

EASIER ACCESS WIDER REACH

Eleventh Annual Report 2008-09



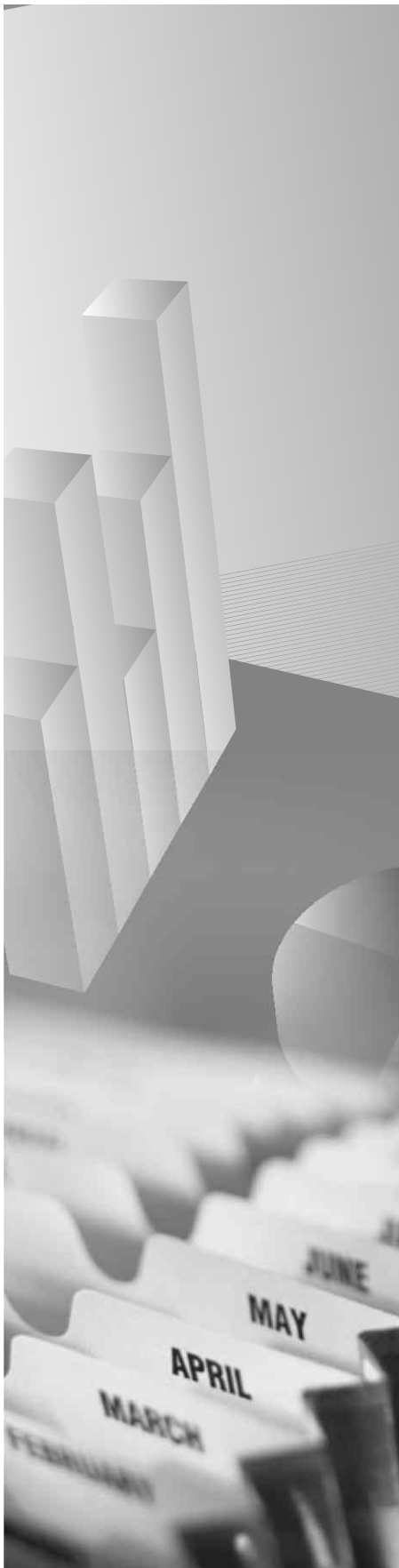
Inter-connected Stock Exchange of India Limited



Inter-connected Stock Exchange of India Limited
ELEVENTH ANNUAL REPORT 2008 - 09

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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)

TIRUNELVELI

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

DELHI

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

NAGPUR

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

HYDERABAD

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

PATNA

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

GUWAHATI BRANCH

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,
Naryanguda,
Hyderabad (AP),
(Branch Incharge: Shri K. V. Nagabushan)

TIRUNELVELI

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

PUBLIC INTEREST DIRECTORS

Shri K. Rajendran Nair, Chairman
Shri S. Ravi

SHAREHOLDER DIRECTORS

Shri K. V. Thomas
Shri K. D. Gupta
Shri Maninder Singh Grewal
Shri T. N. T. Nayar
Shri P. Sivakumar
Shri Sanjeev Puri (upto August 25, 2009)

TRADING MEMBER DIRECTORS

Shri Surendra Holani
Shri Rajiv Vohra

MANAGING DIRECTOR

Shri P. J. Mathew

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Milind Nigam

AUDIT COMMITTEE

Shri K. D. Gupta
Shri T. N. T. Nayar
Shri P. Sivakumar

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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

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, 5th Floor
Sector - 30, Vashi
Navi Mumbai - 400703.

**Notice of the 11th Annual General Meeting of Inter-connected Stock Exchange of India Limited
to be held on Tuesday, September 29, 2009 at 11.30 a.m. at Hotel Abbott, Sector - 2, Near
Meghraj Cinema Hall, Vashi, Navi Mumbai 400 703.**

NOTICE is hereby given that the 11th Annual General Meeting of the Members of Inter-connected Stock Exchange of India Ltd. will be held on Tuesday, September 29, 2009 at 11.30 a.m. at 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, 2009 and Profit & Loss Account for the period April 1, 2008 to March 31, 2009 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. Maninder Singh Grewal**, 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. T. N. T. Nayar**, who retires by rotation and is not eligible for re-appointment.
5. To appoint a Trading Member Director in place of **Mr. Rajeev Vohra**, 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 and to fix their remuneration.

Special Business

1. **TO APPOINT A SHAREHOLDER DIRECTOR IN PLACE OF MR. SANJEEV PURI, WHO HAS CEASED TO BE A DIRECTOR OF THE COMPANY.**
2. TO CONSIDER AND IF THOUGHT FIT TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS "ORDINARY RESOLUTION" SUBJECT TO APPROVAL OF SEBI.

"RESOLVED THAT the authorised capital of the Company be increased from Rs. 20,00,000 divided into 20,00,000 equity shares of Re. 1/- each to Rs. 5,00,00,000 divided into 5,00,00,000 equity shares of Re. 1/- each by the creation of 4,80,00,000 new equity shares of Re. 1/- each and that the clause V of the Memorandum of Association of the Company be altered accordingly, subject to approval of SEBI, to read as under:

Clause V of the Memorandum of Association

- V. The Authorized Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Five crore only) divided into 5,00,00,000 {five crore equity shares of Re. 1/- (Rupee one) each}, with the Company having the power to increase or reduce the capital."
3. TO CONSIDER AND IF THOUGHT FIT TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS "SPECIAL RESOLUTION".

RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act 1956 and all other applicable provisions, if any, and subject to the approval of the Company in the General Meeting, by passing a Special Resolution, the Articles of the Articles of Association of the Company be altered in the following manner:

Article No.	Proposed
1.21	To be Deleted
1.53	To be Deleted
145A	The Directors, except the Chief Executive such CEO, ED, MD etc. and the Public Interest Directors shall be elected by the Shareholders.
145B*	No Director shall hold office for more than two consecutive terms. Provided that such a director shall be eligible for holding the office of Director after a gap of at-least one year or the next Annual General Meeting, whichever is earlier.

Article No.	Proposed
147*	After this Article the table enclosed at Annexure - 1 will be inserted.
150	To be Deleted
151	The Board of Directors of the Company shall select the Public Interest Directors from amongst the persons in the panel constituted by SEBI for this purpose.
152	To be Deleted
153	To be Deleted
154	Upon the office of a Director who is a Public Interest Director falling vacant for any reason, the Board shall appoint any eligible person as Public Interest Director from out of the panel constituted by SEBI.
157*	Shareholder of the Company who is not a Trading Member, stock broker or clearing member of ISE or clearing corporation or Associate of such Trading Member, stock broker or clearing member, is eligible for appointment as a Shareholder Director in accordance with these presents.
185	No person shall be or continue as a Director of the Company unless he is entitled to be appointed or selected or elected or to continue as Director under these Articles, Rules, Bye-laws and Regulations of the Company and the Act.

* Subject to approval of SEBI.

By Order Of The Board

Date: September 4, 2009
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 22.09.2009 to 29.09.2009 (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 18, 2009. 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 18, 2009.
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 31st March 2009, 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 up to M/s. Bigshare Securities Pvt. Ltd., E/2, Ansa Industrial Estate, Saki Naka, Andheri (E), Mumbai 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, 5th Floor
Sector 30, Vashi
Vashi, Navi Mumbai - 400 703
Ph.: +91-22-67941100

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

Special Business:

IN RESPECT OF ITEM NO. 1

Mr. Sanjeev Puri was **appointed by the shareholders at its meeting held on 30th January 2008 as Shareholder Director of the Company. Mr. Puri ceased to be a shareholder director as per the provisions of section 283(1)(g) of the Companies Act.**

None of the Directors are interested in the resolution.

IN RESPECT OF ITEM NO. 2

The Authorised Share Capital of the Company presently stands at Rs. 20,00,000 (Rupees twenty lakh only) divided into 20,00,000 (twenty lakh) equity shares of Re. 1/- (Rupee one) each. For the revival of Trading Platform of the Exchange and for bidding for the SME Segment, it is desirable to bring the Authorised Capital of the Company in proper correlation with the Company's magnitude, resources and size of its undertaking. It is therefore considered advisable to increase the Authorized Capital of the Company from Rs. 20 lakh to Rs. 5 crore, by creation of 4.80 crore equity shares of Re. 1/- each, which will rank pari passu in all respect with the existing equity shares in the Company. The proposed increase of the Authorized Capital of the

Company requires the approval of the Members in the general meeting. Consequent upon the increase in the Authorized Capital of the Company, its Memorandum of Association will require alteration so as to reflect the increase in the Share Capital subject to approval of SEBI.

Hence, the proposed resolution is recommended for consideration of and approval by the shareholders of the Company.

None of the Directors are interested in the resolution.

A copy of the Memorandum & Articles of Association of the Company is available for inspection at the Registered Office of the Company between 10.00 am to 12.00 noon on any working day of the Company.

IN RESPECT OF ITEM NO. 3

With a view to ensure that the Articles of Association of the Company are consistent with the provisions of the Companies Act, 1956, the terms and conditions stipulated by SEBI vide its letter no. MRS/DSA/VC&D/143463/08 dated November 6, 2008 and to rectify the typographical errors (if any), amendments are proposed in the Articles of Association. These amendments have been duly approved by the Board of Directors of the Company at their meeting held on 16th December, 2008 and September 4, 2009.

The existing articles along with the revised articles proposed in their place are presented below:

Article No.	Existing	Proposed
1.21	"Independent Director" shall have same meaning as assigned to it in the Corporate Governance norms specified by SEBI under the Listing Agreement.	To be Deleted
1.53	"Strategic Partner / Majority Shareholder" shall mean a shareholder, who along with persons acting in concert with him, holds 15% or more shares or voting rights in the Company.	To be Deleted
145A	Newly inserted	The Directors, except the Chief Executive such CEO, ED, MD etc. and the Public Interest Directors shall be elected by the Shareholders.
145B*	Newly inserted	No Director shall hold office for more than two consecutive terms. Provided that such a director shall be eligible for holding the office of Director after a gap of at-least one year or the next Annual General Meeting, whichever is earlier.
147*	The Chairman of the Company shall be elected from amongst the Directors who are not executive directors or Trading Member Directors.	After the Article the table mentioned below the table will be inserted.
150	The Board shall come up with the names of persons proposed to be appointed as Public Interest Directors from out of the panel constituted by SEBI for this purpose. The Member of the Company may, if they so desire, propose any additional name from the panel constituted by SEBI in addition to the names proposed by the Board in this regard.	To be Deleted
151	The Members of the Company shall elect the Public Interest Directors in a general meeting.	The Board of Directors of the Company shall select the Public Interest Directors from amongst the persons in the panel constituted by SEBI for this purpose.
152	Subject to the provisions of the Act and other provisions of these Articles, one-third of the Public Interest Directors for time being as are liable to retire by rotation or if their number is not three or multiple of three, then the number nearest to one-third shall retire by rotation. As between persons appointed on the same day, retirement is to be determined by mutual consent and in case of default, by lot.	To be Deleted

