

Fifth Annual Report, 2002-03



Easier Access, Wider Reach

INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD.

Fifth Annual Report, 2002-03



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INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD.

BOARD OF DIRECTORS

1. R. Mayya, Chairman
2. Shankar, Managing Director (Officiating)
3. A. Vijayan Menon, SEBI Nominee
4. (Retd.) A. D. Tated, Public Representative
5. V. Narasimham, Public Representative
6. Mala Visvanathan, Public Representative
7. R. Iyer, Public Representative
8. W. Deshmukh, Public Representative
9. M. Joshi, Public Representative Director
10. Ranga Prasad, Trading Member, Nominee of Hyderabad Stock Exchange
11. Ravi B. Patel, Trading Member, Nominee of Saurashtra Stock Exchange
12. Shish M. Parikh, Trading Member, Nominee of Mangalore Stock Exchange
13. Kamal Kumar Nahata, Trading Member, Nominee of Gauhati Stock Exchange
14. Rameshwar Nath Pandey, Trading Member, Nominee of Magadh Stock Exchange

REGISTERED OFFICE

Additional Infotech Part, Tower 7, 5th Floor,
- 30, Vashi, Navi Mumbai - 400 703.

(022) 2781 2056 / 58 / 59 / 62 / 2390, Fax: (022) 2781 2061
isesec@bom3.vsnl.net.in Internet Url: <http://www.iseindia.com>

TUTORIAL AUDITORS

C. Chokshi & Co., Chartered Accountants

LEGAL / COMPANY LAW ADVISORS

1. Ranga & Co., Advocates, Solicitors and Notary
2. Inarkar & Associates, Advocates, Solicitors and Notary
3. D. Israni & Co., Company Secretaries

BANKERS

1. Bank Limited
2. Bank Limited
3. Bank Limited
4. Bank Limited
5. Bank Limited

INTER-CONNECTED STOCK EXCHANGE OF INDIA LIMITED

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING TO BE HELD ON MONDAY, SEPTEMBER 29, 2003 AT 11.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY.

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of Inter-connected Stock Exchange of India Limited will be held on Monday September 29, 2003 at 11.00 a.m. at the Registered Office of the Company at International Infotech Park, Tower 7, 5th floor, Sector 30, Vashi, Navi Mumbai - 400 703 to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the reports of the Directors and Auditors and the Audited Profit and Loss Account of the Company for the year ended March 31, 2003 and the Balance Sheet as at that date;
2. To consider and approve the nomination of Smt. Asha Manjari Mishra a Nominee of Bhubaneswar Stock Exchange, in place of the Nominee of Madhya Pradesh Stock Exchange, as a Director whose term of office shall be liable to retirement by rotation;
3. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. 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 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 27.4 and 27.8 of the Articles of Association of the Company be and are hereby deleted and in its place the following new Articles be and are hereby inserted as Article 27.4 and 27.8 of the Articles of Association of the Company respectively.

- 27.4 The concerned Regional Arbitration Panel, and in case this Panel has not been constituted, the Central Arbitration Panel, will have jurisdiction in respect of all claims and disputes between Traders inter-se where the complainants and respondents are from the same Member Exchange, between Traders and Non-traders (the term Non-traders shall mean clients, remisiers, authorised clerks and employees of the concerned Traders) arising out of or in a relation to any dealings, transactions or contracts made through this Company, which shall be subject to the provisions of the Arbitration and Conciliation Act, 1996 and the Articles of Association, Rules, Bye-Laws and Regulations of the Company.

The Arbitrators appointed for a particular case, called the Arbitral Tribunal, may with the agreement of the parties, use mediation, conciliation or other procedure at any time during the Arbitral proceedings to encourage settlement. In case during the proceedings, parties settle their dispute, then the Arbitral Tribunal shall terminate the proceedings and record the settlement in the form of an Arbitral Award on the substance of the dispute.

Provided further that the Arbitrators chosen or appointed for a particular case in which one of the parties is not a Trader or Dealer, shall be from among the Public Representatives in the Central Arbitration Panel or Regional Arbitration Panel, as the case may be.

RESOLVED THAT Shri V. Shankar, Managing Director (Officiating) or Shri . Shah, Company Secretary be and is hereby authorised to do all such acts, things and to take the necessary actions for obtaining the necessary permissions approvals and to give effect to this Resolution for the above referred amendments in es of Association of the Company."

BY ORDER OF THE BOARD

**DIPAK K. SHAH
COMPANY SECRETARY**

, Navi Mumbai
t 30, 2003

Member is requested to forward to the Company certified copy of the Board n authorising their representatives to attend the Meeting and to exercise such ts along with duly attested signatures of such representative.
natory Statement pursuant to Section 173(2) of the Companies Act, 1956 in
Special Business is annexed hereto.

EXPLANA
ACT, 1956

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Company

The Board
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Place: Var
Date: Aug

INTER-CONNECTED STOCK EXCHANGE OF INDIA
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES
ACT, 1956

IN RESPECT OF ITEM NO. 4

Members of the Company are hereby informed that SEBI vide its Circular No. SEBI/SMD/SE/Cir-19/2003/02/06 dated June 02, 2003 has advised all the Stock Exchanges to amend their Bye-Laws, Rules and/or Articles of Association to provide that in the case of disputes between investors (i.e. non-trading members) and trading members of the Exchange the arbitration committees/arbitration councils/arbitration panels constituted for the purpose shall consist of persons other than trading members of the Stock Exchange.

The Governing Board of the Exchange in its Meeting held on July 12, 2003 had passed a resolution to amend the relevant provisions of the Bye-laws and the Articles of Association of the Company, subject to approval of the General Body and SEBI.

As per the provisions of Section 31 of the Companies Act, 1956, amendments in the Articles of Association of a Company are required to be approved by the Members of the Company in a General Meeting. The proposed resolution is therefore placed before the Members of the Company in the General Meeting.

The Board of Directors of the Company recommends the adoption/passing of the resolution by the Members of the Company.

None of the Directors of the Company is interested in the proposed resolution.

BY ORDER OF THE BOARD

**DIPAK K. SHAH
COMPANY SECRETARY**

Place: Vashi, Navi Mumbai
Date: August 30, 2003

INTER-CONNECTED STOCK EXCHANGE OF INDIA LTD.

DIRECTORS' REPORT

The Board of Directors of Inter-connected Stock Exchange of India Ltd. (ISE) is pleased to present its Fifth Annual Report for the year ended on March 31, 2003, together with the Auditors' Report and Audited Accounts upto that date.

A. MARKET SCENARIO

Market Indices

The year under review was one of the most difficult ones for the stock markets not only in India, but also across the world, with the primary market in a moribund state and the secondary market too remaining depressed. The BSE (Bombay Stock Exchange) Sensex, which was 3500.18 on April 1, 2002, shed 12.9% to close at 3048.72 on March 31, 2003. The NSE (National Stock Exchange) Nifty, likewise, lost 14.11% from the opening value of 1138.95 on April 1, 2002 to the closing value of 978.2 on March 31, 2003. During the same period, all international indices suffered even greater erosion in their values, with the Nasdaq (USA) index losing 28.00%, Dow Jones (NYSE) 22.88%, FTSE (UK) 39.19%, Nikkei (Japan) 27.71%, Hang Seng (Hong Kong) 20.62% and Straits Times (Singapore) also recording a loss of 29.14%.

