capital changes:</b>		(14,868,299)		5,907,880
Adjustments for:				
(Increase)/Decrease in Sundry debtors and Other Receivable	(7,713,938)		(5,299,520)	
Increase/(Decrease) in Sundry Creditors and Other Liabilities	4,536,055		(13,072,804)	
Staff Advances	44,895		40,606	
		(3,132,988)		(18,331,718)
<b>Cash generated from operation</b>		(18,001,286)		(12,423,838)
Direct taxes paid net of income tax refund	(206,062)		(17,111,379)	
<b>Total taxes paid</b>		(206,062)		(17,111,379)
<b>Net Cash from Operating Activities (A)</b>		(18,207,349)		(29,535,217)
<b>B. Cash Flow From investing Activities</b>				
Fixed Deposits Interest earned	15,808,774		27,789,999	
Dividend from Subsidiary Company	3,850,000		550,000	
Purchase of Fixed Assets including Capital work in Process	(79,039,507)		(15,790,224)	
Sale of Assets	179,269		32,881	
<b>Net Cash (used in) from Investing Activities (B)</b>		(59,201,464)		12,582,656

	2010-11		2009-10	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
<b>C. Cash Flow from financing activities</b>				
Dividend of 2009-2010 paid	(4,200,000)		(2,800,000)	
Tax on Dividend of 2009-2010 paid	(59,483)		(382,387)	
Amount received in Settlement Guarantee Fund and interest earned thereon	8,329,003		11,020,932	
Amount received in Investor Protection Fund	(2,442)		(12,237)	
Amount received in Investor Service Fund and interest earned thereon	68,813		134,713	
<b>Net Cash (Used In) / from financial activities (C)</b>		<b>4,135,891</b>		<b>7,961,021</b>
<b>Net (decrease)/Increase in cash and cash equivalents (A+B+C)</b>		<b>(73,272,923)</b>		<b>(8,991,540)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>419,064,840</b>		<b>428,056,380</b>
<b>Cash and cash equivalents at the end of the period March 31, 2011</b>		<b>345,791,917</b>		<b>419,064,840</b>

Notes : 1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard-3 issued by the Institute of Chartered Accounting of India.

2. For notes to accounts and significant accounting Policies refer Schedule '16'

As per our attached Report of even date

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

**For A. J. Shah & Co.,**  
Chartered Accountants  
Firm Registration No.: 109476W

sd/-  
**K. Rajendran Nair**  
Chairman

sd/-  
**P. J. Mathew**  
Managing Director

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

sd/-  
**Milind Nigam**  
Company Secretary

**Place:** Mumbai  
**Date:** August 19, 2011

**Place:** Mumbai  
**Date:** August 19, 2011

## Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Company's Interest in Subsidiary Companies for the financial year 2010-11

	Name of the Subsidiary Company	ISE Securities & Services Ltd
1.	The Financial year of the Subsidiary Companies ended on	March 31, 2011
2.	Date from which they became Subsidiary Companies	January 18, 2000
3.	a) Number of shares held by Inter-connected Stock Exchange Ltd. with its nominee in the subsidiaries at the end of the financial year of the Subsidiary Companies	55,00,000 equity shares of Rs.10/- each fully paid up
	b) Extent of Interest of Holding Company at the end of the financial year of the Subsidiary Companies	99.99% (0.01% of the shares are held by the nominees of the holding company)
4.	The net aggregate amount of the Subsidiary Companies Profit/(Loss) so far it is concerns the members of the Holding Company	
	a) Not dealt with in the Holding Company's accounts :	
	i) For the financial year ended 31st March, 2011	₹ 21,530,413/-
	ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries.	₹ 18,129,375/-
	b) Dealt with in the Holding Company's accounts:	
	i) For the financial year ended 31st March, 2011	N.A.
	ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	N.A.
<b>NOTE</b> The audited financials of ISE Securities & Services Ltd (Subsidiary Company) have been received for the year ended 31st March, 2011. Further the transaction is not material for the Group as a whole, and hence the accounts have not been consolidated.		

For and on behalf of Board of Directors

sd/-  
**K. Rajendran Nair**  
 Chairman

sd/-  
**P. J. Mathew**  
 Managing Director

**Place:** Mumbai  
**Date:** August 19, 2011

sd/-  
**Milind Nigam**  
 Company Secretary



# Inter-connected Stock Exchange of India Ltd.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No.:	U 67120 MH 2005 PLC 157556	State Code:	11
Balance Sheet Date:	31.03.2011		

### II. CAPITAL RAISED DURING THE YEAR

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

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

Total Liabilities	5,62,869	Total Assets	5,62,869
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#### SOURCES OF FUNDS

Paid up Capital	1,400		
Deferred Tax Liability (Net)	1,880	Reserves & Surplus	4,48,995
Secured Loan	NIL	Unsecured Loan	NIL

#### APPLICATION OF FUNDS

Net Fixed Assets	136,447	Investments	55,000
Net Current Assets	2,60,828	Misc. Expenditure	NIL
Accumulated Losses	NIL		

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

Turnover	60,188	Total Expenditure	56,668
Profit/ (Loss) before Tax	3,521	Profit/ (Loss) after Tax	4,390
Earnings per share	3.14	Dividend Rate	100%

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

Item Code No.	NIL
Product Description	NA





*12<sup>TH</sup>*  
*ANNUAL REPORT*  
*2010-*  
*2011*



**ISE Securities & Services Limited**

(Wholly-owned subsidiary of ISE)



Particulars	Page No.
<b>Corporate Information</b>	<b>47</b>
<b>Performance at a Glance</b>	<b>48</b>
<b>Directors' Report</b>	<b>49</b>
<b>Auditors' Report</b> (for the period April 1, 2010 to March 31, 2011)	<b>58</b>
<b>Balance Sheet</b> (as at March 31, 2011)	<b>61</b>
<b>Profit &amp; Loss Account</b> (for the period April 1, 2010 to March 31, 2011)	<b>62</b>
<b>Schedule forming part of the Accounts</b> (for the period April 1, 2010 to March 31, 2011)	<b>63</b>
<b>Abstract</b>	<b>78</b>

## PUBLIC REPRESENTATIVE DIRECTORS



**Shri Manubhai K. Parekh**



**Shri George Joseph**

## SHAREHOLDER REPRESENTATIVE DIRECTORS



**Shri Cyriac Thomas**



**Shri C. A. Venkatesan**

## NOMINEE DIRECTOR OF ISE



**Shri P. J. Mathew**

## CEO & WHOLE TIME DIRECTOR



**Shri Sivaraman K. M.**

## AUDIT COMMITTEE

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

**Shri C. A. Venkatesan,**  
Shareholder Representative Director

**Shri P. J. Mathew,**  
Director  
(Nominee of Inter-connected Stock  
Exchange of India Limited)

## SECRETARIAL AND LEGAL

**Shri Mayank Mehta**  
Company Secretary & Compliance Officer

## STATUTORY AUDITORS

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

## INTERNAL AUDITORS

M/s. Haribhakti & Co.,  
Chartered Accountants

## BANKERS

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

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

## REGISTERED OFFICE

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

# PERFORMANCE AT A GLANCE

(all figures in ₹ lakh)

Particulars	Financial Performance				
	10-11	09-10	08-09	07-08	06-07
<b>Income</b>					
Net Operational Income	351.51	368.98	294.41	462.25	355.47
Interest	492.92	496.95	431.41	309.96	187.66
Interest on Income Tax Refund	-	-	-	-	-
Networking Recoveries	83.65	86.15	91.2	91.48	121.55
Annual Fees	21.85	24.45	22.4	24.9	15.89
Other Income	80.39	83.11	79.8	74.01	57.66
<b>Total Income</b>	<b>1030.31</b>	<b>1059.66</b>	<b>919.22</b>	<b>962.6</b>	<b>738.24</b>
<b>Expenditure</b>					
Administration & Operations Cost	285.47	315.42	361.62	344.15	281.16
Networking Cost	110.80	146.22	162.12	148.86	137.28
Employee Cost	212.34	162.12	155.04	176.55	143.61
Finance Cost	0.60	3.54	11.18	15.26	18.98
Rent to ISE	-	-	-	-	-
Re-imbursement of Exps. for ISE assets used	-	-	-	-	-
Others	-	1.92	-	1.1	0.38
Depreciation / Amortisation	95.48	152.25	62.91	80.63	83.63
Preliminary Expenses written-off	-	-	-	-	-
Expenses on Proposed Projects	-	-	-	-	-
Contingency Expenses	-	-	-	-	-
<b>Total Expenditure</b>	<b>704.69</b>	<b>781.49</b>	<b>752.88</b>	<b>766.55</b>	<b>665.06</b>
Profit / (Loss) before Taxation	325.62	278.16	166.34	196.04	73.19
Provision for : Current Tax	(133.00)	(130.00)	(87.00)	(101.06)	(28.50)
(Deferred Tax Expenses)/Savings	22.68	33.12	22.32	30.43	0.01
<b>Net Profit / (Loss) after Taxation</b>	<b>215.30</b>	<b>181.29</b>	<b>101.66</b>	<b>125.42</b>	<b>44.7</b>
<b>Capital Structure</b>					
Share Capital	550.00	550.00	550.00	550.00	550.00
Reserves & Surplus	701.40	486.09	349.84	280.34	193.54
Net Fixed Assets	110.44	148.77	251.81	297.93	347.52
Investments	67.10	67.10	67.10	67.10	67.10
Net Current Assets	1039.74	808.79	602.62	643.97	970.22
<b>Net worth</b>	<b>1251.40</b>	<b>1036.09</b>	<b>921.53</b>	<b>830.34</b>	<b>743.54</b>
<b>Earning per share (₹)</b>	<b>3.91</b>	<b>3.30</b>	<b>1.85</b>	<b>2.25</b>	<b>0.81</b>



## Director's Report 2010-11

The Board of Directors of ISE Securities & Services Limited (ISS) are pleased to present the Twelfth Annual Report for the year ended March 31, 2011, together with the Auditors' Report and Audited Accounts for the Financial Year 2010-2011.

