

**IV**  
**ANNUAL**  
**REPORT**

# INTER-CONNECTED STOCK EXCHANGE OF INDIA LIMITED



*EASIER ACCESS, WIDER REACH*



## FOURTH ANNUAL REPORT

**[For year ended March 31, 2002]**



**Registered Office:**  
*Inter-Connected Stock Exchange of India Limited.*  
International Infotech Park, Tower-7,  
5th Floor, Vashi, Navi Mumbai - 400 703.



**Tel:** (022) 781 2056, 58, 59 and 60, 62. **Fax:** 7812061.



**Our Internet Web Site:**  
Home Page: [http:// www.isc.india.com](http://www.isc.india.com)  
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For Inter-connected Stock Exchange of India Limited

Company Secretary

## BOARD OF DIRECTORS

Shri M. R. Mayya  
Shri K. Pandian  
Justice A. D. Tated  
Shri Ajay Thakkar  
Dr. L. M. Bhole  
Ms. Vimala Visvanathan  
Prof. P. V. Narasimham  
Shri D. Balasundaram  
Shri N. Ranga Prasad  
Shri Arvind B. Patel  
Shri Madanlal O. Gupta  
Shri Ashish M. Parikh  
Ms. Nirmala Banka  
Shri Bimal Kr. Nahata  
Dr. Subhash Gangwal  
Shri Joseph Massey  
Shri V. Shankar

Chairman  
SEBI Nominee Director  
Public Representative Director  
Public Representative Director  
Public Representative Director  
Public Representative Director  
Public Representative Director  
Nominee - Coimbatore Stock Exchange  
Nominee - Hyderabad Stock Exchange  
Nominee - Saurashtra Kutch Stock Exchange  
Nominee - Vadodara Stock Exchange  
Nominee - Mangalore Stock Exchange  
Nominee - Bhubaneshwar Stock Exchange  
Nominee - Gauhati Stock Exchange  
Nominee - Jaipur Stock Exchange  
Managing Director  
Joint-Managing Director

### STATUTORY AUDITORS

M/s. C. C. Chokshi & Co., Chartered Accountants

### INTERNAL AUDITORS

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

### COMPANY LAW CONSULTANTS

M/S. S.D.ISRANI & CO., COMPANY SECRETARIES

### LEGAL ADVISORS

M/s. Kanga & Co.

### BANKERS

The Vysya Bank Limited  
UTI Bank Limited  
HDFC Bank Limited

For Inter-connected Stock Exchange of India Limited

Company Secretary

NOTICE OF THE FOURTH ANNUAL GENERAL MEETING TO BE HELD ON MONDAY  
SEPTEMBER 30, 2002 AT 2.30 P.M. AT THE REGISTERED OFFICE OF THE  
COMPANY

NOTICE is hereby given that the Fourth Annual General Meeting of the Members of Inter-  
connected Stock Exchange of India Limited will be held on Monday September 30, 2002 at  
10 p.m. at the Registered Office of the Company at International Infotech Park, Tower 7, 5<sup>th</sup>  
Floor, Sector 30, Vashi, Navi Mumbai - 400 703 to transact the following Business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Balance Sheet as on March 31, 2002, Profit & Loss  
Account for the year ended on that date and the Auditors' and Directors' Report thereon.
- To approve the nomination of Shri Ramweshwarnath Pandey a Nominee of Magadh  
Stock Exchange Association in place of Shri D. Balsundaram, a Nominee of Coimbatore  
Stock Exchange Ltd. as a Director, whose term of office shall be liable to retirement by  
rotation.
- To approve the nomination of Shri V. Ramu Sharma, a nominee of Bangalore Stock  
Exchange Ltd. in place of Smt. Nirmala Banka, a nominee of Bhubaneswar Stock  
Exchange as a Director liable to retirement by rotation, subject to the approval of  
Securities and Exchange Board of India (SEBI), to the amendment in Article 20.8 of the  
Articles of Association of the Company.
- To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS:

To consider, and if thought fit, to pass with or without modification(s), the following  
Resolution as a 'Special Resolution':

RESOLVED THAT in terms of Article 15.2 and all other applicable provisions if any, of  
the Articles of Association of the Company and on the recommendation of the Board of  
Directors of the Company, Madras Stock Exchange Ltd. (MSE) be and is hereby re-  
admitted as a Member of the Company.

RESOLVED FURTHER THAT the acceptance of the Company be and is hereby given to  
the recommendation of the Board of Directors of the Company to re-admit Madras Stock  
Exchange Ltd on the following terms and conditions to be complied with by MSE:  
payment of re-admission fees of Rs.1.50 lakhs, as proposed by the Board of  
Directors of the Company;  
payment of up-front project contribution of Rs. 25 lakhs;  
payment of Settlement Stabilization fund of Rs. 10 Lakhs;  
balance amount of Rs. 40 lakhs to be recovered within a maximum period of three  
years from the enhanced turnover charges from the Traders of MSE and  
submission of a Board Resolution and Declaration-cum-Undertaking in the prescribed  
formats.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby  
authorised to take all the necessary steps and actions for the re-admission of MSE as a  
Member of the Company.

For Inter-connected Stock Exchange of India Limited

Company Secretary

To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a "Special Resolution":

"RESOLVED THAT in accordance with the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Securities and Exchange Board of India (SEBI), the existing Articles 20.3, 20.4, 20.21(e), 22.1, 22.5, 28.4 and 29.6 of the Articles of Association of the Company be and are hereby deleted and in their place the following new Articles be and are hereby inserted as Article 20.3, 20.4, 20.21(e), 22.1, 22.5, 28.4 and 29.6 of the Articles of Association of the Company respectively.