Many factors contributed to the poor sentiment in the stock market in India, including deployment of battle-ready army along the Indo-Pak border, one of the weakest monsoons leading to drought in many parts of India, violence in Gujarat and delay in disinvestment programme of some large public sector units. International events, such as accounting scandals in the USA, the large number of bankruptcies filed by US corporates, crash in global markets and military conflict between USA/UK and Iraq also contributed to the negative mood overall.

Market Capitalisation

The market capitalisation of securities listed on stock exchanges in India declined during the Financial Year 2002-03. On BSE, which has the largest number of securities listed, the market capitalisation declined from Rs.6,12,200 crores in April 2002 to Rs.5,72,200 crores in March 2003 - a loss of Rs.40,000 crores or 6.5% during the fiscal. The market cap as a percentage of the Gross Domestic Product (GDP) has been showing a steady decline over the last decade, with the only exception being in the year 1999-2000 when there was an increase in this percentage. The table below reflects the trend:

Year	Market Cap (Rs. Crores)	Market Cap (as % of GDP*)
1994-95	4,35,500	43.0
1995-96	5,26,500	44.3
1996-97	4,63,900	33.9
1997-98	5,60,300	36.8
1998-99	5,45,400	31.3
1999-2000	9,12,800	47.3
2000-01	6,25,600	29.7
2001-02	6,12,200	26.7
2002-03 #	5,72,200	25.6

Source CMIE

* GDP at Current Market Prices

Based on advance GDP estimates

This ratio is more than 100% in countries such as US, UK, Singapore and Hong Kong and in countries like Japan, Germany and China, the ratio is significantly higher than in India.

Primary Market

Number of Initial Public Offerings (IPOs) made during this financial year hit an all-time low, only six issues coming to the market, compared to seven in the previous year (2001-02). Six IPOs mobilised just Rs.1,038 crores in 2002-03, as compared to Rs.1,202 crores raised by seven IPOs in the previous year. On the whole, Rs.5732 crores were raised by fourteen issues in the Primary Market in the year under review, as compared to Rs.7,543 crores from fifteen issues in the previous year.

Secondary Market

Secondary Market recorded a turnover of Rs.9,70,000 crores, which represented an increase of 14% over the previous years' turnover.

Depository Operations

Dematerialisation of securities listed on the stock exchanges progressed further in the year 2002-03, which also saw dematerialisation of debt instruments. SEBI directed both the depositories, National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to also take debt instruments into their fold, so that the marketability and liquidity of the instruments could improve.

SEBI further directed the stock exchanges to abolish the no delivery period by May 1, 2002, as T+1 settlement of transactions did not require such a period. Consequent to certain changes in the systems made by the two depositories, all the stock exchanges, including ISE, moved over to T+2 settlement cycle from April 1, 2003, as advised by SEBI. Further changes being made by the depositories in consultation with the stock exchanges, such as introduction of Straight Through Processing, to facilitate launch of T+1 settlement in 2004.

Role of Stock Exchanges

In view of the high turnovers in the secondary market gravitating to NSE and BSE from the regional stock exchanges, it was necessary for the regional stock exchanges to re-engineer their role. The regional stock exchanges have initiated a number of measures to ensure that their members, who play an important link in the secondary market distribution chain, continue to perform the role of servicing retail and small investors spread throughout the country. ISE, promoted by regional stock exchanges, witnessed greater interest from members of the promoting exchanges, besides Dealers directly appointed by ISF, for availing services offered by ISE and subsidiary, ISE Securities & Services Ltd. (ISS).

In view of consolidating the regional stock exchanges, SEBI appointed a Committee under the chairmanship of Shri M. R. Mayya, Chairman, ISE, to work out the modalities for setting up a common trading platform on the lines of the Euronext Exchange for trading exclusively in the shares of companies with paid-up capital upto Rs.20 crore.

Derivatives

Forward & Options (F&O) segment reported a turnover of Rs.4,43,385 crore during 2002-03 as compared to Rs.1,04,069 crores during the preceding year. The rise in the turnover in the year under review was a hefty 426% over the previous year.

Stock Futures account for 65% of the total F&O turnover, followed by Stock Options (23%), Index Futures (10%) and Index Options (2%). The trading activity in the F&O segment reveals that near-month contracts (one month tenure) were more popular than the two-month or three-month contracts; that Futures were more popular than Options; that contracts on securities were more popular than those on indices and that Call Options were more popular than Put Options.

Corporatisation and Demutualisation of Stock Exchanges

SEBI appointed a Committee under the Chairmanship of Justice (Retd.) M. H. Kania on Corporatisation and Demutualisation of stock exchanges. This Committee presented a Report to SEBI giving a series of recommendations on the ownership and governance structures required to be followed at all stock exchanges. Essentially, the Committee proposed that the ownership interest, trading interest and management interest in stock exchanges should be segregated.

Taking into consideration these recommendations, SEBI opted for a uniform model of corporatisation and demutualisation of stock exchanges, envisaging conversion of the stock exchanges into companies limited by shares and changing their character from "not-for-profit" entities into "for profit" companies. SEBI has also requested the Government to amend the Income Tax Act for exempting the accumulated profits of the stock exchanges from taxation, as the current "not-for-profit" character of the stock exchanges was, in a large measure, responsible for excluding their profits from the tax net.

B. OPERATIONAL PERFORMANCE

Trading and Settlement

The Online Regional Bourses Interconnected Trading (ORBIT) software and the Automated eXchange Integrated Settlement (AXIS) settlement software, which were implemented towards the later part of the Financial Year 2001-02 were fully stabilised in the Financial Year 2002-03. Continuous enhancements were incorporated in these two software packages to ensure that they remained contemporary and state-of-the-art.

ISE bagged an order from the Madras Stock Exchange Ltd. for sale and commissioning of the ORBIT and AXIS software packages. The feedback received from the Madras Stock Exchange about the performance of the trading and settlement applications has been highly encouraging.

The total turnover recorded on the Exchange during the Financial Year 2002-03 was Rs.26.56 crores, as compared to Rs.69.61 crores in the previous year.

Listing

The total number of companies listed on ISE is 12. Trading on ISE is possible in securities of listed companies and in permitted securities, which at present, is roughly 900.

Membership

Madras Stock Exchange Ltd. was re-admitted as a Member of ISE on September 30, 2002. Consequently, there are 14 Stock Exchanges who are Members of ISE and they are: Bangalore, Bhubaneswar, Cochin, Coimbatore, Gauhati, Hyderabad, Jaipur, Madhya Pradesh, Madras, Magadh, Mangalore, Saurashtra Kutch, Uttar Pradesh and Vadodara Stock Exchanges.