### FINANCIAL PERFORMANCE

In the Financial year 2010-11 the Company has posted net profit of ₹215.30 Lakhs. Despite adverse market conditions, the company earned a total income of ₹1030.31 lakhs during the year, compared to ₹ 1059.66 lakhs during the previous year. Expenditure before depreciation, interest and tax during the year under review stood at ₹ 608.61 lakhs, compared to ₹ 625.69 lakhs during the preceding year. The other income earned during the year 2010-11 was ₹ 80.39 lakhs, compared to ₹ 83.11 lakhs for the previous year. After considering interest, finance charges and depreciation, the increase of income over expenditure for the year 2010-11 was ₹325.62 lakhs as compared to ₹ 278.16 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:

Comparative Financial Performance					(₹ in lakh)
Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
Brokerage	351.51	368.98	294.41	462.25	355.48
Other Income	678.81	690.67	624.81	500.35	382.76
Expenditure before Depreciation, Interest and Tax	608.61	625.69	678.78	670.66	562.45
Profit before Depreciation, Interest and Tax	421.70	433.96	240.43	291.94	175.79
Interest and Finance Charges	0.60	3.54	11.18	15.26	18.98
Depreciation	95.48	152.25	62.91	80.63	83.62
Profit/(Loss) before Tax	325.62	278.16	166.34	196.05	73.19
Provision for Tax	(133.00)	(130.00)	(87.00)	(101.06)	(28.50)
: (Deferred Tax Expenses)/Savings	22.68	33.12	22.32	30.43	0.01
Profit/(Loss) after Tax	215.30	181.29	101.66	125.42	44.7
Interim Dividend	-	-	22	-	-
Proposed Dividend	-	38.5	5.5	33	-

While income decreased, the expenditure also reduced from ₹ 625.69 lakhs to ₹ 608.61 lakhs. The profit increased from ₹ 278.16 lakh to ₹ 325.62 lakh.

## DIVIDEND

The Board of Directors at their meeting held on June 16, 2011 recommended payment of dividend, for the year ended March 31, 2011, of 9% on 55,00,000 equity shares of Rs. 10/- each subject to approval of the shareholders.

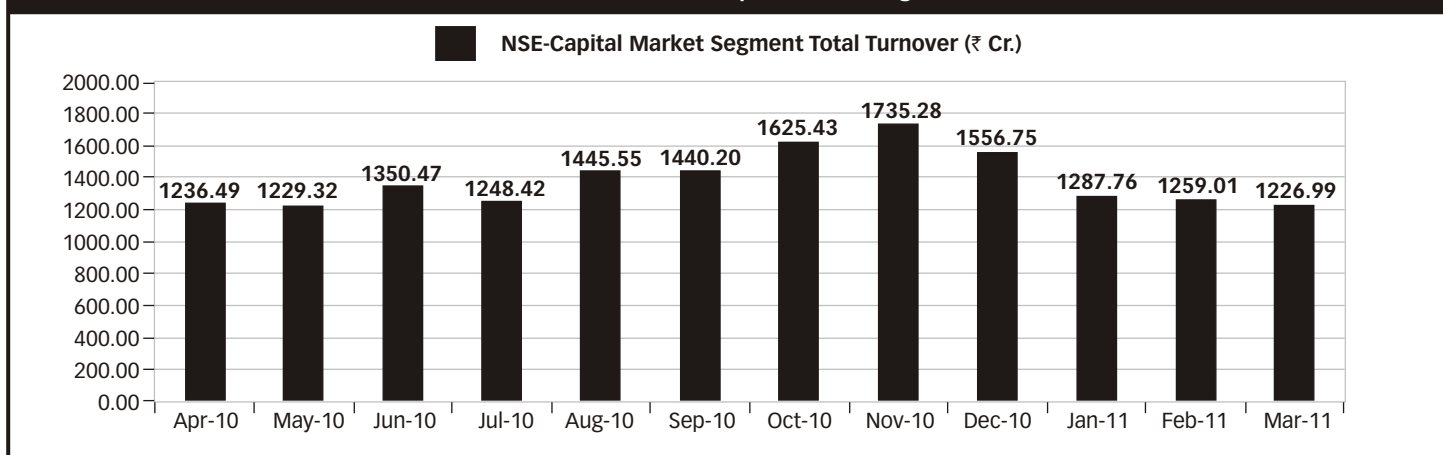
## OPERATIONAL HIGHLIGHTS

During the year 2010-2011, the Company recorded a turnover of ₹ 16,641 crores in the NSE capital market (CM) segment and ₹ 11,433 crores in the NSE futures & options (F&O) segment, aggregating to ₹ 28,074 crores. The corresponding figures for the preceding year were ₹ 17,770 crores in the CM segment and Rs. 18,565 crores in the F&O segment, i.e. a total of ₹ 36,335 crores. During the year 2010-2011, turnover of ₹ 6,834 crores (Previous year Rs. 7,710 crores) was recorded in BSE Equities segment. The turnover of NSE CM segment, NSE F&O segment and BSE Equities segment taken together was recorded at ₹ 34,908 Crores during the year 2010-2011. The corresponding figure for the preceding year was Rs. 44,045 crores.

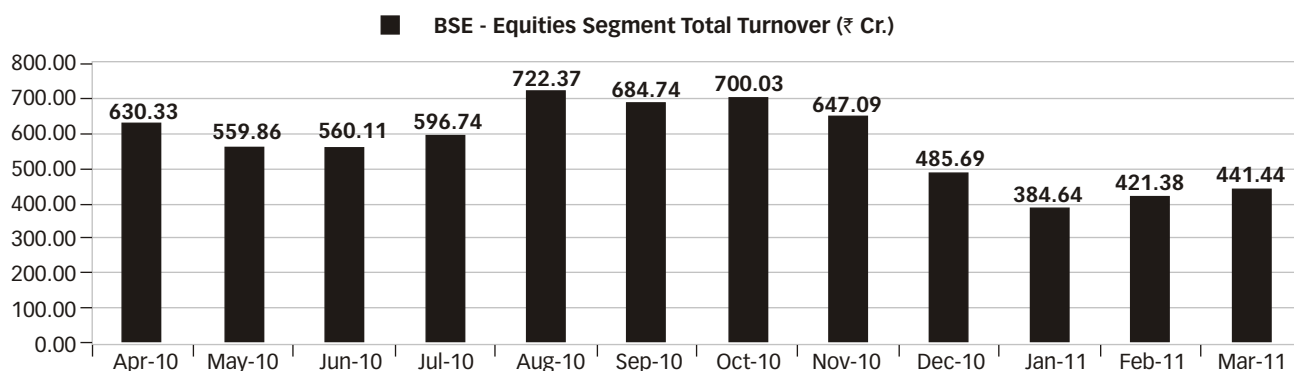
The month-wise turnover of the Company for the financial year in the Capital Market / Equities Segment of NSE and BSE & Futures and Options segment of NSE are given below and the same are also represented below diagrammatically:

Month	NSE Capital Market, Futures & Options segments and BSE Equities Segment						
	Total Turnover (₹ Cr.)				Active Intermediaries		
	NSE Capital Market	BSE Equities	Total (NSE Capital Market + BSE Equities)	NSE Futures & Options	NSE Capital Market	BSE Equities	NSE Futures & Options
April-2010	1236.49	630.33	1866.81	527.40	216	180	98
May	1229.32	559.86	1789.18	559.07	215	179	99
June	1350.47	560.11	1910.58	644.09	215	185	98
July	1248.42	596.74	1845.15	643.05	214	187	99
August	1445.55	722.37	2167.92	1017.61	215	188	104
September	1440.20	684.74	2124.94	1359.99	216	189	104
October	1625.43	700.03	2325.46	1126.90	218	189	104
November	1735.28	647.09	2382.36	1347.56	214	188	101
December	1556.75	485.69	2042.44	820.00	214	187	98
January-2011	1287.76	384.64	1672.39	842.94	215	176	99
February	1259.01	421.38	1680.40	936.58	210	177	104
March	1226.99	441.44	1668.43	1608.22	207	175	100
<b>Total 2010-11</b>	<b>16641.65</b>	<b>6834.42</b>	<b>23476.07</b>	<b>11433.39</b>			
Total 2009-10	17770.53	7710.71	25481.24	18565.40			
Total 2008-09	14234.57	5222.98	19457.54	15738.12			

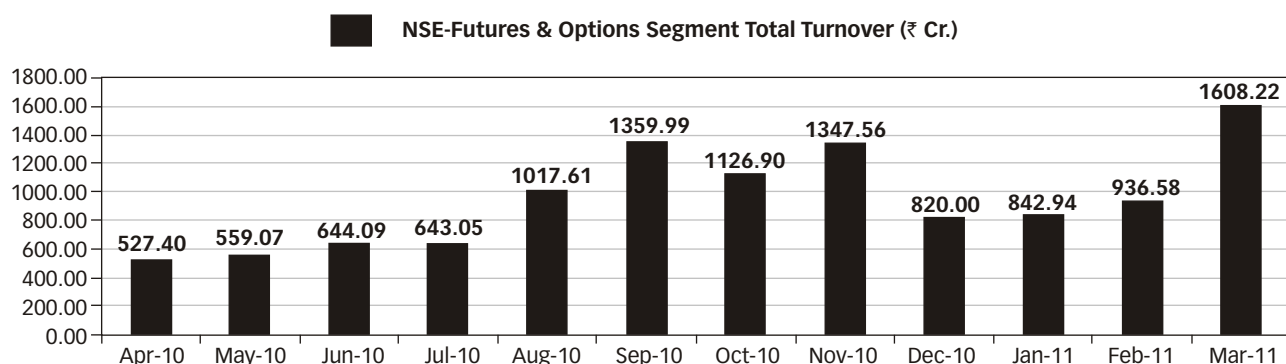
### ISS Turnover on NSE (Capital Market Segment)



### ISS Turnover on BSE (Equities Segment)



### ISS Turnover NSE (Futures & Options Segment)



## TECHNOLOGY AND SYSTEMS

The Company has integrated back-office software for carrying out the share accounting, securities handling and funds handling functions. The company has successfully implemented new back-office software named as SPARC, developed by Geojit Technologies Pvt. Ltd., with effect from November 19, 2010, in order to provide better speed, strong internal controls, and integrated risk management across segments. The software is functioning very smoothly due to strong initiative and support of all the staff and Geojit Team Members. Moreover, old software named as CLASS has been kept ready at the back end in order to have easy switchover in the event of any emergency situation.

