

7TH ANNUAL REPORT
2004-2005

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the wholly-owned subsidiary of Inter-connected
Stock Exchange of India Ltd.

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NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING OF INTER-CONNECTED STOCK EXCHANGE OF INDIA LIMITED TO BE HELD ON SATURDAY, SEPTEMBER 24, 2005 AT 12.15 P.M. AT THE REGISTERED OFFICE OF THE COMPANY.

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of Inter-connected Stock Exchange of India Ltd. will be held on Saturday, September 24, 2005 at 12.15 p.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 Balance Sheet as at March 31, 2005, Profit & Loss Account for the year ended March 31, 2005 and the Reports of the Directors and Auditors thereon.
2. To appoint Auditors to hold office from the conclusion of this meeting upto the Due Date as may be determined by the Board of Directors of the Company in accordance with the ISE (Corporatisation & Demutualisation) Scheme, 2005 approved by SEBI and to authorise the Board of Directors to fix the remuneration payable to them.

Special Business

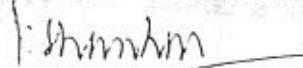
3. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a "Special Resolution":

"RESOLVED THAT subject to approval of the Securities and Exchange Board of India (SEBI) and / or the Registrar of Companies, Maharashtra and / or any other competent authority in this regard, the amendments in the Articles of Association and Rules of the Company as annexed herewith be and are hereby approved, so as to make them consistent with the ISE (Corporatisation & Demutualisation) Scheme, 2005 approved by SEBI.

RESOLVED FURTHER THAT the Board of Directors and / or Shri V. Shankar, Managing Director of the Company be and are / is hereby authorized for making such amendments in the approved Memorandum of Association, Articles of Association and Rules of the Company as may be directed by SEBI and / or the Registrar of Companies, Maharashtra and / or any other competent authority in this regard and further to take all necessary actions related or incidental thereto to give effect to the scheme of corporatisation and demutualisation of the Company as approved by the Board of Directors and Members of the Company and SEBI."

Date: August 31, 2005
Place: Vashi, Navi Mumbai

BY ORDER OF THE BOARD



V. SHANKAR
MANAGING DIRECTOR

Notes:

1. All Members are requested to forward to the Company letters from their respective stock exchanges authorising them to attend the Meeting;
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 Annual General Meeting is enclosed herewith.
3. Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company, at least seven days before the date of the meeting. Replies to such written queries received, will be provided only at the meeting.

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Members

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Place V

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

respect of Item No. 3

The Board of Directors of the Company in their meetings held on November 3, 2004, November 27, 2004, January 22, 2005 and June 25, 2005 had decided that Inter-connected Stock Exchange of India Ltd. (ISE), the existing company which is limited by guarantee and incorporated under section 12 of the Companies Act, 1956, be converted into / registered as a company limited by share capital, so as to comply with the directives of SEBI and Central Government on corporatisation and demutualisation of stock exchanges, subject to approval of the Members of the Company in a general meeting.

The Members of the Company in the Extra-ordinary General Meeting (EGM) held on January 22, 2005 had approved the scheme of corporatisation and demutualisation as finalized by the Board of Directors of the Company and also the revised Memorandum of Association, Articles of Association and Rules of the Company to substitute the existing Memorandum of Association, Articles of Association and Rules of the Company. The Members of the Company had further authorised the Board of Directors to carry out such amendments in these documents as may be required to fulfil the conditions stipulated by SEBI at the time of approving the corporatisation and demutualisation scheme of the Company.

The final corporatisation and demutualisation scheme of the Company was drawn up on the same lines as the scheme submitted by The Stock Exchange, Mumbai (BSE) that has been approved by SEBI. The final scheme of the Company, after approval of the Board of Directors on June 25, 2005, was forwarded to SEBI for approval on June 27, 2005.

In order to ensure that the Articles of Association and Rules of the Company are in conformity with the ISE (Corporatisation and Demutualisation) Scheme, 2005 as forwarded to SEBI, certain minor modifications are required in these documents, which had earlier been approved by the Members of the Company in the EGM held on January 22, 2005.

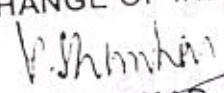
These changes pertain to certain definitions, stipulations of SEBI that the provisions of the approved scheme shall be complied with at all times and the manner of appointment of Independent Directors (earlier called Public Representative Directors).

As these changes have been directed by SEBI, the Articles of Association and Rules of the Company, as already approved by the Members of the Company, need to be modified to the extent of such changes.

None of the Directors of the Company is concerned with or interested in this Resolution.

The Board of Directors recommends the passing of the proposed resolution by the Members of the Company

BY ORDER OF THE BOARD
For INTER-CONNECTED STOCK EXCHANGE OF INDIA LIMITED


V. SHANKAR
Managing Director

Date: August 31, 2005
Place: Vashi, Navi Mumbai

BOARD OF DIRECTORS

- Prof. P. V. Narasimham, Chairman (wef April 17, 2004)
Shri V. Shankar, Managing Director
Shri V. A. Vijayan Menon, SEBI Nominee
Shri R. M. Joshi, Public Representative
Shri M. W. Deshmukh, Public Representative (upto January 22, 2005)
Prof. V. R. Iyer, Public Representative (upto June 25, 2005)
Shri Sandeep H. Junnarkar, Public Representative
Dr. S. D. Israni, Public Representative
Dr. M. Y. Khan, Public Representative
Prof. R. H. Sarma, Public Representative (wef January 22, 2005)
Dr. K. Sabapathy, Trading Member, Nominee of Coimbatore Stock Exchange
Smt. Asha Manjari Mishra, Trading Member, Nominee of Bhuaneshwar Stock Exchange
Shri Rameshwar Nath Pandey, Trading Member, Nominee of Magadh Stock Exchange
Shri M. R. Mayya, Chairman (upto April 17, 2004)
Justice (Retd.) A. D. Tated, Public Representative (upto April 17, 2004)
Ms. Vimala Visvanathan, Public Representative (upto April 17, 2004)