Traders and Dealers

Position relating to registration, resignation and transfer of trading rights by Traders and Dealers during the Financial Year 2002-03 is given below:

	Position as on 1.4.2002	Fresh Registrations	Resignations/ Transfers	Position as on 31.3.2003	Change
Traders	226	9	26	209	(-)17
Dealers	335	9	4	340	(+) 5

Distribution of Traders and Dealers across the different regions is given below:

Region	States covered	Registered Traders	Registered Dealers	Total
West	Goa, Gujarat, Maharashtra	41	189	230
North	Haryana, Jammu & Kashmir, New Delhi, Punjab, Rajasthan, Uttaranchal, Uttar Pradesh	21	65	86
East	Assam, Bihar, Jharkhand, Orissa, West Bengal	60	65	125
South	Andhra Pradesh, Karnataka, Kerala, Tamil Nadu	83	12	95
Central	Chhattisgarh, Madhya Pradesh	4	9	13
Total		209	340	549

Settlement Guarantee Fund

Corpus of the Settlement Guarantee Fund (SGF) set up by ISE in accordance with the SEBI Settlement Guarantee Fund Regulations, 2001 has grown from Rs.17.16 crores as at the end of the Financial Year 2001-02 to Rs.19.07 crores as at the end of the Financial Year 2002-03. The break-up of this Fund in terms of various constituents is given below:

(Rs. Crores)

No.	Item	As on 1.4.2002	As on 31.3.2003
	Cash contribution from Promoter Stock Exchanges	1.20	1.30
	SGF Admission Fees paid in cash by Traders and Dealers	0.43	0.44
	BMC of Traders and Dealers maintained in the form of cash	5.10	5.07
	BMC of Traders and Dealers maintained in the form of FDRs/BGs/Securities	5.97	6.31
	BMC of Traders maintained in the form of Undertakings from Promoter Stock Exchanges	2.96	3.54
	Interest accrual on cash component of SGF	1.50	2.41
	Total Corpus of SGF	17.16	19.07

Investor Protection Fund and Investor Services Fund

ISE maintains Investor Protection Fund (IPF) and Investor Services Fund (ISF) as per the requirements of SEBI.

Investor Grievances Cell

The Investor Grievances Cell of the Exchange attends to complaints of investors against Traders and Dealers, as well as against companies. ISE follows up on each complaint lodged by the investors and arranges conciliation meetings between the parties and where the conciliation effort does not result in an amicable settlement, the parties are advised to refer the matter to arbitration. During the year under review, no fresh complaint was received by ISE and the solitary complaint pending with the Exchange at the beginning of the year was referred to the Disciplinary Action Committee and the decision of the Committee has been implemented.

Training Programmes

ISE stepped up its efforts in the area of training and education. The ISE Training & Research Centre (ISE-TRC) played an active role in conducting training programmes for stock brokers and other market intermediaries, as well as training/orientation programmes for its staff. Some of the significant programmes arranged by ISE-TRC are listed below:

Date	Programme
December 12-14, 2002	3-day training programme on Capital Market for officers and staff of ISE/ISS and Member Exchanges.
January 6-9, 2003	Personality Development programme and Understanding of the Mission Statement of ISE for the employees of ISE/ISS.
March 2, 2003	Talk on Union Budget - 2003-04 by H. P. Ranina, eminent Supreme Court Advocate, in association with Jankidevi Bajaj Institute of Management Studies of SNDT Women's University
June 21, 2003	Investor Awareness Programme under the auspices of the Securities Market Awareness Campaign of SEBI inaugurated by the Hon'ble Deputy Chief Minister of Maharashtra, Shri Chhagan Bhujbal.

Pending legal cases

During the period under review, there were three legal cases pending against ISE. The Exchange is taking adequate steps to defend these cases through its legal advisors/advocates. There are no arbitration cases pending against ISE.

Defaults and Expulsions

Two Dealers were declared defaulters on ISE during the year under review, consequent to their being declared defaulters on another Stock Exchange, under the Multiple Membership Guidelines. Similarly, a Trader of ISE was expelled consequent to his expulsion on the parent Stock Exchange.

try Operations

urities & Services Ltd. (ISS), the wholly-owned subsidiary of ISE, is one of the largest e Subsidiaries in the country. The operations of ISS are spread across 53 cities.

l turnover recorded on ISS during the year 2002-03 was Rs.12,266.19 crores, consisting ,528.96 crore in the Capital Market segment and Rs.737.23 crores in the Futures & segment of NSE. The total turnover for the previous year, i.e., 2001-02, was Rs.10,558 ll of which was in the Capital Market segment of NSE.

age daily turnover done on ISS at present is roughly Rs.130 crores, with the Cash segment accounting for Rs.90 crores and the Futures & Options segment accounting for re.

FINANCIAL HIGHLIGHTS

oved its financial position in the year 2002-03 and generated operating profit for the : since its inception. The operating profit for the year ended March 31, 2003 was lakhs. Comparative details about the financial performance of ISE in the year under, d three preceding years are given below:

(Rupees in lakhs)

	2002-03	2001-02	2000-01	1999-00
Revenue	155.51	193.42	219.58	65.63
Costs	39.48	49.71	80.11	74.01
Operating & Operative Costs (deferred revenue expenses)	72.95	262.29	210.60	204.45
Operating Profit	1.91	65.92	24.96	44.07
Operating Loss	114.34	377.92	315.67	322.53
Operating Profit (Loss)	41.17	(184.50)	(96.09)	(256.90)
Operating Profit (Loss) after Finance Expenses (charged to Profit & Loss)	142.70	180.90	187.09	168.15
Operating Profit (Loss) after Finance Expenses	26.71	26.71	26.71	26.71
Operating Profit (Loss) after Finance Expenses and Depreciation	257.04	585.53	529.46	517.39
Operating Profit (Loss) after Finance Expenses, Depreciation and Amortisation (added to Balance Sheet)	(101.53)	(392.11)	(309.89)	(451.76)

cial improvement was brought about because of a series of measures taken by ISE in of downsizing the organisation and exercising strict cost control. With the ment of DP operations from the Financial Year 2003-04, a new source of income has for ISE. In addition, the implementation of the common trading platform for having paid-up capital upto Rs.20 crores through a Euronext type of consolidated uld further enhance the revenues of ISE in the future. The Board of Directors is efforts to ensure that the partial turnaround achieved by ISE in the Financial Year. ts further strengthened in the future years, so that ISE recovers even the depreciation posts a net profit.

D. ISE'S STRENGTHS

Network of Intermediaries

As on the date of this Report, a total of 541 intermediaries (200 Traders and 341 Dealers) are registered on ISE. In addition, 262 applications (117 from Traders and 145 from Dealers) have been received by ISE, but these applicants are not registered by SEBI as the required compliances are still awaited from them. A broad base of members forms the bedrock of any Stock Exchange. ISE's large pool of registered intermediaries can be tapped for any new line of business in the future.

Robust Operating Systems

The trading, settlement and funds transfer operations of ISE are completely automated and state-of-the-art systems have been deployed. The communication network of ISE, which has connectivity with over 400 trading members and is spread across 53 cities, is used for supporting the operations of ISS too. The trading software and settlement software, as well as the electronic funds transfer arrangement established with HDFC Bank and ICICI Bank, gives ISE the required operational efficiency and flexibility to not only handle the secondary market functions effectively, but also to leverage them for new ventures.