The Company uses cutting edge networking technologies, which have helped us to improve the efficiency of the network and are cost effective than the earlier technologies. The Company has the latest technologies in network security using the Fort iGATE firewall. All web-based servers as well as our entire networks are secure from external attacks because of this firewall. Centralized anti-virus and anti-spam ware was also implemented during the year. We had already purchased and installed IBM higher end server for the improvement and smooth functioning of the Trading platform. As well as we had implemented IPSEC-VPN for the trading, this is very cost effective. This would be an attractive feature for clients. We had implemented Fast broadcast in NSE and BSE trading platform. We had created ISS website ([www.issec.com](http://www.issec.com)) and implemented web based mailing solution.

The Company has introduced Internet based trading facility (IBT) i.e EXE, Browser and Mobile trading for both clients as well as sub-brokers using the software's provided by Geojit called "FLIP". All segments are available in this software like NSE, BSE, MCX-SX and additional IBT facility like "NOW", only for the NSE users.

In order to provide reliable and speedy connectivity to intermediaries, the Company has decided to decentralize its trading activities and accordingly the trading activities at Coimbatore and Kolkata center have been decentralized.

The Company endeavors to constantly upgrade the software, in order to provide better services to the clients. We are identifying the best practice in the industry and benchmarking them and Planning and implementation of additions, deletions & major modifications to the supporting infrastructure.

## NEW LAUNCHES IN 2010-2011

The Company has registered itself in Currency Derivatives segment of NSE and MCX-SX and operations in NSE have commenced since April 11, 2011. The operations under Currency Derivatives segment of MCX-SX will commence very soon. Company has also registered with AMFI (Association of Mutual Funds in India) as Mutual Fund Advisor and very soon will undertake the activity of distributing mutual fund schemes through Stock Exchange trading platform of BSE and NSE. Documentation for obtaining trading membership of Currency Derivatives segment of United Stock Exchange of India Ltd. (USE) has been completed and registration number is awaited.

## OPERATIONS OF THE COMPANY

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

PARTICULARS	NSE	BSE	Equity Derivatives
No. of sub-brokers registered in ISS as on 31.03.2010. (includes Resignation of previous year)	497	310	193
Fresh Registrations during 01.04.2010 to 31.03.2011	15	19	12
Resignations during 01.04.2010 to 31.03.2011	00	00	00
Position as on 31.03.2011	512	329	205
Change (+/-)	15	19	12

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

### Pending application status for sub-broker registration as on May 31, 2011

Sr. No.	Particulars	No. of applications pending		
		NSE (Capital Market Segment)	BSE (Equities Segment)	NSE (F & O Segment)
1.	Documents pending from sub-broker applicants	01	01	03
2.	Applications under process by ISS (received recently)	NIL	NIL	01
3.	Applications pending at NSE	01	-	NIL
4.	Applications pending at BSE	-	01	-
5.	Applications pending at SEBI	02	01	-
	<b>Total</b>	<b>04</b>	<b>03</b>	<b>04</b>

The distribution of intermediaries across the different geographical regions of the country as on March 31, 2011 is as given below.

### Geographical distribution of Registered Intermediaries

Sr. No.	Region	States	NSE	BSE	Authorised Persons (NSE F&O)
1.	West	Goa, Gujarat, Maharashtra	209	127	88
2.	North	Haryana, Jammu & Kashmir, Delhi, Punjab, Rajasthan, Uttaranchal and Uttarpradesh	85	53	26
3.	East	Assam, Bihar, Jharkhand, Orissa and West Bengal	145	109	56
4.	South	Andhra Pradesh, Karnataka, Kerala and Tamilnadu	53	27	25
5.	Central	Chattisgarh and Madhya Pradesh	20	13	10
		<b>TOTAL</b>	<b>512</b>	<b>329</b>	<b>205</b>

## OUTLOOK FOR THE YEAR 2010-11

The outlook for the future is promising. The company has successfully implemented new back-office software named as SPARC, developed by Geojit Technologies Pvt. Ltd., with effect from November 19, 2010, in order to provide better speed, strong internal controls, and integrated risk management across segments. The software is functioning very smoothly due to strong initiative and support of all



the staff and Geojit Team Members. Moreover, old software named as CLASS has been kept ready at the back end in order to have easy switchover in the event of any emergency situation.

The Directors of the company have emphasized the need to provide better services to the clients and sub-brokers. They are, therefore, closely monitoring the process of redressing investor grievance in order to ensure that all complaints are resolved speedily and effectively. In addition to the existing activities of securities trading, clearing and settlement, the Company proposes to exploit opportunities offered by the dynamic Indian Capital Market. The Company commenced operations in Currency Derivatives segment of NSE since April 11, 2011. The operations under Currency Derivatives segment of MCX-SX will commence very soon. Also it will be undertaking activity of Mutual Fund Distribution as a registered Mutual Fund Advisor through exchange platform provided by NSE & BSE. The Company has also applied to United Stock Exchange (USE) for Trading Membership in Currency Derivatives segment. Documentation has been completed and registration number is awaited.

### Office Infrastructure

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

The present premises is not adequate for the operational requirements of the company hence it is proposed to purchase office premises at Navi Mumbai. The property purchase shall be partially funded through available resources and the balance would be sourced through a Bank Loan. The borrowing shall be secured by fixed and floating assets of the company. Approval of the Members, in this regard, has been taken at the 11th AGM held on September 07, 2010.

### 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 review the unresolved complaints at every Board Meeting.

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

### SHARE CAPITAL

The present Shareholding pattern of your company is as follows:

Sr. No.	Shareholder's Name	Number of shares held	Face value per share (₹)	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 (Nominee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
3	Shri Jayakrishna Padiyar (Nominee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
4	Shri Krishna Wagle (Nominee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
5	Ms. Sheenamol Varghese (Nominee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
6	Shri Milind Nigam (Nominee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
7	Shri P. J. Mathew (Nominee of Inter- connected Stock Exchange of India Limited)	3	10	30	0.000056
8	Shri Gopal Krishna Singh (Nominee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
9	Shri K. Rajendran Nair (Nominee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
	<b>TOTAL</b>	<b>55,00,000</b>	<b>10</b>	<b>5,50,00,000</b>	<b>100.000000</b>

## CHANGES IN THE BOARD OF DIRECTORS

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

Sr. No.	Name of the Director	Status	Date of Appointment / Re-appointment
1.	Shri Manubhai K. Parekh	Public Representative Director	October 21, 2008
2.	Shri George Joseph	Public Representative Director	October 21, 2008
3.	Shri C. A. Venkatesan	Shareholder Representative Director	September 04, 2009
4.	Shri Cyriac Thomas	Shareholder Representative Director	October 21, 2008
5.	Shri P. J. Mathew	Director [Nominee of Inter-connected Stock Exchange of India Limited (ISE)]	October 17, 2007
6.	Shri Sivaraman K. M.	Chief Executive Officer / Whole Time Director	January 22, 2010

Shri Wahidul Hasan ceased to be a Public Representative Director with effect from November 13, 2010 on account of resignation from the said post, which was accepted by the Board of Directors, in their meeting held on December 07, 2010.

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

- Shri P.J. Mathew, Managing Director / Nominee of Parent Exchange and Shri Sivaraman K.M., Whole-time Director, are not liable to retire by rotation.
- Shri Manubhai Parekh and Shri George Joseph, Public Representative Directors were appointed by SEBI and are hence not liable to retire by rotation.
- 1/3 of the directors, except the foregoing, are eligible to retire by rotation. Accordingly one director will have to retire among the Shareholder Representative Directors. Among the Shareholder Representative Directors, Shri Cyriac Thomas retired by rotation in the 11th Annual General Meeting held on September 07, 2010 and was reappointed in the same meeting. Shri C.A. Venkatesan was appointed on September 04, 2009. Therefore, Shri C.A. Venkatesan held office for a longer term; hence he shall retire by rotation at the ensuing Annual General Meeting.

During the period April 01, 2010 to May 31, 2011, the following Board Meetings were held:

Board Meeting No.	Date
91	June 23, 2010
92	August 06, 2010
93	October 01, 2010
94	December 07, 2010
95	February 02, 2011
96	April 08, 2011

## DETAILS OF ATTENDANCE OF THE DIRECTORS IN THE BOARD MEETINGS

During the period April 01, 2010 to May 31, 2011, the Board of Directors met 6 times. The attendance record of the Directors at each Board Meeting and the last Annual General Meeting held on September 07, 2010 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 11 <sup>th</sup> AGM
1.	Shri Manubhai K. Parekh Public Representative Director	6	6	Present
2.	Shri Wahidul Hasan Public Representative Director	3	3	Present
3.	Shri George Joseph Public Representative Director	6	5	Absent
4.	Shri C. A. Venkatesan Shareholder Representative Director	6	6	Absent
5.	Shri Cyriac Thomas Shareholder Representative Director	6	6	Absent
6.	Shri P. J. Mathew Director	6	6	Present
7.	Sivaraman K. M., Chief Executive Officer / Whole Time Director	6	6	Present

## GENERAL BODY MEETINGS

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

The last three Annual General Meetings i.e. 9th, 10th and 11th Meetings of the Company were held on the following dates

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

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

11th AGM: September 07, 2010 (at the Registered Office of the Company)

## Extra-ordinary General Meetings (EGMs):

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

## AUDIT COMMITTEE

The Audit Committee was first constituted in October 2002. On account of resignation of Shri Wahidul Hasan, Public Representative Director, the Audit Committee was reconstituted at 94th Board Meeting held on December 07, 2010. The present members of the Committee are Shri Manubhai K. Parekh (Chairman of the Committee), Shri C. A. Venkatesan and Shri P. J. Mathew. The role, powers and functions of the Audit Committee are as stated below:

- Monitor the internal controls to ensure the integrity of the financial performance reported to the shareholders.
- Provide by way of regular meetings, a line of communication between the Board and the Statutory & Internal Auditors.
- Consider the appointment of the Statutory and Internal Auditors.
- Review the interim and full year financial statements before recommending them to the Board.
- Review reports of the Internal Auditors and management's responses thereto.
- Review the Company's financial control systems, in particular, the procedures for identifying business risks (including financial risks) and controlling their financial impact on the Company.
- Review the Company's policies for ensuring compliance with the relevant regulatory / legal requirements and the operational effectiveness of the policies and procedures.