Article No.	Existing	Proposed
153	The Members of the Company may at any time remove a Director other than a director appointed by the Central Government in pursuance of section 408 of the Act or by SEBI, before the expiry of his period of office and there upon the concerned person shall cease to be a Director.	To be Deleted
154	Upon the office of a Director who is a Public Interest Director falling vacant for any reason, the Board or the Company in a general meeting shall appoint any eligible person as Public Interest Director from out of the panel constituted by SEBI.	Upon the office of a Director who is a Public Interest Director falling vacant for any reason, the Board shall appoint any eligible person as Public Interest Director from out of the panel constituted by SEBI.
157*	Shareholder of the Company who is not a Trading Member, stock broker or clearing member of any stock exchange or clearing corporation or Associate of such Trading Member, stock broker or clearing member, is eligible for appointment as a Shareholder Director in accordance with these presents.	Shareholder of the Company who is not a Trading Member, stock broker or clearing member of ISE or clearing corporation or Associate of such Trading Member, stock broker or clearing member, is eligible for appointment as a Shareholder Director in accordance with these presents.
185	No person shall be or continue as a Director of the Company unless he is entitled to be appointed or elected or to continue as Director under these Articles, Rules, Bye-laws and Regulations of the Company and the Act.	No person shall be or continue as a Director of the Company unless he is entitled to be appointed or selected or elected or to continue as Director under these Articles, Rules, Bye-laws and Regulations of the Company and the Act.

* Subject to approval of SEBI.

None of the Directors are 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 4, 2009
Place: Vashi, Navi Mumbai

Sd/-
Milind Nigam
Company Secretary

Annexure No. 1

Table to be inserted after Article No. 147

Category	Stakeholders	Designation	Status	Who may Represent	Who may elect / select / appoint	Extension / representation	Election, Vacation, Removal
A	B	C	D	E	F	G	H
1	Trading Members	Trading Member Director	Non-Executive	Trading Members	Shareholders	<= 1 / 4	As per the Companies Act, 1956 unless specifically provided in the SCRA
2	Investors, Listed Companies, Society, etc.	Public Interest Director	Non-Executive	A person from the SEBI Panel	Board of Directors	1 / 4 (rounded off to nearest number)	
3	Shareholders	Shareholder Director	Non-Executive / Executive	Any Person who is not a Trading Member or Associate of a Trading Member	Shareholders	Balance	
4	Exchange Administration	Chief Executive (MD/CEO/ ED)	Executive	Professional	Board	One	

DIRECTORS' REPORT: 2008 - 09

The Board of Directors of Inter-connected Stock Exchange of India Ltd. are pleased to present the Eleventh Annual Report for the year ended March 31, 2009 together with the Audited Statement of Accounts for the financial year 2008-09.

FINANCIAL HIGHLIGHTS

The financial performance of your Exchange for the year 2008-09, together with the comparable figures for the four previous years, is given below:

Comparative Financial Performance		(Figs. in Rs. lakh)				
	2008-09	2007-08	2006-07	2005-06	2004-05	
INCOME						
Admission Fees from Trading Members	190.35	16.75	153.05	5.80	0.45	
Annual Subscriptions from Trading Members	88.66	85.18	83.52	61.51	49.91	
Listing Fees	1.67	1.40	1.18	1.20	1.36	
Transaction Charges	-	-	-	-	-	
Income from DP Operations	154.70	185.63	128.42	81.24	38.88	
Income from Training Programmes	12.44	22.72	30.24	19.30	-	
Income from Research	1.01	1.09	0.30	-	-	
Income from Rent	26.40	48.42	48.42	38.34	27.02	
Interest on Bank Deposits	245.69	210.11	77.33	63.34	48.46	
Reimbursement by ISS for usage of ISE Assets	42.09	53.19	63.96	75.83	99.60	
Management Services Fees	30.00	30.00	30.00	30.00	-	
Income from Current Investments – Mutual Fund	-	21.41	-	-	-	
Application fee & Admission fee for Additional Trading Rights	-	-	-	9.40	54.72	
Profit on Sale of Assets	-	-	-	165.06	-	
Others	75.87	15.54	57.13	47.00	41.86	
Total Income	868.88	691.44	673.55	598.02	362.26	
EXPENDITURE						
Employee Cost	146.37	141.45	116.73	93.68	57.87	
Administrative & Operational Expenses	304.66	225.38	267.47	166.98	134.74	
DP Expenses	46.02	65.03	44.28	36.94	20.95	
Training Programmes Expenses	3.76	8.31	7.57	36.16	-	
Research Expenses	0.12	0.06	0.25	-	-	
Interest	-	-	-	-	-	
Depreciation	25.61	20.87	21.74	28.24	142.53	
Total Expenditure	526.54	461.10	458.04	362.00	356.09	
Profit/(Loss) before Taxation	342.34	230.34	215.51	236.02	6.17	
Less: Provision for Tax	166.16	131.40	89.69	21.56	-	
PROFIT/(LOSS) AFTER TAXATION	176.18	98.94	125.82	214.46	6.17	

APPROPRIATIONS

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

(Rs. in lakh)

General Reserves	17.62
Proposed Dividend	28.00
Corporate Dividend Tax	3.82
Balance carried to Reserves and Surplus	292.33

DIVIDEND

Considering the good performance during the year under review, the Board of Directors of the Company in its meeting held on September 4, 2009 have recommended a dividend of Re.2/- per equity share of Re. 1/- each (200%), for the year ended March 31, 2009 and the same will be paid after the approval at the Annual General Meeting. The total dividend payout for the year 2008-09 (including dividend distribution tax) is Rs. 31.82 lakh.