Skilled and experienced manpower

The staff working for ISE and ISS have wide experience of working in Stock Exchanges/Capital Market institutions. The staff has the skill-set required to perform a wide range of functions, depending upon the requirements from time to time.

Competitive pricing policy

The philosophy of ISE is to have a competitive pricing policy for the various products and services offered by it. The aim is to penetrate the retail market and establish a strong position in it, so that a wide variety of products and services having appeal for the retail market can be offered using a common distribution channel. The competitive pricing policy also ensures that the intermediaries have sufficient financial incentive for offering these products and services to the end-clients.

Trading, Risk Management and Settlement Software systems

The ORBIT and AXIS trading software packages developed entirely in-house by ISE on the Microsoft NT platform, with consultancy assistance from Microsoft, is the most contemporary of the trading and settlement software packages implemented by any stock exchange in the country. These applications, which have been designed using the principles of open technology architecture, provide low cost of ownership, facilitate simple maintenance and support easy upgradation and enhancement. The software modules are so designed that the transaction processing capacity depends only on the hardware used; capacity can be added by just adding inexpensive hardware, without any additional software work.

E. FOCUS AREAS OF ISE

ISE would be focussing its resources and efforts on specific areas, such as expanding DP business, positioning itself as a primary market channel, implementing a consolidated market for small cap companies on the lines of Euronext Exchange, etc., so that the Exchange strengthens its position in the market. These thrust areas would also take care of the regulatory and statutory functions required to be performed by a Stock Exchange:

Audit and Inspection of ISS and its intermediaries

ISE is required under the SEBI Regulations to conduct half-yearly financial audit of ISS and also to inspect at least 20% of the intermediaries trading on ISS every year. Further, SEBI has stipulated that the Exchange must have an effective complaints redressal system for taking care of complaints between the intermediaries of ISS and their clients.

Expansion of DP operations

The DP business is expected to expand over time, as it would be advantageous for intermediaries and their clients to maintain their demat accounts with ISE, which will enable them to meet the stringent settlement schedule of T+2 at present and the even tighter T+1 in 2004.

Positioning of ISE as a Primary Market Channel

ISE can be positioned as an effective distribution channel for primary market offerings. ISE's large base of more than 500 intermediaries would serve as frontline marketing agents for IPOs and further issues of companies.

Implementation of Euronext-type Trading Platform

Implementation of Euronext-type Trading Platform for companies having paid-up capital upto Rs.20 crores, would immediately rejuvenate the trading operations of Traders and Dealers of ISE. ISE is playing a key role in the deliberations of the Federation of India Stock Exchanges, to ensure that this trading platform is implemented at the earliest. This would ensure that the objectives for which ISE has been set up would be fulfilled.

Emphasis on Training and Education

The ISE-TRC would further intensify its training and educational activities, so that it emerges as a centre of excellence for capital market education and training in the country. ISE-TRC would constantly update its curriculum to meet the changing educational needs of stock brokers, subscribers, investors, staff working in capital market institutions and issuer companies.

INFRASTRUCTURE

The Registered Office of ISE is located at the International Infotech Park, Vashi. All Exchange operations are currently being carried out from this office and also from four Regional Offices established in Delhi, Kolkata, Nagpur and Coimbatore. All the offices of ISE are well connected through computer and communication systems, thereby facilitating instantaneous communication across the various cities ISE serves.

G. INSURANCE

All assets and properties of ISE at Mumbai and Navi Mumbai and at other regional centres are insured adequately.

H. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Director's confirm that in the preparation of the Annual Accounts for the financial year ended on March 31, 2003,

- the applicable accounting standards have been followed and no material departure have been made from the same;
- appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true a fair view of the state of affairs of the Company as at March 31, 2003 and Profit & Loss Account for the year ended March 31, 2003;
- 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, and ;
- the annual accounts have been prepared on a going concern basis.

I. BOARD OF DIRECTORS

During the period April 1, 2002 till date, twelve Meetings of the Board of Directors were held, as per details given below:

Meeting No.	Date
34	May 11, 2002
35	June 29, 2002
36	August 30, 2002
37	September 30, 2002
38	October 26, 2002
39	November 30, 2002
40	February 8, 2003
41	March 22, 2003
42	May 17, 2003
43	June 14, 2003
44	July 26, 2003
45	August 30, 2003

Consequent to resignation/appointment of Nominees of the Promoting Stock Exchanges and appointment of Public Representative Directors, the following changes have taken place in the composition of the Board of Directors during the period under review:

Name of Director	Particulars	Date of change
Shri Rameshwar Nath Pandey	Appointed as Member Director as Nominee of Magadh Stock Exchange	September 30, 2002
Shri. V. Ramu Sharma	Appointed as Member Director as Nominee of Bangalore Stock Exchange	September 30, 2002
Shri R. M. Joshi	Appointed as Public Representative Director	February 8, 2003
Shri V. R. Iyer	Appointed as Public Representative Director	February 8, 2003
Shri M. W. Deshmukh	Appointed as Public Representative Director	February 8, 2003
Shri Ajay A. Thakkar	Ceased to be a Public Representative Director on the Board of the Company	February 8, 2003
Shri L. M. Bhole	Ceased to be a Public Representative Director	February 8, 2003
Shri Madanlal O. Gupta	Ceased to be the Nominee of Vadodara Stock Exchange	March 12, 2003
Shri Joseph Massey	Resigned as Managing Director	April 2, 2003
Shri V. Ramu Sharma	Ceased to be a Nominee of Bangalore Stock Exchange	May 17, 2003

At the forthcoming Annual General Meeting, Cochin, Coimbatore and Bhubaneswar Stock Exchanges are eligible to nominate their representatives on the Board of the Exchange in place of the nominees of Hyderabad, Saurashtra Kutch and Madhya Pradesh Stock Exchanges.

CONSTITUTION OF STATUTORY AND OPERATIONAL COMMITTEES

The Company has constituted various statutory and operational Committees as required by SEBI. Details of these Committees are given below:

Arbitration Panel

The Arbitration Panel of Justice (Retd.) A. D. Tated, Shri V. H. Pandya, Shri S. S. Pradhan, Shri G. K. K. M. U. Kini and Shri R. Krishnamurthy as Public Representatives on the Central Arbitration Panel for the year 2002-03 was approved by SEBI. In addition to them, the Trading Members are Members of this Panel: Shri Ganesh Shanbhag, Shri Dhiraj Sanjeev Khemani and Shri G. D. Mundra.

Defaults Committee

The Company has approved the appointments of Shri M. W. Deshmukh (Chairman of the Committee), Shri S. V. Avachari and Shri Kirit P. Mehta as Public Representative Members and Shri Kamal Shri Yatin Shah as Trading Members of the Defaults Committee.

Disciplinary Action Committee

Appointment of Justice (Retd.) A. D. Tated (Chairman of the Committee), Dr. K. U. Mada and Prof. M. D. Limaye as Public Representative Members on the Disciplinary Action Committee were approved SEBI. Shri Jayant Vidwans and Shri P. Bose Babu are the Trading Member representatives on this Committee.