During the period April 01, 2010 to May 31, 2011, the Audit Committee met 4 times i.e. on June 23, 2010, August 06, 2010, February 02, 2011, March 28, 2011. 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.	Shri Wahidul Hasan	2	2
3.	Shri George Joseph	2	2
4.	Shri C. A. Venkatesan	4	4
5.	Shri P. J. Mathew	4	4

## AUDITORS

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

The qualifications in the Auditors' Report for the year ended March 31, 2011 is as follows:

- (a) *The company is in the process of updating the Fixed Assets Register.*
- (b) *During the year the Management has not verified the Fixed Asset.*
- (c) *Internal Control System for the operation of the company needs to be strengthened.*

The Board of Directors took note of all the observations of the Auditor in their Report and Annexure thereto for the year ended March 31, 2011. Their directions in this regard are given below:

1. The Board of Directors shall closely monitor the process of updating the fixed register and verification of fixed assets.
2. The Board of Directors shall closely monitor the progress with regard to the observations of the Auditor and shall ensure that the company further strengthens its Internal Controls.
3. The company has initiated steps to improve internal control system.

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

M/s. A.J.Shah & Co. Chartered Accountants retiring Auditor of the company represented by Shri Hiren Shah informed the Board the Audit Division of A.J.Shah & Co. has been merged with Contractor Nayak & Krishwanawadla Chartered Accountants wherein Shri Hiren Shah continues to be a partner in the said firm. The said new firm has shown interest for appointment as Auditor of the company in place of retiring Auditor M/s. A. J. Shah.

#### **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 57 persons working for the Company, out of whom 47 are on rolls, 8 are working as consultants 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.

#### **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 true and fair view of the state of affairs of the Company as at March 31, 2011 and Profit & Loss Account for the year ended March 31, 2011;
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.

## ACKNOWLEDGMENTS

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

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

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

The Board wishes to place on record its appreciation for the excellent services rendered by Shri Wahidul Hasan who served as Public Representative Director of the company from October 21, 2008 till November 13, 2010.

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:** June 16, 2011

**Place:** Vashi, Navi Mumbai

sd/-  
**P. J. Mathew**  
Director

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

# AUDITORS' REPORT

The Members,  
**ISE Securities and Services Limited.**  
Mumbai.

1. We have audited the attached Balance Sheet of ISE Securities and Services Limited as at 31st March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the period ended 31st March 2011. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, (here in after referred to as "the Order") issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. We draw attention to para no. 16 in Schedule 16 Significant Accounting Policies and the Other Notes forming parts of accounts with respect to Sundry Debtors balances Client Obligations and balance in the Dividend Client Account and Deposits which are subject to confirmation and reconciliation. In the opinion of the Management, impact of the same will not be material and the same has been relied upon by us.
5. Further to our comments in the annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - iii. The Balance Sheet and Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable to the company;
  - v. On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - a. In the case of Balance Sheet of the state of affairs of the company as at 31st March 2011;
    - b. In the case of Profit and Loss Account of the profit for the year ended on that date; and
    - c. In the case of Cash Flow Statement, of the Cash flows for the period ended on that date.

**For A. J. SHAH & COMPANY**  
**Chartered Accountants**  
**Firm Registration No: 109476W**

sd/-  
**Hiren Shah**  
(Partner)  
Membership No: 100052

**PLACE:** Mumbai  
**DATE:** June 16, 2011



## Annexure to the Auditors' Report

**With reference to the Annexure referred to in paragraph 3 of the report of the Auditors' to the Members of ISE Securities & Services Ltd. on the accounts for the year ended 31st March 2011, we report that:**

- (i)
  - (a) *The company is in the process of updating the Fixed Assets Register.*
  - (b) *During the year the Management has not verified the Fixed Asset.*
  - (c) *During the year, the Company has not disposed of a substantial part of its fixed assets.*
- (ii) *As per the information and explanations given to us, the Company does not have any item of inventory. Accordingly, clause (ii) of the order is not applicable.*
- (iii)
  - (a) *As per the information furnished, the Company has not granted any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence reporting under clause iii (a) / (b) / (c) / (d) of the Order is not applicable to the Company.*
  - (b) *The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly the sub-clauses (e), (f) and (g) of clause (iii) are not applicable to the company.*
- (iv) *According to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase and sale of fixed assets and rendering of services. However in our opinion internal control system for the operation of the company needs to be strengthened.*
- (v) *In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:*
  - (a) *to the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered in the register have been so entered.*
  - (b) *according to the information and explanations given to us, these contracts or arrangements with Interconnected Stock Exchange of India Ltd. (ISE) are management services, rent and others mainly in the nature of reimbursement of cost incurred by ISE Ltd. for ISE Securities and Services Ltd. and hence the prices for which, are reasonable.*
- (vi) *According to the information and explanations given to us, the Company has not accepted any deposit during the year from public within the meaning of the provisions of Section 58A, Section 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under. Hence, clause 4 (vi) of the Order is not applicable.*
- (vii) *In our opinion, the Company has an adequate internal audit system, which commensurate with the size of the company and nature of its business.*
- (viii) *According to the information and explanations given to us and on the basis of our audit procedures, the Company is not required to maintain cost records under section 209 (1) (d) of the Companies Act, 1956. Accordingly, clause 4 (viii) of the order is not applicable.*
- (ix)
  - (a) *According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including, Income-tax (TDS), Service Tax, Stamp Duty, Annual SEBI Fees, Cess Tax and other statutory dues wherever applicable. Also, as at 31st March 2011, there were no undisputed dues payable for a period of more than six months from the date they became payable.*
  - (b) *According to the information and explanation given to us, and the records of the company examined by us, there are no dues in respect of Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax and Cess that have not been deposited on account of any dispute except in respect of disputed Income Tax / Service Tax/ Cess Tax liabilities for which details is given as under:*

Amount	Forum against matter is disputed	Matter for which disputed by the Company	Year / Period for which Dispute pending
₹ 19.74 Lacs	High Court	Recognition of Income and Expenses	Financial Year 2004-2005 (Assessment Year 2005-06).
₹ 57.72 Lacs	Commissioner of Income Tax (Appeal)	Recognition of Income and Expenses	Financial Year 2007-08 (Assessment Year 2008-09).
₹ 10.13 Lacs	Assessing Officer	TDS Credit	Financial Year 2008-09 (Assessment Year 2009-10).
₹ 87.83 Lacs	Commissioner of Service Tax	Service Tax	October 2004 to September 2010.
₹ 8.19 Lacs	Dy. Commissioner of Cess, Navi Mumbai	NMMC Cess Tax	Financial Year 2000-2001



- (x) The company does not have accumulated losses as at 31st March 2011 and has not incurred cash loss in the financial year or in the financial year preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayments of the amounts due to banks during the year.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Clause 4(xiii) of the Order is not applicable to the Company as the Company is not a chit fund company or Nidhi /mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. In respect of securities devolved on the company, adequate records have been maintained on a timely basis by the company. The securities are held in the name of the company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanation given to us and based on our audit procedures, the Company has not raised any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us and based on our audit procedures, the Company has not issued any debentures. Accordingly, clause 4 (xix) of the order is not applicable.
- (xx) According to the information and explanations given to us, the Company has not raised any money by public issues during the year.
- (xxi) To the best our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year, although there are instances where sub-brokers / clients accounts have become doubtful of recovery consequent upon erroneous credit.