MACRO-ECONOMIC REVIEW

Growth Scenario

According to the estimates released by the Central Statistical Organization (CSO) in February 2009, real GDP growth during the year 2008-09 is estimated to be 7.1 per cent as compared with 9.0 per cent in the year 2007-08, reflecting deceleration of growth in all its constituent sectors (Table 1). While the slowdown in industrial growth was largely an outcome of some cyclical downturn and adverse global factors, the service sector also recorded moderation from its double digit growth, notwithstanding a countercyclical rise in the growth of community social and personal services following the implementation of the Sixth Pay Commission recommendations.

Industry	Percentage change over previous year	
	2008-09#	2007-08*
1. Agriculture, Forestry & Fishing	2.6	4.9
2. Industry	4.2	7.4
Mining & Quarrying	4.7	3.3
Manufacturing	4.1	8.2
Electricity, Gas & Water supply	4.3	5.3
3. Services	9.2	10.8
Construction	6.5	10.1
Trade, Hotel, Transport and Communication	10.3	12.4
Financing, Insurance, Real estate & Business services	8.6	11.7
Community, Social & Personal services	9.3	6.8
4. GDP at factor cost	7.1	9.0

#Advanced estimates *Quick estimates

Source: Central statistical Organization

TRENDS IN EQUITY MARKET

Primary Market

The primary market segment of the domestic capital market witnessed a marginal increase during the fourth quarter of 2008-09. Cumulatively, resources raised through public issues declined sharply to Rs.14, 671 crore during 2008-09 from Rs.83, 707 crore during 2007-08. The number of issues also declined considerably from 119 to 45 (Table 2).

Mobilisation of resources through private placement declined by 25.1 per cent during April-December 2008 (the period for which the latest data are available) over the corresponding period of the previous year (refer Table 2). Public sector entities accounted for 58.4 per cent of total mobilization as compared with 37.2 per cent during the corresponding period of the

previous year. Resource mobilisation through financial intermediaries (both from public and private sector) registered a decline of 40.5 per cent over the corresponding period of last year and accounted for 54.4 per cent of the total mobilisation during April-December 2008. However, resources raised by non-financial intermediaries registered an increase of 8.1 per cent (45.7 per cent of total resource mobilisation) during April-December 2008 over the corresponding period of the previous year.

Table 2: Mobilisation of Resources from the Primary Market (Rs. in crore)				
Item	No. of Issues	Amount	No. of Issues	Amount
	2007-08		2008-09P	
A. Prospectus and Rights Issues*				
1. Private Sector (a+b)	115	63638	45	14671
a) Financial	11	14676	2	466
b) Non-Financial	104	48962	43	14205
2. Public Sector (a+b+c)	4	20069	-	-
a) Public Sector Undertakings	-	-	-	-
b) Government Companies	2	2516	-	-
c) Banks/Financial Institutions	2	17553	-	-
3. Total (1+2)	119	83707	45	14671
of which				
(i) Equity	116	82398	45	14671
(ii) Debt	3	1309	-	-
	April-December 2007		April-December 2008	
B. Private Placement				
1. Private Sector (a+b)	1245	94139	522	46687
a) Financial	693	63916	235	26265
b) Non-financial	552	30223	287	20422
2. Public Sector (a+b)	117	55817	130	65605
a) Financial	80	38621	62	34773
b) Non-financial	37	17196	68	30832
Total (1+2)	1362	149956	652	112292
of which				
(i) Equity	-	-	1	114
(ii) Debt	1362	149956	651	112178
C. Euro Issues				
	26	26556	13	4788

P: Provisional * : Excluding offers for sale - : Nil/Negligible

Source: Macroeconomic and Monetary Developments in 2008-09

During 2008-09, resources raised through Euro issues American Depository Receipts (ADRs) and Global Depository Receipts (GDRs) by Indian corporates declined significantly by 82.0 per cent, from Rs. 26556 crore in 2007-08 to Rs.4, 788 crore in 2008-09. All the Euro issues during the financial year were GDR issues.

During 2008-09, net resource mobilisation by mutual funds turned negative. There was a net outflow of Rs.28, 297 crore during the year as compared to a net inflow of Rs. 1, 53, 801 crore during 2007-08 (Table 3). Scheme-wise, during 2008-09, income/debt oriented schemes witnessed a net outflow of Rs.32, 161 crore, while growth/equity oriented schemes registered a net inflow of Rs.4, 024 crore. There were substantial outflows during the months of June 2008 (Rs.39, 233 crore), September 2008 (Rs.45, 651 crore) and October 2008 (Rs.45, 796 crore) due to the uncertain conditions in the stock markets and redemption pressures from banks and corporate on account of tight liquidity conditions prevailing at that time. The Reserve Bank then announced immediate measures to provide liquidity support to mutual funds through banks. With the easing of overall liquidity conditions, investment in mutual funds again became attractive. During November 2008 to February 2009, net resource mobilization by mutual funds turned positive.

Table 3: Resources Mobilisation by Mutual Funds

(Rs. in crore)

Category	2007-08		2008-09	
	Net Mobilisation	Net Assets	Net Mobilisation	Net Assets
Private Sector	133304	415621	-34018	335527
Public Sector*	20497	89531	5721	81772
Total	153801	505152	-28297	417299

*: Including UTI Mutual Fund

Source: Securities and Exchange Board of India

Note:

1. Data exclude funds mobilized under Fund of Funds Schemes.
2. Net Mobilisation is net of redemptions.
3. Net Assets is for end-period.