Audit Committee

The Board of Directors of ISE reconstituted the Audit Committee, so as to be in consonance with the Corporate Governance guidelines being followed by many companies. The Audit Committee for the year 2002-03 consisted of the following Public Representatives: Prof. V. R. Iyer (Chairman of the Committee), Justice (Retd.) A. D. Tated, Ms. Vimala Visvanathan and Shri R. M. Joshi.

Ethics Committee

As advised by SEBI, ISE has constituted an Ethics Committee consisting of the following Members: Shri M. W. Deshmukh (Chairman of the Committee), Ms. Vimala Visvanathan, Public Representative Director and Shri Ashish M. Parikh, Trading Member.

K. SCHEME FOR CORPORATISATION AND DEMUTUALISATION OF ISE

In tune with the SEBI directive and in accordance with the recommendations of the Justice M. H. Kania Committee, ISE has submitted its Scheme for Corporatisation and Demutualisation to SEBI within the stipulated time. Approval of SEBI is awaited for the same.

L. PARTICULARS OF 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 on March 31, 2003, Report of the Board of Directors and Auditors for the year ended on March 31, 2003 of the Subsidiary Company. The Statement of the Holding Company's interest in the Subsidiary Company as specified in Sub-Section (3) of Section 212 of the Companies Act, 1956 also forms part of this Annual Report.

M. AUDITORS

M/s. C. C. Chokshi & Co., Chartered Accountants, were appointed by the Members of the Exchange in the Fourth Annual General Meeting as Statutory Auditors of the Exchange to hold their office till the conclusion of the forthcoming Annual General Meeting. They are eligible for re-appointment and they have confirmed their eligibility and willingness to accept the office, if re-appointed. Members are requested to consider their re-appointment.

The Auditors in their Report have drawn attention to the shrinkage of income of ISE. The Board of Directors is confident that the series of initiatives being undertaken by ISE, such as DP Business, positioning itself as a primary market channel, implementing a consolidated market for all cap companies on the lines of Euronext Exchange, etc., would increase the revenues of the exchange and the future profitability.

The Auditors in their Report have also referred to the fact that the value of the networking equipment lying uninstalled with some Dealers and Traders and which have not been confirmed to them, have been written off, unlike in the past when they were considered as Capital WIP. The Board of Directors has decided to change the treatment given for these networking equipment by writing them off, as the full amount for the said equipment has already been received by ISE from the concerned Dealers and Traders.

PARTICULARS OF EMPLOYEES

In view of enhancement of the monetary limit, the requirements of the Disclosure relating to the particulars of Employees, in terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are not required to be stated in the Directors' Report.

ISE has a total staff strength of 60 persons, consisting of those who are on rolls as well as those who are on contract. Out of them, 41 persons have been deputed to ISS on full time basis.

STATUTORY DISCLOSURE OF PARTICULARS

In view of the requirements of Disclosure, 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, 1975 regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outflows do not apply to ISE and therefore, no details are required to be given.

CORPORATE GOVERNANCE

ISE is committed to good corporate governance. The Board of Directors, Chairman, Managing Director and the staff working for ISE and ISS are highly conscious that Traders, Dealers, Subscribers, investors and the general public need to be serviced effectively. Accordingly, the functioning of ISE reflects this commitment.

RECOGNITION AS A STOCK EXCHANGE

The recognition granted to ISE by SEBI under Section 4 of the Securities Contracts (Regulation) Act, 1956 is valid until November 18, 2004. The Board of Directors would be applying to SEBI at appropriate time for extension of this recognition.

PUBLIC DEPOSIT

ISE Company has not accepted any deposits from the Public.

ACKNOWLEDGEMENT

On the occasion of presenting this Annual Report, the Board of Directors take pleasure in expressing their gratitude to Shri G. N. Bajpai, Chairman of SEBI for the support extended to ISE. The Board of Directors also thank the other officials of SEBI, Promoting Exchanges, Traders, Dealers, officials of the Ministry of Finance, Government of India and Government of Maharashtra, DoT, MTNL, HCL Comnet, Wipro, Sify, HDFC Bank, ICICI Bank, IndusInd Bank, UTI Bank, consultants, contractors and others for their support and co-operation extended to ISE.

The Board of Directors also place on record their deep sense of appreciation for the valuable contribution made by Shri K. Pandian, Shri Ajay Thakkar, Dr. L. M. Bhole, Shri Rajive Kumar Kedia, Shri Madanlal O. Gupta, Shri V. Ramu Sharma, Shri D. Balasundaram and Dr. Subhash Gangwal, Smt. Nirmala Banka and Shri Joseph Massey who, with their guidance and stewardship in the Board, have helped ISE become stronger.

Sincere thanks are also due to the officers and staff members of ISE and ISS, who have displayed dedication and commitment on a sustained basis.

The Board of Directors look forward to the same level of co-operation from each and everyone associated with the Exchange and its Subsidiary, so that these institutions can grow at a faster pace in the years to come.

By order of the Board of Directors

Sd/-

M. R. MAYYA
Chairman

Place: Vashi
Date: August 30, 2003

DETAILS OF ATTENDANCE OF THE DIRECTORS IN THE BOARD MEETINGS

Period: April 1, 2002 till August 31, 2003

No. of Board Meetings held during the period under review: 12

Sr. No.	Name of Director and status	No. of Board Meetings held	No. of Board Meetings attended	Status at 4 th AGM
1.	Shri M. R. Mayya Public Representative & Chairman	12	8	Absent
2.	Shri K. Pandian SEBI Nominee	4	2	Not applicable
3.	Shri. Vijayan Menon SEBI Nominee	8	6	Not applicable
4.	Justice (Retd.) A. D. Tated Public Representative	12	11	Present
5.	Prof. P. V. Narasimham Public Representative	12	10	Absent
6.	Ms. Vimala Visvanathan Public Representative	12	12	Absent
7.	Prof. V. R. Iyer Public Representative	6	6	Not Applicable
8.	Shri M. W. Deshmukh Public Representative	6	4	Not Applicable
9.	Shri R. M. Joshi Public Representative	6	6	Absent
10.	Shri Ajay A. Thakkar Public Representative	6	4	Absent
11.	Dr. L. M. Bhole Public Representative	6	1	Not Applicable
12.	Shri Arvind B. Patel Trading Member, Nominee of Saurashtra Kutch Stock Exchange	12	0	Absent
13.	Shri N. Ranga Prasad Trading Member, Nominee of Hyderabad Stock Exchange	12	3	Absent
14.	Shri Bimal K. Nahata Trading Member, Nominee of Gauhati Stock Exchange	10	3	Absent
15.	Shri Rajive Kumar Kedia Trading Member, Nominee of Gauhati Stock Exchange	1	0	Present
16.	Shri Ashish M. Parikh Trading Member, Nominee of Mangalore Stock Exchange	12	10	Present
17.	Shri Madanlal O. Gupta Trading Member, Nominee of Vadodara Stock Exchange	7	1	Absent