**For A. J. SHAH & COMPANY**  
**Chartered Accountants**  
**Firm Registration No: 109476W**

sd/-  
**Hiren Shah**  
 (Partner)  
 Membership No: 100052

**PLACE:** Mumbai  
**DATE:** June 16, 2011



# ISE Securities & Services Limited

## BALANCE SHEET AS AT MARCH 31, 2011

Particulars	Schedule	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
<b>Sources of funds</b>			
<b>Shareholders' funds</b>			
<b>Share Capital</b>	<b>1</b>	55,000,000	55,000,000
<b>Reserves &amp; Surplus</b>	<b>2</b>	64,367,364	48,609,146
<b>Loan Funds</b>			
Secured Loans	<b>3</b>	-	-
<b>Total</b>		<b>119,367,364</b>	<b>103,609,146</b>
<b>Applications of fund</b>			
<b>Fixed assets (at cost)</b>	<b>4</b>		
<b>Gross block</b>		74,042,787	67,004,443
Less: Accumulated Depreciation / Amortisation		62,999,247	53,451,344
<b>Net block</b>		<b>11,043,540</b>	<b>13,553,099</b>
Capital Work in Progress		-	1,323,600
		<b>11,043,540</b>	<b>14,876,699</b>
<b>Investments (at cost)</b>	<b>5</b>	6,710,005	6,710,005
Deferred Tax Asset (Net)	<b>6</b>	3,411,744	1,143,433
<b>Current Assets, Loans and Advances</b>			
<b>Current Assets</b>			
Sundry Debtors	<b>7</b>	93,223,859	156,154,975
Cash and Bank Balances	<b>8</b>	927,416,214	610,342,389
Other Current Assets	<b>9</b>	68,578,282	65,709,924
Loans and Advances	<b>10</b>	11,738,972	13,740,268
Securities in Hand		-	859,400
<b>(A)</b>		<b>1,100,957,327</b>	<b>846,806,956</b>
<b>Less: Current Liabilities and Provisions</b>	<b>11</b>		
Current Liabilities		993,804,782	758,124,273
Provisions		8,950,470	7,803,674
<b>(B)</b>		<b>1,002,755,252</b>	<b>765,927,947</b>
<b>Net Current Assets (A)-(B)</b>		<b>98,202,075</b>	<b>80,879,009</b>
<b>Total</b>		<b>119,367,364</b>	<b>103,609,146</b>
<b>Significant Accounting Policies and Notes forming part of the Accounts</b>	<b>17</b>		

As per our attached Report of even date

For and on behalf of the Board of Directors

For A. J. Shah & Co.,  
Chartered Accountants  
Firm Registration No: 109476W

sd/-  
P J Mathew  
Director

sd/-  
Sivaraman K M  
Chief Executive Officer

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

sd/-  
Mayank Mehta  
Company Secretary

Place: Mumbai  
Date: June 16, 2011

Place: Vashi, Navi Mumbai  
Date: June 16, 2011



# ISE Securities & Services Limited

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Schedule	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
<b>Income</b>			
Brokerage (Net)		35,150,614	36,898,906
Interest on FDR (Tax deducted at source ₹53,30,708/- , Previous Year ₹ 54,51,019/-)		49,291,960	49,695,792
Networking recoveries		8,364,834	8,615,690
Annual fees		2,185,000	2,445,000
Other income	12	8,038,771	8,311,035
<b>Total</b>		<b>103,031,179</b>	<b>105,966,423</b>
<b>Expenditure</b>			
Employee Cost	13	21,233,689	16,202,212
Communication & Networking Expenses	14	11,080,262	13,860,451
Administration and Operational Expenses	15	28,547,464	32,314,416
Finance Costs	16	59,760	354,085
Reduction in the value of securities in hand		-	192,504
Depreciation / Amortisation on Fixed Assets		9,547,903	15,225,829
<b>Total</b>		<b>70,469,078</b>	<b>78,149,497</b>
<b>Profit / (Loss) before Taxation</b>		<b>32,562,101</b>	<b>27,816,926</b>
<b>Prior period income/expense (net)</b>		-	-
Provision for: Current Tax		(13,300,000)	(13,000,000)
Deferred Tax (Expense)/Savings		2,268,312	3,312,449
<b>Net Profit / (Loss) after Taxation</b>		<b>21,530,413</b>	<b>18,129,375</b>
<b>Balance brought forward from previous year</b>		22,109,146	9,484,079
<b>Surplus in profit and loss account available for appropriation</b>		<b>43,639,559</b>	<b>27,613,454</b>
Less: Interim Dividend		-	-
Less: Tax on Interim Dividend		-	-
Less: Proposed Dividend		4,950,000	3,850,000
Less: Tax on Proposed Dividend		822,195	654,308
Less: Transfer to General Reserve		-	1,000,000
<b>Surplus in Profit and Loss Account carried to Balance Sheet</b>		<b>37,867,364</b>	<b>22,109,146</b>
<b>Basic &amp; Diluted Earnings Per Share of Rs. 10/- each (In Rupees)</b> (Refer Point 14 of part C of the Notes to Accounts)		<b>3.91</b>	<b>3.30</b>
<b>Significant Accounting Policies and Notes forming part of the Accounts</b>	17		

As per our attached Report of even date

For and on behalf of the Board of Directors

For A. J. Shah & Co.,  
Chartered Accountants  
Firm Registration No: 109476W

sd/-  
P J Mathew  
Director

sd/-  
Sivaraman K M  
Chief Executive Officer

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

sd/-  
Mayank Mehta  
Company Secretary

Place: Mumbai  
Date: June 16, 2011

Place: Vashi, Navi Mumbai  
Date: June 16, 2011



# ISE Securities & Services Limited

## Schedules forming part of the Balance Sheet

### Schedule 1 : Share Capital

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
<b>Authorised</b> 60,00,000 Equity Shares of ₹ 10/- each (Previous Year :- 60,00,000 Equity Shares of ₹ 10/- each )	60,000,000	60,000,000
<b>Issued, Subscribed and Fully paid-up</b> 55,00,000 ( Previous Year 55,00,000) Equity Shares of ₹10/- each fully paid-up in cash (100% held by Inter-connected Stock Exchange of India Ltd and its nominees)	55,000,000	55,000,000
<b>Total</b>	<b>55,000,000</b>	<b>55,000,000</b>

### Schedule 2 : Reserves & Surplus

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
<b>General Reserves:</b> As Per Last Balance Sheet	26,500,000	25,500,000
Add: Transfer from Profit and Loss Account	-	1,000,000
	26,500,000	26,500,000
Surplus in Profit & Loss Account	37,867,364	22,109,146
<b>Total</b>	<b>64,367,364</b>	<b>48,609,146</b>

### Schedule 3 : Secured Loans

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
From Banks (Overdraft facility secured by bank fixed deposit receipts.) Refer Note 7 of Schedule 17 Part C	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### Schedule 4 : Fixed Assets

Particulars	Gross Block (At Cost)				Depreciation/Amortisation				Net Block	
	As at 01-04-2010	Additions	Deductions	As at 31-03-2011	Upto 31-3-2010	For the Year 2010-11	Deductions	As at 31-03-2011	As at 31-03-2011	As at 31-03-2010
<b>Tangible Assets :</b>										
Computers Equipment	18,459,843	2,750,896	-	21,210,739	17,246,511	1,611,861	-	18,858,372	2,352,367	1,213,332
Mobile phones	184,388	32,329	-	216,717	184,388	32,329	-	216,717	-	-
Office Equipement	2,246,369	458,070	-	2,704,439	465,615	111,874	-	577,489	2,126,950	1,780,754
Networking Equipment	12,244,780	-	-	12,244,780	8,720,046	1,984,879	-	10,704,925	1,539,855	3,524,733
Central Equipment	9,521,408	-	-	9,521,408	5,560,535	3,960,873	-	9,521,408	-	3,960,873
Plant & Machinery	1,218,811	-	-	1,218,811	167,364	57,894	-	225,258	993,553	1,051,447
Power Equipment	1,019,053	-	-	1,019,053	219,613	48,405	-	268,018	751,035	799,440
Furniture & Fixtures	328,878	214,575	-	543,453	56,082	29,423	-	85,505	457,948	272,796
<b>Intangible Assets</b>										
Computer Software	21,759,913	3,582,473	-	25,342,386	20,810,189	1,710,365	-	22,520,554	2,821,832	949,724
Assets Retired from Active use - computers	21,001	-	-	21,001	21,001	-	-	21,001	-	-
<b>Total</b>	<b>67,004,444</b>	<b>7,038,343</b>	<b>-</b>	<b>74,042,787</b>	<b>53,451,344</b>	<b>9,547,903</b>	<b>-</b>	<b>62,999,247</b>	<b>11,043,540</b>	<b>13,553,099</b>
Capital Work-in-Progress	-	-	-	-	-	-	-	-	-	1,323,600
<b>Total</b>	<b>67,004,444</b>	<b>7,038,343</b>	<b>-</b>	<b>74,042,787</b>	<b>53,451,344</b>	<b>9,547,903</b>	<b>-</b>	<b>62,999,247</b>	<b>11,043,540</b>	<b>14,876,699</b>
Previous Year Figures	63,161,059	3,984,184	140,800	67,004,443	38,366,315	15,225,829	140,800	53,451,344	14,876,699	

# ISE Securities & Services Limited

## Schedules forming part of the Balance Sheet

### Schedule 5 : Investments

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
<b>Long term trade investments (unquoted, at cost) -</b>		
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 10,000 shares are received as bonus shares during the year 2008-09.	6,710,005	6,710,005
<b>Total</b>	<b>6,710,005</b>	<b>6,710,005</b>

### Schedule 6 : Deferred Tax Liability

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Deferred Tax Asset	4,125,506	3,555,641
Less : Deferred Tax Liability	713,762	2,412,208
<b>Net Deferred Tax Asset ( Net )</b>	<b>3,411,744</b>	<b>1,143,433</b>

### Schedule 7 : Sundry Debtors ( Unsecured)

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Debts outstanding for a period exceeding six months		
Considered good	390,034	968,992
Considered doubtful	6,614,579	5,790,830
Other Debts		
Considered doubtful	2,225,160	1,621,746
Considered good	92,894,397	155,185,983
	<b>102,124,169</b>	<b>163,567,551</b>
Less : Provision for Doubtful Debts	8,900,310	7,412,576
<b>Total</b>	<b>93,223,859</b>	<b>156,154,975</b>

### Schedule 8 : Cash and Bank balances

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
<b>Cash-on-hand</b>	-	-
<b>Balances with Scheduled Banks</b>		
- in Current Accounts		
Client Designated	138,135,218	51,821,754
Others	10,365,570	6,338,142
- in Deposit Accounts	778,915,426	552,182,493
<b>Total</b>	<b>927,416,214</b>	<b>610,342,389</b>

# ISE Securities & Services Limited

## Schedules forming part of the Balance Sheet

### Schedule 9 : Other Current Assets

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Interest Accrued on Fixed Deposit with bank	11,309,977	12,205,898
Deposits/ Advances with Stock Exchanges/Clearing House	52,191,690	48,447,411
<b>Other Deposits</b> (including Rs.25,00,000/- to ISE, Holding Company )	5,076,615	5,056,615
<b>Total</b>	<b>68,578,282</b>	<b>65,709,924</b>