SECRETARIAL, LEGAL & COMPLAINE

- Shri Dipak K. Shah, Company Secretary

AUDIT COMMITTEE

- Prof. V. R. Iyer, Chairman (Upto June 25, 2005)
Shri R. M. Joshi, Public Representative
Shri M. W. Deshmukh, Public Representative (Upto January 22, 2005)
Dr. S. D. Israni, Public Representative
Dr. M. Y. Khan, Public Representative
Prof. P.V. Narasimham, Public Representative (Co-opted w.e.f. June 25, 2005)

STATUTORY AUDITORS

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

INTERNAL AUDITORS

- M/s. Haribhakti & Co., Chartered Accountants

LEGAL / COMPANY LAW ADVISORS

- M/s. Kanga & Co., Advocates, Solicitors and Notary
M/s. Junnarkar & Associates, Advocates, Solicitors and Notary
Shri J. J. Bhatt, Advocates
M/s. S. D. Israni & Co., Company Secretaries

BANKERS

- HDFC Bank Limited
The ING Vysya Bank Limited

REGISTERED OFFICE

International Infotech Park
Tower 7, 5th Floor, Sector 30

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or: I E (Rs. Cr.)
Indonext (Rs. Cr.)
(Rs. Lakh)
Senior Fees from Traders
Subscription from :
Members
Traders
Dealers
or Bank Deposits
Fees
from DP Operations
from Rent
Commission Charges
Payment by ISS for usage
Commission Fees for Additional Tr
Commission Fees for Additional Tra
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Income
Expenditure (Rs. Lakh)
Employee Cost
IT & Ops Cost
Net
Expenditure on DP
Commission
Expenditure
(Profit/Loss) before Taxation (f
Capital Structure (Rs. Lakh)
Equity Capital
Reserves & Surplus
Borrowed Loan
Fixed Assets
Investments
Current Assets
Net Worth Analysis (Rs. Lakh)
Equity Capital
Reserves & Surplus
Borrowed Funds
Profit & Loss (Dr.)
Net Worth

PERFORMANCE AT A GLANCE

(all figures in Rs. lakh)

	Financial Performance				
	2004-05	2003-04	2002-03	2001-02	2000-01
Revenue: ISE (Rs. Cr.)	-	0.03	26.56	143.00	233.00
Indonext (Rs. Cr.)	-	-	-	-	-
Expenses (Rs. Lakh)					
Director Fees from Traders	0.45	0.50	0.80	0.65	3.55
Subscription from:					
Members	2.50	7.00	6.50	6.50	7.50
Traders	2.07	2.18	1.77	2.71	2.82
Dealers	45.34	43.00	82.50	80.50	74.50
Interest on Bank Deposits	48.46	36.12	38.74	61.30	106.35
Stamp Fees	1.36	0.89	1.16	1.70	0.95
Expenses from DP Operations	38.88	14.80	-	-	-
Office Premises Rent	27.02	16.19	-	-	-
Transaction Charges	-	-	0.35	0.82	2.20
Contribution	41.86	35.49	23.69	39.24	21.70
Contribution by ISS for usage of ISE Assets	99.60	85.58	-	-	-
Commission Fees for Additional Trading Rights - Dealers	-	51.00	-	-	-
Commission Fees for Additional Trading Rights-Phase I	3.75	-	-	-	-
Commission Fees for Additional Trading Rights-Phase I	9.37	-	-	-	-
Commission Fees for Additional Trading Rights-Phase II	41.60	-	-	-	-
Net Income	362.26	292.75	155.51	193.42	219.57
Expenditure (Rs. Lakh)					
Employee Cost	57.87	48.23	39.48	49.71	80.11
Depreciation & Ops Cost	134.74	77.94	99.67	288.99	237.30
Interest	-	-	1.91	65.92	24.96
Expenditure on DP	20.95	11.58	-	-	-
Provision for Depreciation	142.53	143.59	142.70	180.89	187.09
Total Expenditure	356.09	281.34	283.76	585.51	529.46
Profit/(Loss) before Taxation (Rs. Lakh)	6.17	11.41	(128.25)	(392.09)	(309.89)

Balance Sheet Structure (Rs. Lakh)					
Share Capital	-	-	-	-	-
Reserves & Surplus	2,685.29	2,823.19	2,790.87	2,714.15	2,642.39
Borrowed Loan	-	-	-	23.52	-
Fixed Assets	484.44	778.85	977.24	1,179.45	1,522.17
Investments	550.00	550.00	550.00	450.00	250.00
Current Assets	717.55	479.58	147.54	6.62	49.55

Net Worth Analysis (Rs. Lakh)					
	2004-05	2003-04	2002-03	2001-02	2000-01
Share Capital	-	-	-	-	-
Reserves & Surplus	2,685.29	2,823.19	2,790.87	2,714.15	2,642.39
Total	2,685.29	2,823.19	2,790.87	2,714.15	2,642.39
Borrowed Funds	-	-	-	23.52	-
Profit & Loss (Dr.)	1,371.29	1,377.45	1,388.87	1,260.61	868.50
Net Worth	1,314.00	1,445.74	1,402.00	1,453.54	1,773.89

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