Sr. No.	Name of Director and status	No. of Board Meetings held	No. of Board Meetings attended	Status at 4 th AGM
18.	Shri V. Ramu Sharma Trading Member, Nominee of Bangalore Stock Exchange	4	4	Present
19.	Shri Rameshwar Nath Pandey Trading Member, Nominee of Madadh Stock Exchange	8	1	Absent
20.	Shri. D. Balasundaram Trading Member, Nominee of Coimabtoe Stock Exchange	4	2	Absent
21.	Ms. Nirmala Banka Trading Member, Nominee of Bhubaneshwar Stock Exchange	2	1	Absent
22.	Shri Joseph Massey Managing Director	7	7	Present
23.	Shri V. Shankar Managing Director (Officiating)	12	12	Present

GENERAL BODY MEETINGS

Location and time where the last three Annual General Meetings (AGMs) were held

The last three Annual General Meetings i.e. 2nd, 3rd and 4th Annual General Meeting of the Company were held on the following dates at the Registered Office the Company:

2nd AGM: September 23, 2000

3rd AGM: September 22, 2001

4th AGM: September 30, 2002

Extra-Ordinary General Meetings (EOGMs)

Two Extra-Ordinary General Meetings of the Members of the Company were held on June 14, 2003 and Saturday, August 30, 2003 at the Registered Office of the Company.

In the Extra-Ordinary General Meeting held on June 14, 2003, Special Business relating to implementation of the Indonext Trading Platform, approval of the Scheme of Corporatisation and Demutualisation of ISE and strengthening of the Management of ISE were transacted.

In the Extra-Ordinary General Meeting held on August 30, 2003, Special Business relating to approval of the amendments in the Memorandum and Articles of Association, Rules and Bye-laws of the Exchange to give effect to the Scheme of Corporatisation and Demutualisation of the Exchange which has been approved by the Members of ISE in the earlier EOGM, were transacted.

**THE STATEMENT OF THE HOLDING COMPANY'S INTEREST IN THE
SUBSIDIARY COMPANY AS SPECIFIED IN SUB-SECTION (3) OF SECTION 212 OF
THE COMPANIES ACT, 1956**

Sr. No.	Particulars	Remarks
1.	Name of the Subsidiary Company	ISE Securities & Services Limited
2.	Financial Year of the Subsidiary Company	April to March i.e., April 1, 2002 to March 31, 2003
3.	Number of Shares of the Subsidiary Company held by Inter-connected Stock Exchange of India Limited (ISE)	54,97,900 Equity Shares of Rs.10/- each fully paid-up, held in the name of Inter-connected Stock Exchange of India Limited. 2,100 Equity Shares of Rs.10/- each fully paid-up, in the name of seven nominees of ISE (Shri M. R. Mayya, Shri Ajay A. Thakkar, Dr. K. Sabapathy, Shri Ashish M. Parikh, Shri V. Shankar, Shri Hasmukh B. Baldev and Shri Yogendra Surana). 55,00,000 Equity Shares of Rs. 10/- each fully paid-up
4.	Extent of Shareholding	100%. On March 31, 2003, ISE held the entire Share Capital consisting of 55,00,000 Equity Shares of Rs. 10/- each fully paid-up.
5.	Net aggregate amount of Profit / Loss of the Subsidiary Company, so far as it concerns the Members of the Company (a) not dealt with in the accounts of Inter-connected Stock Exchange of India Limited for the Financial Year ended March 31, 2003: I. For the Financial Year mentioned in 2 above. II. For the previous Financial Year.	Rs.5,39,945 (Rs.46,26,260)
	(b) dealt with in the accounts of Inter-connected Stock Exchange of India Limited for the Financial Year ended on 31 st March, 2003: I. For the Financial Year mentioned in 2 above. II. For the previous Financial Year.	NIL

Inter-Connected Stock Exchange of India Limited
Balance Sheet as at 31st March, 2003

	Schedule	As at March 31, 2003 Rupees	As at March 31, 2002 Rupees
Sources of funds			
Shareholders' funds		Nil	Nil
Share Capital (Company Limited by Guarantee)			
Admission fees/ Contribution towards Infrastructure Development	1	9,17,50,000	8,91,00,000
Reserves and Surplus	2	21,46,14,484	4,13,85,687
Secured Loan	3		23,52,122
Total		30,63,64,484	29,23,37,809
Application of funds			
Fixed assets	4	16,40,55,241	15,82,00,387
Gross block		7,10,46,312	5,06,97,614
Less: Depreciation		9,30,08,929	10,75,02,773
Net block		47,15,053	1,04,41,755
Capital work-in-progress		9,77,23,982	11,79,44,528
Investments	5	5,50,00,000	4,50,00,000
Current assets, loans and advances			
Current Assets	6	12,96,37,146	12,70,98,376
Cash and Bank Balances	7	62,08,179	39,18,057
Sundry Debtors	8	1,45,44,691	1,39,79,429
Loans and advances		15,03,90,016	14,49,95,862
Less: Current liabilities and provisions	9	13,41,29,944	14,32,66,318
Current liabilities	10	15,06,123	10,67,698
Deferred Payment Liabilities			
		13,56,36,066	14,43,34,016
Net Current Assets		1,47,53,950	6,61,846
Miscellaneous Expenditure (To the extent not written off or adjusted)	11		26,70,530
Profit and Loss Account		13,88,86,552	12,60,60,905
Total		30,63,64,484	29,23,37,809
Significant Accounting Policies and Notes forming part of the Accounts	16		

As per our attached Report of even date
For C. C. Chokshi & Co.,
Chartered Accountants

For and on behalf of the Board of Directors

P. R. Barpande
Partner
Mumbai
Date: August 30, 2003

M. R. Mayya
Chairman
Mumbai
Date: August 30, 2003

V. Shankar
Managing Director (Officiating)

Dipak K. Shah
Company Secretary

ected Stock Exchange of India Limited

Account for the year ended 31st March, 2003

	Schedule	Year ended March 31, 2003 Rupees	Year ended March 31, 2002 Rupees
Total	12	1,55,51,021	1,93,41,453
		1,55,51,021	1,93,41,453
id Operational Expenses	13	39,48,133	49,71,435
	14	99,67,462	2,88,99,495
	15	1,90,779	65,92,310
		2,03,48,698	2,30,30,990
gainst Capital Reserve		60,78,404	49,42,103
(note 10 of Schedule 16)		1,42,70,294	1,80,88,887
Total		2,83,76,668	5,85,52,127
		(1,28,25,647)	(3,92,10,674)
Forward from Previous Year		(12,60,60,905)	(8,68,50,231)
o Balance sheet		(13,88,86,552)	(12,60,60,905)
unting Policies and Notes ie Accounts	16		

Report of even date

& Co.,
ants

For and on behalf of the Board of Directors

M. R. Mayya
Chairman
Mumbai

V. Shankar
Managing Director (Officiating)

Dipak K. Shah
Company Secretary

Date: August 30, 2003

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Inter-Connected Stock Exchange of India Limited
Schedules forming part of the accounts