Secondary Market

The domestic stock markets, after remaining weak and volatile during January-February 2009, witnessed gains during March 2009. The losses during the first two months of 2009 were mainly due to the downward trend in international equity markets on account of more than expected contraction of economic growth in the US, the UK, Japan and China pointing towards deepening of recession. Other factors that led to weak equity markets were heavy net sales by FIIs in the Indian equity market, slowdown in industrial and export growth, depreciation of the rupee against the US dollar, fall in ADR prices and lower than expected corporate earnings in the third quarter of 2008-09. In line with the behavior of equity markets across the world, the Indian stock markets have been showing improvement since March 2009. The reasons for the improvement are announcement of the details of US\$ 1 trillion public private investment program by the US Treasury, some major US banks posting profits for the first two months of 2009, extension of the deadline for buyback of foreign currency convertible bonds (FCCBs) by the Reserve Bank to December 31, 2009, domestic consumer durable and capital goods output increasing by 2.5 per cent and 15.4 per cent, respectively, in January 2009, lower domestic inflation rate, strengthening of the rupee against the US dollar and net purchases by FIIs and mutual funds in domestic equity market. The BSE Sensex and the S&P CNX Nifty closed at 9709 and 3021 at end-March 2009 registering losses of 37.9 per cent and 36.2 per cent, respectively, over end-March 2008.

According to the data released by the Securities and Exchange Board of India (SEBI), FIIs made net sales of Rs.48, 249 crore (US \$ 12.0 billion) in the Indian equity market during 2008-09 as against net purchases of Rs.52, 574 crore (US \$ 12.7 billion) during 2007-08.

The sectoral indices witnessed selling pressure across the board during 2008-09 viz., metal, consumer durables, capital goods, banking, IT, oil and gas, auto, public sector undertakings, healthcare and fast moving consumer goods sector.

In line with the downward trend in stock prices, the price-earnings (P/E) ratios of the 30 scrips included in the BSE Sensex declined from 20.1 at end-March 2008 to 13.7 at end-March 2009. The market capitalisation of the BSE also declined by 44.3 per cent between end-March 2008 to end-February 2009. The cash segment turnover of BSE and NSE also declined by 30.2 per cent during April-February 2008-09 over the corresponding period of 2007-08. The turnover in the derivative segment of BSE and NSE also declined by 25.1 per cent during April-February 2008-09 over the corresponding period of the previous year. The volatility in the stock market, measured as coefficient of variation, however, increased during 2008-09 (Table 4).

An analysis of the performance of select non-financial non-government companies during the first half of the year 2008-09 showed that sales recorded a strong growth in relation to the first half of 2007-08. This was mainly on account of high selling prices and continued consumer demand. However, expenditure growth remained higher than sales growth primarily on account of rising input costs, including power and fuel, rise in interest outgo and large provisioning towards mark-to-market (MTM) losses on foreign exchange related transactions. Burden of piled-up inventories and decline in other income also affected profit performance which remained subdued during the first half of 2008-09.

During the third quarter of 2008-09, however, sales growth slowed down considerably as demand weakened. As against accumulation of stocks in trade during the first half of 2008-09, sales were partly made through depletion of inventories in the third quarter. Although the expenditure growth also decelerated during this period, the deceleration in sales growth was sharper than that in expenditure growth. Consequently, profitability of these companies measured in terms of the ratios of gross profits to sales and profits after tax to sales deteriorated, indicating pressure on margins. The high growth in interest payments was one of the key factors in the decline in net profits in the third quarter of 2008-09 over the corresponding period of the previous year. More importantly, other income continued to decline over the third quarter as compared to substantial increases witnessed during the preceding year (Table 5).

Table 4: Stock Market Indicators

	BSE		NSE	
	2007-08	2008-09	2007-08	2008-09
1. BSE Sensex/S&P CNX Nifty				
(i) End-period	15644	9709	4735	3021
(ii) Average	16569	12366	4897	3731
2. Coefficient of Variation	13.7	24.2	14.4	23.2
3. Price-Earning Ratio (end-period)*	20.1	13.7	20.6	14.3
4. Price-Book Value Ratio (end-period)*	5.2	2.7	5.1	2.5
5. Yield* (per cent per annum) (end-period)	1.0	1.8	1.1	1.9
6. Listed Companies	4887	4924#	1381	1425#
7. Cash Segment Turnover (Rupees crore)	1578856	1030284#	3551038	2549224#
8. Derivative Segment Turnover (Rupees crore)	242308	12264#	13090478	9970552#
9. Market Capitalisation (Rupees crore) @	5138015	2862873#	4858122	2675622#
10. Market Capitalisation to GDP Ratio (per cent)	108.8	52.8	102.9	49.3

* : Based on the 30 scrips included in the BSE Sensex and the 50 scrips included in the S&P CNX Nifty.

@: As at end-period.

: As at end-February 2009.