### Schedule 10 : Loans & Advances (Unsecured and considered good unless otherwise stated )

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Advances recoverable in cash or kind for value to be received		
Considered good	6,959,267	8,783,341
Considered doubtful	636,797	-
	7,596,064	8,783,341
Less Provisions for Bad & Doubtful Advances	(636,797)	-
	6,959,267	8,783,341
Advance to employees	78,557	81,289
Income tax refund receivable/Advance tax/Fringe Benefit Tax paid (net of provision for taxation)	4,701,148	4,875,638
<b>Total</b>	<b>11,738,972</b>	<b>13,740,268</b>

### Schedule 11 : Current Liabilities & Provisions

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Total Outstanding dues to micro, small and medium enterprises	-	-
<b>Others :</b>		
<b>Settlement Obligations</b>		
Settlement Obligations to Sub-Brokers/Clients/Authorised person	786,223,691	532,214,354
<b>Margin, Base and Additional Capital Deposits</b>		
Margin Deposits - Cash Segment deposits	189,976,607	208,856,830
VSAT deposit	1,278,562	1,278,562
Creditors for Expenses	11,119,074	10,900,918
Other Liabilities	5,206,848	4,873,609
<b>Total (A)</b>	<b>993,804,782</b>	<b>758,124,273</b>
<b>Provisions</b>		
Provision for Employee Benefits	3,178,275	3,299,366
Proposed Dividend	4,950,000	3,850,000
Tax on Proposed Dividend	822,195	654,308
<b>Total (B)</b>	<b>8,950,470</b>	<b>7,803,674</b>
<b>Total (A + B)</b>	<b>1,002,755,252</b>	<b>765,927,947</b>

# ISE Securities & Services Limited

## Schedules forming part of the Balance Sheet

### Schedule 12 : Other Income

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Technology Fees for F&O segment	100,000	250,000
Admission Fees for F&O segment	40,000	100,000
Mini Admin Charges	-	75,000
Penalty for delayed payin	3,395,218	1,757,507
Recovery of DP Charges (NET)	693,384	1,314,762
Sundry balances write back	928	580,283
Auction Charges	416,322	714,618
Pradnya Software Charges	54,000	120,000
Excess recovery of Sebi turnover	27,210	366,079
Excess Recovery Of Transaction Charges	697,393	412,780
Compensation in Lieu of Notice Period	29,884	27,788
Miscellaneous Income	914,739	644,700
Excess Provision Written Back (PLB)	591,712	820,321
Income from sale of CRD Form (Net)	429,141	607,197
Bad Debt Recovery	128,840	-
Dividend Received.	520,000	520,000
<b>Total</b>	<b>8,038,771</b>	<b>8,311,035</b>

### Schedule 13 : Employee Cost

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Salary & Other Allowances	20,744,348	15,136,977
Leave Encashment	126,785	904,697
Gratuity	362,556	160,538
<b>Total</b>	<b>21,233,689</b>	<b>16,202,212</b>

### Schedule 14 : Communication & Networking Expenses

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
VSAT, VPN and other Communication expenses	8,825,848	10,793,554
Annual Maintenance Charges for Networking Equipment	2,254,414	3,066,897
<b>Total</b>	<b>11,080,262</b>	<b>13,860,451</b>

# ISE Securities & Services Limited

## Schedules forming part of the Balance Sheet

### Schedule 15 : Administration and Operational Expenses

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Annual Maintenance charges	2,023,312	2,162,726
Board Meeting Expenses	528,069	597,576
Brokerage for the rented premises	15,700	20,000
Sitting Fees	204,500	283,500
Reimbursement of actual Expenses ( Refer Note 9 of schedule 17 part C )	3,416,398	3,474,115
Management Fees to ISE	3,000,000	3,000,000
Electricity Charges	538,826	640,518
Telephone Expenses	657,099	761,686
Security Charges	595,966	643,203
Bad Debts	-	9,227,364
Less :- Earlier Provision written back	-	(9,227,364)
Provision for Doubtful Debts	1,487,734	4,143,531
Provision for Doubtful Debts - others	636,797	-
Courier Charges	289,255	241,075
Custody Charges	-	11,613
Insurance	455,088	488,677
Legal, Professional Charges and Contract charges	4,533,113	5,393,233
Miscellaneous Expenses	1,571,853	1,197,392
MemberShip charges	198,108	379,166
Printing & Stationery	660,817	406,095
Rates & Taxes	70,150	8,220
Remuneration to Auditors ( Refer Note 3 (ii) of schedule 17 Part C )	615,607	547,782
Rent ( includes ₹ 18,00,000/- paid to ISE Previous Year ₹ 18,00,000/- )	6,387,405	5,732,694
Repairs & Maintenance-Others	158,970	275,753
Travelling charges	146,487	235,636
Fines & Penalties to Stock Exchanges	229,342	569,769
License Fees	-	19,356
Advertisement	1,800	93,280
Interest on delayed Service Tax payment	15,784	-
Sundry Balances write off	14,652	987,820
Loss On Sale of Securities	94,632	-
<b>Total</b>	<b>28,547,464</b>	<b>32,314,416</b>

### Schedule 16 : Finance Costs

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Bank Charges	36,547	164,797
Interest - Other than Fixed Loans	23,213	189,288
<b>Total</b>	<b>59,760</b>	<b>354,085</b>



**Notes to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date.****A. Background**

ISE Securities & Services Limited ("the Company") was incorporated under the Companies Act, 1956 on January 18, 2000. ISE Securities & Services Ltd. (ISS), a wholly - owned subsidiary of Inter-connected Stock Exchange Of India Limited (ISE) is a trading - cum -clearing Member of National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd. ISS, by virtue of being a stock exchange subsidiary, cannot trade on its own account and can only allow trading to its sub-brokers and authorized persons, who are required to be stock brokers of the parent stock exchange (ISE). As at March 31, 2011, ISE and its nominees hold 100 percent of the equity share capital of the Company. The Company is an active member of the capital market and futures & options segments of NSE & an active member of the equities segment of BSE.

**Significant Accounting Policies and Notes to Accounts****B. Significant Accounting Policies.****a) Fundamental Accounting Assumptions**

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

**b) Method of Accounting**

The financial statements are prepared and presented according to the historical cost convention and on an accrual basis in accordance with the requirements of the Companies Act, 1956 and comply with the accounting standards as prescribed Company Accounting Standard Rules (2006) to the extent applicable.

**c) Use of Estimates**

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

**d) Revenue recognition**

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

**e) Fixed/Intangible Assets and Depreciation/Amortization**

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

**f) Investments**

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

**g) Securities in Hand**

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

**h) Taxes on Income**

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

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

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

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

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

**j) Employees Benefits:**

- i) **Provident Fund:** The Company's 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 before retirement (if the unutilized leave exceeds 75 days) or at the time of resignation for the unutilized accrued compensated absences. Such compensated absences are treated as Long term benefit to employees. The net present value of company's obligation towards such Long term compensated absences to employees is actuarially determined based on the projected unit credit method. Actuarial gains and losses are immediately recognized in the Profit & Loss Account.

**k) Cash Flow Statement:**

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

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

**C. Notes to Accounts**

- 1. i) The Company has migrated to SPARC from Back office on 19/11/2010. Prior to migration the brokerage income was accounted on gross basis. After migration the income is accounted on own brokerage & shared brokerage separately. However this change has not affected the financial statement. The figure in Profit and Loss account has been shown at net value. Previous years figures are regrouped accordingly.
- ii) The Company continues with the method of recognition of brokerage income on settlements, which are completed with

respect to funds pay-in and payout during the year.

## 2. Capital Commitment and Contingent Liability not provided for :

- i) The company has received demands from the Income Tax Department for an amount of ₹ 87,59,067/- (Previous year : ₹70,40,567/-) relating to the various assessment years which have been disputed by the Company and for which the company has filed an appeals before higher authorities against the orders. Out of total demand of ₹ 87,59,067 company has filed appeal against IT Dept. amount of ₹ 67,84,847 & Dept. has filed appeal against the company amount of ₹ 19,74,220 In view of the management this demands are not tenable & accordingly no provision has been made.
- ii) The company has received a show cause notices from the Service tax department in which service tax is demanded to the extent ₹ 87,82,696/-(Previous year ₹ 77,20,062/-). The Company has contested the same .As per the legal opinion taken by the company, no provision is required.
- iii) The company has received a notice of Demand for the year financial year 2000-01 from the NMMC (Navi Mumbai Municipal Corporation) department in which Cess tax along with interest/penalty is demanded to the extent ₹ 8,19,179/-. Against the notice, we have paid ₹. 63,340/- i.e Cess Tax. The Company has filed Appeal to the Dy. Commissioner of Cess, Navi Mumbai stating that the company is not liable for interest/penalty as the order pertains to the period which is not within three years from the end year in which such period occurs.
- iv) Claim against the company not acknowledge as debts amounting to ₹ 6,51,581/-(Estimated) (Previous Year ₹ 7,53,581/-).
- v) Bank guarantee issued by bank on behalf of the company ₹ Nil (Previous year ₹ 30,00,000/-).
- vi) Estimated amount of contract remaining unexecuted on capital account and not provided for ₹ Nil (Previous year ₹13,23,600/-).
- vii) The company has issued perpetual indemnity in favor of Indusind Bank to the extent of ₹ 30,00,000/-.

## 3. i) Managerial Remuneration: (Paid to Director & Officiating Director)

Particulars	Year ended 31-3-2011 (₹)	Year ended 31-3-2010 (₹)
Salaries & Allowances	15,81,143	5,81,810
Contribution to Provident Fund and other Funds	1,26,952	54,401
Monetary Value of Perquisites	NIL	NIL
Commission	NIL	NIL
<b>Total</b>	<b>17,08,095</b>	<b>*6,36,211</b>

\* Shri. Rohit Kumar Mangla was CEO from 15th April 2009 to 13th July 2009.