Schedule 1 : Admission Fees/ Contribution towards Infrastructure development- from Members		As At	As at
		March 31, 2003 Rupees	March 31, 2002 Rupees
Members Admission Fees		76,50,000	75,00,000
<u>Contribution towards infrastructure development :</u>			
Balance as per last year	8,16,00,000		8,16,00,000
Add : Contributions during the year	25,00,000		-
Less : Repaid during the year	-		-
(Refer note 5 of Schedule 16)		8,41,00,000	8,16,00,000
Total		9,17,50,000	8,91,00,000

SEBI-Connected Stock Exchange of India Limited
Schedules forming part of the accounts

	As at March 31, 2003 Rupees	As at March 31, 2002 Rupees
Schedule 2 : Reserves and Surplus		
Capital Reserve		
Networking Equipment Contributions		
Balance as per last balance sheet	2,28,14,281	
Less: Received during the year	72,91,025	2,66,37,634
Less: Adjustment towards Networking Equipments written off (Refer note 16 of schedule 16)	4,51,361	11,18,750
Less: Appropriation towards depreciation (Refer note 10 of Schedule 16)	60,78,404	49,42,103
	2,35,75,541	2,28,14,281
Dealer Admission Fees		
Balance as per last year	15,95,00,000	
Less: Received during the year (Refer note 11 of Schedule 16)	62,61,111	14,85,00,000
Less: Repaid during the year	20,00,000	1,10,00,000
	16,37,61,111	15,95,00,000
Other Reserves		
Settlement Guarantee Fund		
Initial contribution from traders and dealers		
Accretions by way of levy of charges on transactions during the year		
Amounting Rs.85,94,033/- (Previous year Rs..82,25,519 /-)		
Interest arising by way of interest for the year on deposits, etc; made out of such funds in accordance with the provisions of the laws of the company]		
Balance as per last Balance Sheet	1,83,80,527	99,81,040
Less: Additions during the year	86,64,979	83,99,487
	2,70,64,990	1,83,80,527
Investor Protection Fund		
Accretions by way of levy of charges and interest on transactions during the year		
Balance as per last Balance Sheet	92,783	91,324
Less: Additions during the year	584	1,459
	93,367	92,783
Investor Service Fund		
Accretions by way of levy of charges and interest on transactions from listing fees income during the year		
Balance as per last Balance Sheet	98,096	52,837
Less: Additions during the year	21,379	45,259
	1,19,475	98,096
Total	21,46,14,484	20,08,85,687

Inter-Connected Stock Exchange of India Limited
Schedules forming part of the accounts

Schedule 3 : Secured Loan	As At March 31, 2003 Rupees	As At March 31, 2002 Rupees
Bank Overdraft (Secured by way of pledge of Fixed Deposit Receipts of Rs. 2,00,00,000/- since released).	-	23,52,122
Total	-	23,52,122

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01-04-2002	Additions	Deductions	As at 31-03-2003	For the Year	Deductions	Upto 31-03-2003	As at 31-03-2003	As at 31-03-2002
					Upto 31-03-2002				
Leasehold Land	7,96,950	-	-	7,96,950	143,954	-	56,944	7,40,006	7,52,996
Leasehold Premises	3,25,85,962	-	-	3,25,85,962	23,40,484	-	28,71,635	2,97,14,327	3,02,45,478
Machinery and Electrical Equipments	41,99,643	15,269	-	42,14,912	6,24,066	-	8,23,982	33,90,930	35,75,577
Furniture and Fixtures	46,83,685	2,14,018	-	48,97,703	10,62,336	-	13,65,528	35,32,175	36,21,349
Vehicles	8,41,619	-	-	8,41,619	2,67,957	-	3,47,911	4,93,708	5,73,662
Office Equipments	23,02,903	9,269	-	23,12,172	3,83,447	-	4,94,896	18,17,276	19,19,456
Networking Equipment	3,65,20,334	55,43,398	-	4,20,63,732	95,56,865	-	1,62,96,313	2,53,89,526	2,69,63,469
Computers	7,62,69,291	72,900	-	7,63,42,191	3,64,18,505	-	4,87,89,103	2,75,53,088	3,98,50,786
Total	15,82,00,387	58,54,854	-	16,40,55,241	5,06,97,614	-	7,10,46,312	9,26,31,036	10,75,02,773
Previous Year	18,25,18,310	37,15,149	2,80,32,891	15,82,00,387	4,12,22,555	1,32,39,883	5,06,97,614	10,75,02,773	1,04,41,755
Capital Work in Progress (Networking equipments pending installation)									47,15,053

Notes:

- 1)
- 2)

In respect of Leasehold Land, Lease deed is pending execution.
 Leasehold Premises represents cost of Office Premises including improvements to premises taken from CIDCO under lease for a period of 60 years in respect of which Lease Deed has been executed.

Inter-Connected Stock Exchange of India Limited
Schedules forming part of the accounts

	As at March 31, 2003 Rupees	As at March 31, 2002 Rupees
Schedule 5 : Investments		
Long Term Investments (unquoted, at cost)		
Investments in the Shares of Wholly Owned Subsidiary Company		
- ISE Securities & Services Limited	5,50,00,000	4,50,00,000
65,00,000 (Previous Year 45,00,000) Equity Shares of Rs.10/- each, fully paid up	5,50,00,000	4,50,00,000
Total		

	As at March 31, 2003 Rupees	As at March 31, 2002 Rupees
Schedule 6 : Cash and bank balances		
Cash-on-hand		
Bank balances:		
with Scheduled Banks	22,44,485	21,37,924
- in Current Account		
(including Rs.2,32,583/- (Previous year Rs.1,76,544/-) in earmarked funds accounts]		
- in Deposit Account	12,73,92,661	12,49,60,452
(including Rs.9,10,15,481/- (Previous year Rs.8,20,19,958/-) in earmarked funds accounts)		
(including interest accrued Rs.1,26,45,989/- (Previous year Rs.68,63,465/-)		
Total	12,96,37,146	12,70,98,376

Connected Stock Exchange of India Limited
Accounts forming part of the accounts

	As at March 31, 2003 Rupees	As at March 31, 2002 Rupees
Schedule 7 : Sundry Debtors		
(as at)		
Outstanding for a period exceeding six months	63,56,679	39,08,057
Debts	2,500	10,000
	63,59,179	39,18,057
Provision (Refer note 13 of Schedule 16)	1,51,000	-
Total	62,08,179	39,18,057
As at Good	62,08,179	39,18,057
As at Doubtful	1,51,000	-
	63,59,179	39,18,057

	As at March 31, 2003 Rupees	As at March 31, 2002 Rupees
Schedule 8 : Loans and advances		
(as at)		
Loans given to subsidiary company	10,35,225	27,67,055
Loans recoverable in cash or in kind, or for to be received	47,22,201	36,19,369
Loans collected at Source	90,10,729	78,16,469
	1,47,68,155	1,42,02,893
Provision	2,23,464	2,23,464
Total	1,45,44,691	1,39,79,429
As at Good	1,45,44,691	1,39,79,429
As at Doubtful	2,23,464	2,23,464
Total	1,47,68,155	1,42,02,893
As at Directors		
Amount Outstanding Rs.20,000/- (Previous Year Rs.47,312/-)		