Source: Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE)

Table 5: Corporate Sector-Financial Performance (Growth rates/ratios in per cent)

Item	2007-08	2007-08	2008-09	2007-08				2008-09		
		April-December	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Sales	18.3	17.9	23.9	19.2	16.0	18.0	20.6	29.3	31.8	9.5
Other Income	46.2	68.0	-2.4	106.7	45.2	70.2	28.5	-8.4	-0.6	-4.8
Expenditure	18.4	17.7	28.3	18.0	15.3	18.9	23.3	33.5	37.5	12.6
Depreciation Provision	14.8	17.4	14.9	18.1	15.8	17.9	15.4	15.3	16.5	16.8
Gross Profit	22.8	23.7	-1.7	31.9	22.5	20.4	16.8	11.9	8.7	-26.7
Interest Payments	28.8	25.1	65.4	4.4	18.4	45.7	35.8	58.1	85.3	62.9
Profit after Tax	26.2	28.6	-16.7	33.9	22.7	29.4	14.1	6.9	-2.6	-53.4
Select Ratios										
Gross Profit to Sales	16.3	16.0	13.1	16.7	16.3	16.2	15.0	14.5	13.5	11.0
Profit after tax to Sales	11.8	11.6	8.1	11.6	11.5	12.2	10.3	9.7	8.6	5.3
Interest to Sales	2.2	2.2	3.0	2.0	2.1	2.5	2.2	2.4	2.9	3.8
Interest to Gross profits	13.8	13.5	22.6	11.8	12.8	15.3	14.6	16.8	21.5	34.6
Interest coverage (times)	7.3	7.4	4.4	8.5	7.8	6.5	6.8	6.0	4.6	2.9
Memo: (Amount in Rupees crore)										
No. of companies	2359	2476	2059	2342	2228	2329	2357	2500	2386	2486
Sales	1141711	908339	1035713	280814	297110	306238	350917	365303	393626	374686
Other Income*	30958	23916	22077	9151	8057	9221	10082	7666	7943	8471
Expenditure	956930	763735	897759	237698	249194	257472	302105	317605	343921	322077
Depreciation Provision	40664	32075	34191	10173	10576	10961	11805	11590	12075	14563
Gross Profit	186665	145492	135541	46780	48296	49717	52583	52930	52968	41299
Interest Payments	25677	19659	30674	5504	6194	7609	7703	8891	11403	14277
Profit after tax	134291	105686	83664	32699	34266	37470	36109	35295	33844	19962

*: Other income excludes extraordinary income/expenditure if reported explicitly.

Notes:

- Data are based on abridged financial results of the select non-government non-financial listed public limited companies.
- Growth rates are percentage changes in the level for the period under reference over the corresponding period of the previous year for common set of companies.
- The quarterly data may not add up to annual data due to differences in the number and composition of companies covered in each period.

Source: Macroeconomic and Monetary Developments in 2008-09

OPERATIONS OF THE EXCHANGE

(i) Trading Membership

The status of registration of trading members on the Exchange was as given in Table 6.

Position as on 31.03.2008	793
Fresh Registration	34
Resignation	35
Default	Nil
Expulsion	Nil
Position as on 31.03.2009	792
Change (+/-)	-1

The distribution of the trading members across the different geographical regions of the country as on March 31, 2009 was as given in Table 7.

Sr. No.	Region	States	Trading Members
1	West	Goa, Gujarat, Maharashtra	309
2	North	Haryana, Jammu & Kashmir, Delhi, Punjab, Rajasthan, Uttarakhand and Uttar Pradesh	134
3	East	Assam, Bihar, Orissa and West Bengal	225
4	South	Andhra Pradesh, Karnataka, Kerala and Tamilnadu	101
5	Central	Jharkhand, Chhattisgarh and Madhya Pradesh	23
Total			792

(ii) Listing

During the financial year 2008-09, two new companies viz. Trinethra Infra Ventures Limited and Axsys Health Tech Limited were listed on your Exchange. At the end of March 2009, there were 14 Companies listed on your Exchange. One company viz. M/s. Kushal Software Limited was de-listed. The total market capitalization of the listed companies was Rs. 552 crore (previous year it was Rs. 792 crore).

There was no trading on the ISE platform during the year.

(iii) 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 were shown in Table 8.

Particulars	2008-09	2007-08
Income (Rs. lakh)	154.70	185.63
Expenditure (Rs. lakh)	46.02	65.03
Net Income (Rs. lakh)	108.68	120.60
No. of beneficiary accounts	33,460	29,347
No. of instructions processed	9,94,296	14,20,835
No. of collection centres	154	138
No. of DP branches	8	8
No. of investor points	1	2

The number of DP accounts opened with your Exchange grew from 29,347 in 2007-08 to 33,460 in 2008-09 i.e. 4,113 new Beneficiary Owner (BO) accounts were opened in 2008-09.

Your Exchange is registered as a Clearing House DP with National Securities Depository Ltd. (NSDL) and a Commercial DP with 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 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 improve confidence levels in the market.

Details of training programmes conducted during 2008-09 are given in Table No. 9

Table No. 9: Details of training programmes conducted in 2008-09			
Sr.No.	Name of Training Programme	Date	No. of participants
1	Secondary Market Operations - (SHCIL)	April 5, 2008	30
2	Capital Market (Part time)	April 7 - 28, 2008	12
3	Capital Market - J.M. Financials	April 12, 2008	30
4	Short Selling of Securities, Lending & Borrowing (SLB)	April 26, 2008	28
5	Capital Market (Part time)	May 5 - 23, 2008	13
6	Mutual Funds	May 18 - 19, 2008	7
7	Capital Market (Marathi)	May 31, June 1 & 2, 2008	13
8	Equity Research & Valuation	June 27, 28 & 29, 2008	5
9	Capital Market (Marathi)	July 5, 6 & 7, 2008	16
10	Derivatives - Futures & Options	July 12 - 13, 2008	12
11	Capital Market (Part time)	July 14 - 31, 2008	12
12	Capital Market (Marathi)	July 19, 20 & 21, 2008	9
13	Capital Market - SIES College, Sion	Aug. 25 - Sept. 4, 2008	52
14	Capital Market - JIBMS, Juhu	Sept. 21 - Oct. 29, 2008	35
15	Compliance	Sept. 27, 2008	14
16	Capital Market (Marathi)	Sept. 27 - Oct. 1, 2008	7
17	Compliance	Oct. 18, 2008	14
18	Capital Market (Marathi)	Oct. 17 - 26, 2008	6
19	Capital Market - Times Now	Nov. 1 - 5, 2008	27
20	Compliance	Dec. 20, 2008	11
21	Capital Market - M.L. Dahanukar College, Vile Parle	Jan. 18 - Feb. 8, 2009	161
22	Capital Market - Times Now	Feb. 4 - 7, 2009	25
23	Compliance	Feb. 21, 2009	9
24	Capital Market - M.G.M. College, Kamothe	Mar. 16 - 21, 2009	84