Shri. Sivaraman K M is CEO & Whole Time Director from 22nd January 2010.

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

Particulars	Year ended 31-3-2011 (₹)	Year ended 31-3-2010 (₹)
Audit fees	3,80,000	3,20,000
For tax audit	75,000	60,000
For other services in respect of:		
- Management Services/Others	15,000	25,500
Reimbursement of expenses	6,107	3,834
<b>To Associate Firm</b>		
Taxation related services	1,39,500	1,38,448
<b>Total</b>	<b>6,15,607</b>	<b>5,47,782</b>

4. The value of securities in hand as on March, 31, 2011 is NIL (Previous year ₹ 8,59,400/-)

#### 5. Long Term Investments

During the financial year 2004-05, the Company had acquired the corporate membership of Bombay Stock Exchange Ltd. at a cost of ₹. 67,10,005/-. As per its entitlement the Company had subscribed to and was allotted 1,20,000 shares of face value ₹ 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.

#### 6. Sundry Debtors

- i) Sundry debtors represent settlement dues, dues recoverable on account of erroneous payment of funds/ securities and other charges receivable from Sub-brokers/ Authorized Persons and the end clients as at March 31, 2011. The debtors are secured by way of base and additional trading deposits, bank guarantees, fixed deposits and securities withheld. On the basis of the same Sundry Debtors has been classified as good debts and doubtful debts. Out of Total Sundry debtors of ₹ 10,21,23,949/- the company has classified an amount of ₹ 89,00,311/- as doubtful and provision has been made against the same.
- ii) The company had written off ₹ 92,27,364/- in the financial year 2009-10 of which ₹ 59,00,294/- was on account of alleged fraudulent activity by one of sub broker. The said sub-broker has denied the claim and has raised counter allegations against the company. The Management has filed several criminal complaints against this sub-broker.

#### 7. The Company has obtained bank overdraft facilities as follows:

The maximum overdraft facility availed by company in current year is ₹ 3,25,61,272/- from HDFC Bank is taken against the collateral of fixed deposits of ₹ 16,09,91,385/-.

8. The Company has obtained bank guarantees favoring NSE and BSE for an amount of ₹ 25,00,000/- (Previous year ₹ 1,38,00,000/-) towards base capital and margin requirements as of March 31, 2011. These bank guarantees are obtained against the collaterals received from sub-brokers favoring the Company towards the same ₹ 25,00,000/- (Previous year: ₹ 1,38,00,000/-)
9. The Company and its holding company, ISE, have an agreement, under which the actual expenses incurred by the holding company for supporting the operations of the Company are reimbursed by the Company. Reimbursement of actual expenses by the Company to the Holding Company excluding service tax for the period was ₹. 61,62,106/- (Previous year: ₹. 55,25,031/-). The detailed breakup for the same is as follows:

Particulars	2010-11 (₹)	2009-10 (₹)
Annual Maintenance	67,924	2,07,266
CIDCO Maintenance	1,79,430	1,51,547
Cleaning Charges	81,260	85,239
Conveyance	27,620	24,218
Courier & Postage	99,914	93,836
Electricity Expenses	10,94,073	10,75,245
Meeting Travelling Expenses	60,355	64,048
Miscellaneous Expenses	41,780	20,016
Staff Welfare	11,503	-
Office Refreshment Expenses	88,541	65,354
Office Stationery	31,912	28,661
Photocopy Charges	9,138	5,059
Professional Fees	1,37,904	1,29,885
Rent	9,44,209	9,84,206
Repair & Maintenance	39,973	49,189
Retainers	1,96,009	2,08,245
Stamp duty	-	8,300

Particulars	2010-11 (₹)	2009-10 (₹)
Telephone & Fax Expenses	1,97,536	2,06,388
Travelling Expenses	3,635	485
Water Consumption Charges	1,03,682	66,958
<b>Total Reimbursement of Expenses (Schedule 15)</b>	<b>34,16,398</b>	<b>34,74,145</b>
<b>Other Reimbursements</b>		
Salary	15,22,295	8,89,952
Reimbursement To Employees	1,35,602	2,96,535
Accident Insurance Premium	-	6,119
Mediclaime Insurance Premium	3,42,622	3,15,524
Performance Link Bonus	2,22,463	62,711
Service Tax	5,22,726	480,045
<b>Total</b>	<b>27,45,708</b>	<b>20,50,886</b>
<b>Grand Total</b>	<b>61,62,106</b>	<b>55,25,031</b>

10. The Bank fixed deposits and bank guarantees of the Company and of sub brokers amounting to ₹ **8,97,00,000/-** (Previous year: ₹ **10,15,00,000/-**) are utilized as collaterals for various trading facilities at NSE as follows:

(Amount in ₹)

(i) Fixed deposits discharged and deposited with NSE towards additional base capital (excluding interest accrued).	8,97,00,000
(ii) Collaterals for bank guarantees issued to NSE for margin adjustable base capital (Refer Note 8 above)	NIL
<b>Total</b>	<b>8,97,00,000</b>

11. The Bank fixed deposits and bank guarantees of the Company and of sub brokers amounting to ₹ **6,60,00,000/-** (Previous year ₹ **10,22,00,000/-**), are utilized as collaterals for various trading facilities at BSE as follows:

(Amount in ₹)

(i) Fixed deposits discharged and deposited with BSE towards additional base capital	6,50,00,000
(ii) Collaterals for bank guarantees issued to BSE for margin adjustable base capital (Refer Note 8 above)	1,00,00,000
<b>Total</b>	<b>6,60,00,000</b>

12. The Bank fixed deposits and bank guarantees of the Company and of sub brokers amounting to ₹ **23,15,00,000/-** (Previous year: ₹ **15,49,00,000/-**) are utilized as collaterals for various trading facilities at NSE F&O as follows:

(Amount in ₹)

(i) Fixed deposits discharged and deposited with NSE towards additional base capital (excluding interest accrued).	23,00,00,000
(ii) Collaterals for bank guarantees issued to NSE for margin adjustable base capital (Refer Note 8 above)	15,00,00,000
<b>Total</b>	<b>23,15,00,000</b>

13. The Bank fixed deposits and bank guarantees of the Company and of sub brokers amounting to ₹ **10,00,000/-** (Previous year: ₹ **NIL**) are utilized as collaterals for various trading facilities at IL & FS Clearing Member Currency Derivatives as follows:

(Amount in ₹)

(i) Fixed deposits discharged and deposited with IL & FS towards clearing & Settlement of Currency Derivatives (excluding interest accrued).	10,00,000
(ii) Collaterals for bank guarantees issued to IL & FS towards clearing & Settlement of Currency Derivatives	NIL
<b>Total</b>	<b>10,00,000</b>

#### 14. Earnings per share:

Particulars	Year ended 31-3-2011	Year ended 31-3-2010
Net Profit/(Loss) after taxation attributable to equity shareholders	₹ 2,15,30,413	₹ 1,81,29,375
Weighted average outstanding number of equity shares (Face value Rs. 10/- per share)	55,00,000	55,00,000
Basic / diluted earnings per share of Rs. 10/- each	3.91	3.30

#### 15. Deferred Taxation :

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

(Amount in ₹)

Deferred Tax Assets	As at 31-03-2010	Adjustment during period	As at 31-03-2011
Provision for doubtful debts	25,19,535	3,68,171	28,87,706
Provision for doubtful debts - others	-	2,06,609	2,06,609
Provision for Employee Benefits	10,36,106	(4,915)	10,31,191
<b>Total</b>	<b>35,55,641</b>	<b>5,69,865</b>	<b>41,25,506</b>
<b>Deferred Tax Liabilities</b>			
<b>Depreciation</b>	(24,12,208)	16,98,446	(7,13,762)
<b>Total</b>	<b>(24,12,208)</b>	<b>16,98,446</b>	<b>(7,13,762)</b>
<b>Net Deferred Tax (Liability) /Asset</b>	<b>11,43,433</b>	<b>22,68,311</b>	<b>34,11,744</b>

16. Sundry Debtors balances, unadjusted items in bank reconciliation, Client Obligations and balance in the Dividend Client Account, Deposits are subject to confirmation and reconciliation. Necessary effects if any will be given upon completion of the reconciliation. In opinion of the management, effect if any on completion of reconciliation will not be material in nature.
17. In the opinion of the Board of Directors, the current assets, loans and advances have a value on realization in the ordinary course of business of at least equal amounts at which they are stated in the Balance Sheet
18. The Company had been accepting securities as collateral from sub-brokers and clients. These securities are pledged with the Exchange (NSE and BSE) for the purpose of obtaining trading limits. The value of the securities so pledged as on March 31, 2011 with the Exchanges as follows: (As certified by the management)

Particulars	Amount in ₹
NSE Cash Segment	9,71,79,341
BSE Cash Segment	5,56,98,602
NSE F&O Segment	8,53,74,234

19. 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.