Inter-Connected Stock Exchange of India Limited
Schedules forming part of the accounts

	As at March 31, 2003 Rupees	As at March 31, 2002 Rupees
Schedule 9 : Current Liabilities		
Sundry Creditors*		
Total Outstandings dues of Small Scale Industrial undertakings		
Total Outstanding dues of creditors other than small scale industrial undertakings	32,13,266	30,02,870
	32,13,266	30,02,870
Deposits**		
Contribution towards Base Minimum Capital - Traders and Dealers	4,67,89,860	4,68,53,001
Contribution towards Settlement Stabilisation Fund	1,30,00,000	1,20,00,000
Contributions received in Advance ***	7,11,26,818	8,14,10,447
Total	13,41,29,944	14,32,66,318
<p>* The above information as provided in respect of small scale industrial undertakings is arrived at on the basis of information available with the company.</p> <p>** Refundable in accordance with the bye-laws of the company</p> <p>*** Advance contribution represents amounts received from the Traders/ dealers towards admission fees, annual fees, insurance premium, etc pending registration / approval.</p>		

	As at March 31, 2003 Rupees	As at March 31, 2002 Rupees
Schedule 10 : Deferred Payment Liabilities		
Due to Suppliers towards Capital Goods	15,06,123	10,67,698
Total	15,06,123	10,67,698

	As at March 31, 2003 Rupees	As at March 31, 2002 Rupees
Schedule 11 : Miscellaneous Expenditure (To the extent not written off or adjusted)		
Preliminary expenses	-	7,206
Deferred Revenue Expenditure	-	26,63,324
Total	-	26,70,530

Inter-Connected Stock Exchange of India Limited
Schedules forming part of the accounts

	For the year ended March 31, 2003 Rupees	For the year ended March 31, 2002 Rupees
Schedule 12 : Income		
Admission Fees from Traders	80,000	65,000
Annual Subscription received		
- From Members	650,000	6,50,000
- From Traders	177,000	2,71,000
- From Dealers	8,250,000	80,50,000
	90,77,000	89,71,000
Interest on Bank Deposits, etc. (TDS Rs.25,09,489/- previous year Rs.30,92,806/-)	12,468,476	1,43,55,372
Less : Interest earned on Reserve Fund Deposits	8,594,033	82,25,619
	38,74,443	61,29,753
Sale of Software	13,00,000	-
Listing Fees	1,15,500	1,70,200
Transaction Charges	34,626	81,658
Interest on advances given to subsidiary company (TDS Rs.47,483/-; previous year Rs.1,57,695/-)	2,26,110	7,73,013
Interest on income Tax refund	2,43,853	-
Excess provision for earlier years written back	1,02,364	15,00,000
Employee Bonus/Ex-gratia written back	-	57,266
Provision of Doubtful Debts Written Back	-	2,00,000
Miscellaneous Income	4,97,125	-13,93,563
Total	1,55,51,021	1,93,41,453

	For the year ended March 31, 2003 Rupees	For the year ended March 31, 2002 Rupees
Schedule 13 : Employee Cost		
Salaries (Net of recovery Rs.61,62,589/- [Previous year Rs. 47,02,929/-])	34,55,656	43,55,975
Contribution to Provident and Other Funds (Net of recovery of Rs.5,61,886/- [Previous year Rs.4,07,563/-])	3,33,896	4,01,165
Gratuity (Net of recovery of Rs.50,507/- [Previous year Rs.16,092/-])	26,829	54,478
Staff Welfare (Net of recovery of Rs.51,461/- [Previous year Rs.1,59,817/-])	1,31,752	1,59,817
Total	39,48,133	49,71,435

Inter-Connected Stock Exchange of India Limited
Schedules forming part of the accounts

Schedule 14 : Administration and Operational Expenses	For the year ended March 31, 2003 Rupees	For the year ended March 31, 2002 Rupees
Networking Expenses [Net of recovery of Rs.Nil (Previous year Rs.17,01,007/-)]	5,93,765	10,81,656
Telephone & Fax Expenses (Net of recovery of Rs.Nil-[Previous year Rs.3,09,852/-])	1,90,862	6,21,132
On-line Subscription (net of recovery of Rs.27,102/- [Previous year Rs.13,773/-])	27,102	13,773
Printing & Stationery (Net of recovery Rs.Nil [Previous year Rs.42,478/-])	3,68,794	5,68,047
Legal & Professional Charges	13,19,103	12,99,493
Electricity Expenses (Net of recovery of Rs.10,69,307/- [Previous year Rs.6,21,103/-])	2,97,799	6,22,991
Water Consumption Charges (Net of recovery of Rs.37,629/- [Previous year Rs.28,545/-])	36,846	28,544
Rates & Taxes (Net of recovery of Rs.2,460/- [Previous year Rs.Nil])	3,31,240	3,03,100
Repairs & Maintenance - Leasehold Premises (Net of recovery of Rs.3,41,436/-[Previous year Rs.3,41,436/-])	2,70,712	4,14,732
Repairs & Maintenance - Others (Net of recovery Rs.82,674/-[Previous year Rs.80,852/-])	8,43,866	31,65,517
Conveyance	2,74,223	2,40,831
Postage & Courier Expenses (net of recovery of Rs.Nil [Previous year Rs.10,061/-])	1,44,967	2,35,492
Security Expenses	2,44,229	3,25,733
Insurance (Net of recovery of Rs.5,021/- [Previous year Rs.5,667/-])	1,55,015	78,795
Hiring Charges (net of recovery of Rs.Nil [Previous year Rs.3,500/-])	1,078	16,052
Bank Charges (net of recovery Rs.Nil [previous year Rs.274/-])	27,137	20,597
Publicity Expenses	1,46,015	5,80,107
Newspapers & Periodicals	26,737	27,225
Books & References	35,582	33,085
Rent (Net of recovery of Rs.3,25,751/-[Previous year Rs. 3,26,270/-])	3,26,250	3,09,575
Travelling Expenses [net of recovery of Rs.1,00,864/--(Previous year Rs.1,619/-)]	1,89,514	2,25,107
Motor Car Expense (net of recovery of Rs.Nil [Previous year Rs.1,01,072/-])	2,66,469	2,32,015
Membership & Subscription	1,66,411	1,94,867
NSDL Connectivity Charges	1,77,215	1,75,672
Miscellaneous Expenses (net of recovery Rs.4,79,645/- [previous year Rs.38,235/-])	2,89,273	4,21,818
Fixed Assets (Software) Written off	-	1,47,93,008
Bad Debts / Advances written off	3,95,730	2,00,000
Provision for Doubtful Debts / Advance	1,51,000	-
Preliminary Expenses Written off	7,206	7,206
Deferred revenue Expenditure Written off	26,63,324	26,63,325
Total	99,67,462	2,88,99,495

Note: Miscellaneous Expenses include training expenses, brokerage, dmat charges, recruitment expenses, etc.