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. Your exchange will further continue to conduct programmes in collaboration with other recognised institutions/management colleges.

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. This e-learning module would be launched by Sept. 2009.

The Exchange arranged the following three training programs for the staff of ISE and ISS:

- 1) Functioning of Surveillance - Trading, Clearing & Settlement
- 2) Currency Derivatives
- 3) Capital Market - Basics including Primary Market, D.P. & Personnel, Financial & Investment Planning

Your exchange has conducted eight in-house programmes with different organisations in the year 2008-09.

The Training department is aggressively marketing to conduct programmes in 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 Investing' 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 valuebased 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 Rs.1594.81 lakh as at March 31, 2008 to Rs.1698.77 lakh as at March 31, 2009. The details of the SGF are given in Table 10.

Sr. No.	Item	31.3.2009	31.3.2008
1	Settlement Stabilization Fund	130.00	130.00
2	Settlement Guarantee Fund	72.96	65.36
3	Contribution towards Base Minimum Capital (Cash component) from Registered Trading Member's	814.49	795.89
4	Interest accrued on the cash component of SGF	681.32	603.56
Total corpus		1698.77	1594.81

(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 11(i) & (ii).

Table 11 (i): Status of Investors' Protection Fund (IPF)

Investors' Protection Fund (IPF)		
Particulars	2008-09 (Rs.)	2007-08 (Rs.)
Opening balance	101,638	100,338
Accretion during the year	1,700	1,300
Closing balance as on March 31	103,338	101,638

Table 11 (ii): Status of Investors' Services Fund (ISF)

Investors' Services Fund (ISF)		
Particulars	2008-09 (Rs.)	2007-08 (Rs.)
Opening balance	17,46,835	16,31,734
Accretion during the year	143,223	115,101
(Less) Expenses incurred on Investor Awareness Programmes	-	-
(Less) Expenses incurred for refund	-	-
(Less) Transfer to P&L (for claims serviced)	-	-
Closing balance as on March 31	18,90,058	17,46,835

(viii) Investors' Grievance Cell

The Investors' Grievance Cell attends to all complaints lodged by the investors' against trading members, as well as against 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 effort does 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 12.

Table 12: 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
2007-08	5	Nil	2	3
2008-09	3	Nil	Nil	3

Regarding the three cases pending against your Exchange at the beginning of the year 2008-09, adequate legal measures are being taken to defend your Exchange.

There are no arbitration cases pending against your Exchange.

FUTURE PROSPECTS

In addition to strengthening the current activities of DP, Research and Training, the Exchange in association with its promoting exchanges is planning to revive its Trading Platform and to create a Common Trading Platform (CTP) and Common Clearing Corporation (CCC), to provide a liquid & vibrant national level market for all the companies listed on respective stock exchanges and also contesting for providing trading platform to Small and Medium Enterprises (SMEs).

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, Kolkata, Delhi, Nagpur, Patna, Hyderabad and Tirunelveli, 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, 2009, Report of the Board of Directors and the Report of the Auditors for the year ended March 31, 2009 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 Rs.920.23 lakh for the year 2008-09, which is 4.40 per cent lower than the figure of Rs. 962.60 lakh achieved in 2007-08. While the income decreased by 4.40 per cent, expenditure increased from Rs. 670.66 lakh to Rs. 679.80 lakh by 1.36 per cent only, thereby resulting in decrease in profit. The Finance cost was less by Rs. 4.08 lakh as compared to that of previous year thereby providing relief to that extent to the company in the situation of declining profits. Because of the adverse market situations during the previous year, the profit declined to Rs. 166.34 lakh from Rs. 196.04 lakh last year.

The investment of your Exchange in the subsidiary has not changed during the year. The entire shareholding of Rs.5.50 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, 2009:

- a. the applicable accounting standards have been followed and no material departures have been made from the same;
- b. 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, 2009 and Profit & Loss Account for the year ended March 31, 2009;
- c. 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;
- d. the annual accounts have been prepared on a going-concern basis.

BOARD OF DIRECTORS

After the 10th Annual General Meeting held on September 5, 2008, nine meetings of the Board of Directors were held, as detailed in Table 13.