Sr. No	Article No.	Provisions of the existing Articles	Provisions after incorporating the proposed amendment in the Articles
1.	20.3	SEBI may from time to time nominate not more than <b>three</b> persons as Directors may, referred to as "Nominee Directors" in the Articles, and the Nominee Directors shall not be subject to retirement by rotation or be removed from office except by SEBI.	SEBI may from time to time nominate not more than <b>two</b> persons as Directors, referred to as "Nominee Directors" in the Articles, and the Nominee Directors shall not be subject to retirement by rotation or be removed from office except by SEBI
2.	20.4	The Board shall, subject to the approval of SEBI, appoint not more than <b>six</b> persons who shall be called Public Representatives as Directors on the Board of the Company and one amongst them shall be appointed by the Board as the Chairman of the Company. Such Directors shall hold office until the next Annual General Meeting, or until new nominees are nominated after the Annual General Meeting, whichever is later. Any vacancy caused by resignation, death or otherwise will be filled in the same manner.	The Board shall, subject to the approval of SEBI, appoint not more than <b>seven</b> persons who shall be called Public Representatives as Directors on the Board of the Company and one amongst them shall be appointed by the Board as the Chairman of the Company. Such Directors shall hold office until the next Annual General Meeting, or until new nominees are nominated after the Annual General Meeting, whichever is later. Any vacancy caused by resignation, death or otherwise will be filled in the same manner."
3	20.21 (e)	he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is longer, without leave of absence from the Board of Directors;	he absents himself from all the meetings of the Board of Directors for a continuous period of two months without leave of absence from the Board of Directors.
4	22.1	The Directors may meet together for the dispatch of business, adjourn and otherwise regulate	The Board of Directors shall meet together for the dispatch of business, adjourn and otherwise

		their meetings and proceedings as they think fit provided however that a meeting of the Board shall be held at least once in every three months and at least four such meetings shall be held in every year.	regulate their meetings and proceedings as they think fit provided however that at least once in every two calendar months and the gap between any two meetings shall not be more than 60 days.
b.	22.5	The quorum for a meeting of the Board of Directors shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or three Directors whichever is higher, provided that when at any meeting the number of interested Directors exceeds or is equal to two-third of the total strength, the Directors who are not interested present at the meeting being not less than three shall be the quorum during such time and provided further that the aforesaid proviso shall not be applicable when any contract or arrangement is entered into by or on behalf of the Company with a Director or with any firm of which such a Director is Member or with any private Company of which such a Director is a director or Member, for the purchase or sale of shares or debentures of any other Company or a loan by the Company.	Unless otherwise specially provided, the quorum of the Board of Directors shall be six members or one-third of the total strength of the Board of Directors, whichever is higher, present and attending the meeting of the Board of Directors where at least two members shall be non-Member Directors. If a fraction appears when determining the quorum under any Rule or Bye-law of the Exchange, such fraction shall be omitted.
	28.4	Quorum of the Disciplinary Action Committee shall be three out of which two shall be from the public.	Disciplinary Action Committee may from time to time determine its own quorum provided that such quorum shall not be less than two members of the committee out of which at least one shall be a Public Representative.
	29.6	The quorum for a meeting of the Committee shall be three, out of which at least two shall be from among the Public Nominees.	Defaults Committee may from time to time determine its own quorum provided that such quorum shall not be less than two members of the Committee out of which at least one member shall be a Public Representative.

RESOLVED FURTHER THAT subject to the approval of the Securities and Exchange Board of India (SEBI), at the end of the existing Article 20.8(B) of the Articles of

Association of the Company, the following new paragraph be and is hereby inserted as Article 20.8 (C).

20.8 (C) "If a Participating Stock Exchange eligible to nominate its representative on the Board of the Company does not have any of its member brokers registered as a Trader of the Company (ISE), then the concerned Participating Stock Exchange may nominate any of its member brokers as their representatives on the Board of the Company."

BY ORDER OF THE BOARD

DIPAK K. SHAH  
COMPANY SECRETARY

Place: Vashi, Navi Mumbai  
Date: August 30, 2002

Notes:

- 1) Each Member is requested to forward to the Company certified copy of the Board Resolution authorising their representatives to attend the Meeting and to exercise such other rights along with duly attested signatures of such representative.
- 2) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business to be transacted at the Meeting is stated below.

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

In respect of Item No. 5:

Re-admission of Madras Stock Exchange Limited (MSE) as a Member of the Company

Members of the Company are informed that the Board of Directors of the Company in its meeting held on September 22, 2001 had decided that Madras Stock Exchange Limited along with Ludhiana Stock Exchange Limited would cease to be a Member of the Company/Stock Exchange w.e.f. October 1, 2001. This decision of the Board has been communicated to both these Stock Exchanges.

The Members are further informed that the Board had proposed special terms for payment of project contribution with a view to encourage the members of the Exchange. Under the special terms framed by the Board, a Stock Exchange has to make an up-front payment of Rs. 40 lakhs and the balance contribution of Rs. 40 lakhs would be recovered within a maximum period of three years from enhanced turnover charges from the Traders of such Stock Exchange. The concerned Stock Exchange was required to forward Board Resolution and Declaration-Cum-Undertaking in the prescribed formats.

These terms and conditions were communicated to Madras Stock Exchange Limited and Madras Stock Exchange Limited expressed its willingness and desire for re-admission as a Member of the Company. The Board of Directors in its Meeting held on August 30, 2002, decided to re-admit Madras Stock Exchange as a Member of the Company so as to