#### 20. Accounting Standard AS15 (Revised) Employee Benefits

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

(Amount in ₹)

Particulars	Period ended 31 March 2011	Period ended 31 March 2010
Present Value of Funded Obligations	11,60,549	7,52,376
Fair Value of Plan Assets	(7,89,474)	(6,06,175)
Present Value of Unfunded Obligations	0	0
Unrecognized Past Service Cost	0	0
Net Liability	3,71,075	146,201
Amount in Balance Sheet		
Liability	3,71,075	146,201
Assets		
Net Liability	3,71,075	146,201

(Amount in ₹)

Particulars	Period ended 31 March 2011	Period ended 31 March 2010
Current Service Cost	2,42,945	1,78,095
Interest on Defined Benefit Obligation	81,684	53,861
Expected Return on Plan Assets	(55,875)	(45,071)
Net Actuarial Losses / (Gains) Recognized in Year	75,040	(7,612)
Past Service Cost	-	18,461
Total, Included in "Employee Benefit Expense"	3,43,794	1,97,734
Actual Return on Plan Assets	64,379	50,051

(Amount in ₹)

Particulars	Period ended 31 March 2011	Period ended 31 March 2010
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	7,52,376	5,04,591
Current Service Cost	2,42,945	1,78,095
Interest Cost	81,684	53,861
Actuarial Losses / (Gain)	83,544	(2,632)
Past Service Cost	-	18,461
Closing Defined Benefit Obligation	11,60,549	7,52,376
<b>Change in Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	6,06,175	5,56,124
Expected Return on Plan Assets	55,875	45,071
Actuarial Gain/ (Losses)	8,504	4,980
Contributions by Employer	1,18,920	-
Closing Fair Value of Plan Assets	7,89,474	6,06,175
Expected Employer Contribution next year	7,00,000	3,00,000

Category of Assets (% Allocation)	(Amount ₹)	%	%
	Period ended 31 March 2011	Period ended 31 March 2011	Period ended 31 March 2010
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	7,89,474	100%	100%
Others	0	0%	0%
Grand Total	7,89,474	100%	100%





(Amount in ₹)

Particulars	Period ended 31 March 2011	Period ended 31 March 2010
Discount Rate (p.a.)	8.35%	8.30%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.)	7.00%	7.00%

- (ii) Other Long term Employee Benefits(net of write back) : Amount of ₹ 8,07,200/- (Previous Year : ₹ 8,40,101/-) is recognized as an expense towards Other Long term Employee Benefits-Compensated Absences (Leave Encashment) included under the Schedule-13: 'Employee Cost' in profit and loss account.

## 21. Related party transactions:

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

The Company has entered into transactions with the following related parties

Sr. No	Name of the Related Parties	Relationship	Country
1	Inter-Connected Stock Exchange of India Ltd.	Holding Company	India
2	Mr. Sivaraman K M- Chief Executive Officer & Whole Time Director	Key Managerial Personnel	India

Transactions with related parties during the period:

(Amount in ₹)

Sr. No	Nature of Transactions	Holding Company	Key Management Personnel	Total as on March 31, 2011	Total as on March 31, 2010
1	Rendering of Services (inclusive of Service Tax)	33,09,000	-	33,09,000	33,09,000
2	Reimbursement of Expenses (inclusive of service tax) – Refer Note 10	61,62,107	-	61,62,107	55,25,031
3	DP Charges (inclusive of Service tax)	51,58,626	-	51,58,626	60,72,768
4	Rent ( inclusive of Service tax )	19,85,400	-	19,85,400	19,85,400
5	Finance (Including loans and equity contributions in cash or in kind)				
	- Loans (incl. interest)	Nil	-	Nil	Nil
	- Investment in Equity	Nil	-	Nil	Nil
	- Provision for diminution in value of Investment	Nil	-	Nil	Nil
6	Interest Expense	-	-	-	-
7	Managerial Remuneration	-	17,08,095	17,08,095	6,36,211
8	Amt Outstanding as at March 31, 2011				
	Loans (incl. interest)	Nil	-	Nil	Nil
	(Maximum outstanding during the year)	Nil		Nil	Nil
	Investment in Equity	5,50,00,000	-	5,50,00,000	5,50,00,000
	Managerial Remuneration		Nil	Nil	Nil
	Reimbursement of expenses	30,10,561	-	30,10,561	20,66,379
	Deposit from subsidiary	25,00,000	-	25,00,000	25,00,000



## 22. Operating Lease:

### (a) Total of minimum lease payments

( ₹ in lakh )

Particulars	As at 31-Mar-11	As at 31-Mar-10
(i) Total of minimum lease payments	163.32	227.19
The total of future minimum lease payments under non-Cancelable Operating leases for period:		
Not later than one year	67.37	63.87
Later than one year and not later than five years	95.95	163.32
Later than five years	-	-

( ₹ in lakh )

Particulars	As at 31-Mar-11	As at 31-Mar-10
(b) Lease payments recognised in the statement of profit & loss for the year	63.87	57.33

### (c) Details of lease Deposit

Place	Deposit (₹)	Period
Print & Packaging	18,72,000/-	5 years
CRD Godown	1,00,000/-	33 Months
Guest House	50,000/-	1 year
Sanpada Godown	1,00,000/-	3 year

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

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

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

As per our attached Report of even date

For and on behalf of the Board of Directors

For A. J. Shah & Co.,  
Chartered Accountants  
Firm Registration No: 109476W

sd/-  
P J Mathew  
Director

sd/-  
Sivaraman K M  
Chief Executive Officer

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

sd/-  
Mayank Mehta  
Company Secretary

Place: Mumbai  
Date: June 16, 2011

Place: Vashi, Navi Mumbai  
Date: June 16, 2011

# ISE Securities & Services Limited

## Cash Flow Statement for the year ended MARCH 31, 2011

(Amount in ₹)

Particulars	As at 31.03.2011		As at 31.03.2010	
<b>I. Cash Flow from Operating Activities:</b>				
Net profit before tax & extra ordinary items		32,562,101		27,816,926
<b>Adjustments for:</b>				
Depreciation	9,547,903		15,225,829	
Reduction in the value of securities	-		192,504	
Interest paid	23,213		189,288	
Dividend received	(520,000)		(520,000)	
Provision for Bad & Doubtful debts- Others	636,797			
Provision for Bad & Doubtful debts	1,487,734		4,143,531	
Profit on sale of Fixed Assets	-		(19,200)	
		11,175,647		19,211,952
Operating profit before working capital changes		<b>43,737,748</b>		<b>47,028,878</b>
<b>Adjustments for:</b>				
(Increase) / Decrease in Trade & Other receivable	61,443,382		(103,927,935)	
(Increase) / Decrease in Loans & Advances	(1,678,349)		33,248,946	
(Increase) / Decrease in Securities in hand	859,400		(1,051,904)	
Increase / (Decrease) in Trade & Other Payable	232,323,872		200,393,749	
		292,948,305		128,662,856
Cash generated from operations before tax & extra ordinary items		<b>336,686,053</b>		<b>175,691,734</b>
Less: Direct Tax Paid (net of refunds)		(13,125,509)		(11,760,042)
		<b>323,560,544</b>		<b>163,931,692</b>
<b>Net Cash From Operating Activities (A)</b>		<b>323,560,544</b>		<b>163,931,692</b>
<b>II. Cash Flow From Investing Activities:</b>				
Purchase of Fixed Assets	(5,714,744)		(4,921,616)	
Sale of Fixed Assets	-		19,200	
Dividend Income	520,000		520,000	
		<b>(5,194,744)</b>		<b>(4,382,416)</b>
<b>Net Cash (Used in) / from investing activities (B)</b>		<b>(5,194,744)</b>		<b>(4,382,416)</b>
<b>III. Cash Flow From Financing Activities:</b>				
Dividend Distribution tax Paid	(654,308)		(467,363)	
Final dividend Paid	(3,850,000)		(550,000)	
Interest Paid	(23,213)		(189,288)	
<b>Net Cash (Used in) / from Financing activities (C)</b>		<b>(4,527,521)</b>		<b>(1,206,651)</b>
<b>Net Increase / decrease in cash &amp; cash equivalents (A+B+C)</b>		<b>313,838,279</b>		<b>158,342,625</b>
<b>Cash &amp; Cash equivalents at the beginning of the year</b>		<b>613,577,935</b>		<b>455,235,310</b>
<b>Cash &amp; Cash equivalents at the end of the year</b>		<b>927,416,214</b>		<b>613,577,935</b>
<b>Refer Schedule - 17 Significant Accounting Policies and Notes forming part of the Accounts</b>				

Notes:

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

As per our attached Report of even date

For and on behalf of the Board of Directors

For A. J. Shah & Co.,  
Chartered Accountants  
Firm Registration No: 109476W

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

sd/-  
P J Mathew  
Director

sd/-  
Sivaraman K M  
Chief Executive Officer

sd/-  
Mayank Mehta  
Company Secretary

Place: Mumbai  
Date: June 16, 2011

Place: Vashi, Navi Mumbai  
Date: June 16, 2011



# 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: 3/31/2011

### 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 11,22,123

Total Assets 11,18,711

#### Sources of Funds

Paid up Capital 55,000

Reserves & Surplus 64,367

Secured Loans Nil

Unsecured Loans -

Deferred Tax

#### Application of Funds

Net Fixed Assets 11,044

Investments 6,710

Deferred Tax 3,412

Net Current Assets 98,202

Accumulated Losses Nil

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

Turnover 103,031

Total expenditure 70,469

Profit before Tax 32,562

Profit after Tax 21,530

Earnings per share 3.91

Dividend Rate

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

Item Code No. Nil

Product Description Nil

**ATTENDANCE SLIP**

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

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

**13<sup>th</sup> ANNUAL GENERAL MEETING**

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

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

I hereby record my presence at the 13<sup>th</sup> Annual General Meeting of the company being held on **Thursday, September 29, 2011 at 11.30 a.m. at Chandragupta Hall, 2nd Floor, Hotel Abbott, Sector-2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai 400 703.**

\_\_\_\_\_  
Signature of the Shareholder or Proxy

Cut Here

**PROXY FORM**

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

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

Regd. Folio No.

I/We .....  
of..... being a member / members of the Company,  
hereby appoint .....of ..... in the District of  
..... or failing him ..... of ..... in the District of  
..... or failing him ..... of ..... in the District of  
.....as my/our Proxy to vote for me/us on my/our behalf at the 13th Annual General Meeting of the  
company being held on **Thursday, September 29, 2011 at 11.30 a.m. at Chandragupta Hall, 2nd Floor, Hotel Abbott,  
Sector-2, Near Meghraj Cinema Hall, Vashi, Navi Mumbai 400 703** or at any adjournment thereof.

Signed this ..... Day of .....2011

Affix  
Re.1/-  
Revenue  
Stamp

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

**INTENTIONALLY BLANK**



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

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