Meeting No.	Date	Venue
85th	September 23, 2008	At the Registered Office of the Company, Vashi
86th	December 16, 2008	At the Registered Office of the Company, Vashi
87th	January 28, 2009	At the Registered Office of the Company, Vashi
88th	March 27, 2009	At the Registered Office of the Company, Vashi
89th	May 15, 2009	At the Registered Office of the Company, Vashi
90th	June 26, 2009	At the Registered Office of the Company, Vashi
91st	August 07, 2009	At the Registered Office of the Company, Vashi
92nd	August 25, 2009	At the Registered Office of the Company, Vashi
93rd	September 4, 2009	At the Registered Office of the Company, Vashi

The changes which have taken place in the Board of Directors from April 1, 2008 till date are presented in Table 14:

Sr. No.	Name of Director	Particulars	Date of appointment/ re-appointment/ resignation/ retirement
1	Shri K. Rajendran Nair	Appointed as a Public Interest Director	January 30, 2008
2	Shri S. Ravi	Re-appointed as a Public Interest Director	September 05, 2008
3	Shri K. V. Thomas	Appointed as a Shareholder Director	September 05, 2008
4	Shri K. D. Gupta	Re-appointed as a Shareholder Director	September 05, 2008
5	Shri Maninder Singh Grewal	Appointed as a Shareholder Director	January 30, 2008
6	Shri Sanjeev Puri	Ceased to be a Shareholder Director	August 25, 2009
7	Shri T. N. T. Nayar	Re-appointed as a Shareholder Director	July 28, 2007
8	Shri P. Sivakumar	Appointed as a Shareholder Director	September 05, 2008
9	Shri Surendra Holani	Appointed as a Trading Member Director	September 05, 2008
10	Shri Rajiv Vohra	Appointed as a Trading Member Director	January 30, 2008
11	Shri M. K. Ananda Kumar	Ceased to be a Shareholder Director	September 05, 2008
12	Shri Jambu Kumar Jain	Ceased to be a Trading Member Director	September 05, 2008
13	Shri P. J. Mathew	Appointed as a Managing Director	July 28, 2007

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 2008-09, as well as for the previous year, are given in Table 15.

Table 15: Details of Committees

Arbitration Panel

Sr. No.	2008-09		2007-08	
	Name	Category	Name	Category
1	Shri Sanjeev Puri (upto August 25, 2009)	Shareholder Director	Shri Sanjeev Puri	Shareholder Director
2	Shri S. Ravi	Public Interest Director	Shri S. Ravi	Public Interest Director
3	Shri K. D. Gupta	Shareholder Director	Shri K. D. Gupta	Shareholder Director
4	Shri. T. D. Joshi	Public Representative	Shri T. D. Joshi	Public Representative
5	Shri. J. J. Bhatt	Public Representative	Shri J. J. Bhatt	Public Representative
6	Shri. Kirit P. Mehta	Public Representative	Shri Kirit P. Mehta	Public Representative
7	Shri. Subhash Chaajad	Public Representative	Shri Subhash Chaajad	Public Representative
8	Dr. D. K. Bhatia	Public Representative	Dr. D. K. Bhatia	Public Representative
9	Shri. Ganesh Shanbag	Trading Member	Shri Ganesh Shanbag	Trading Member
10	Shri. Sanjeev Khemani	Trading Member	Shri Sanjeev Khemani	Trading Member
11	Shri P. J. Mathew	Managing Director		

Defaults Committee

Sr. No.	2008-09		2007-08	
	Name	Category	Name	Category
1	Shri T. N. T. Nayar	Shareholder Director, Chairman	Shri T. N. T. Nayar	Shareholder Director- Chairman
2	Shri S. Ravi	Public Interest Director	Dr. Shailendra Narain	Public Representative
3	Dr. Shailendra Narain	Public Representative	Shri Subhash Chhajad	Public Representative
4	Shri Subhash Chhajad	Public Representative	Shri R. M. Joshi	Public Representative
5	Shri Ashish Parikh	Trading Member	Shri Ashish Parikh	Trading Member
6	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

Disciplinary Action Committee

Sr. No.	2008-09		2007-08	
	Name	Category	Name	Category
1	Shri K. D. Gupta	Shareholder Director, Chairman	Shri K. D. Gupta	Shareholder Director, Chairman
2	Shri D. K. Bhatia	Public Representative	Shri D. K. Bhatia	Public Representative
3	Shri J. J. Bhatt	Public Representative	Shri J. J. Bhatt	Public Representative
4	Shri A. Lahiri	Public Representative	Shri A. Lahiri	Public Representative
5	Shri Arunachalam	Trading Member	Shri Arunachalam	Trading Member
6	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

Investors Services Committee

Sr. No.	2008-09		2007-08	
	Name	Category	Name	Category
1	Shri Rajendran Nair	Public Interest Director	Shri Rajendran Nair	Public Interest Director
2	Shri S. Ravi	Public Interest Director	Shri S. Ravi	Public Interest Director
3	Shri Cyriac Thomas	Public Representative	Shri R. M. Joshi	Public Representative
4	Shri Vivekanand Patnaik	Public Representative	Shri Mahesh Soneji	Public Representative
5	Shri Rajiv Vohra	Trading Member	Shri Ganesh Shanbag	Public Representative
6	Shri P. J. Mathew	Managing Director	Shri P. J. Mathew	Managing Director

SEBI Inspection Compliance Review Committee

Sr. No.	2008-2009	
	Name	Category
1	Shri K. Rajendran Nair	Chairman & Public Interest Director
2	Shri S. Ravi	Public Interest Director
3	Shri Rajiv Vohra	Trading Member Director
4	Shri P. J. Mathew	Managing Director, ISE

Audit Committee

Sr. No.	2008-09		2007-2008	
	Name	Category	Name	Category
1	Shri K. D. Gupta	Shareholder Director, Chairman	Shri K. D. Gupta	Shareholder Director, Chairman
2	Shri T. N. T. Nayar	Shareholder Director	Shri T. N. T. Nayar	Shareholder Director
3	Shri P. Sivakumar	Shareholder Director	Shri P. Sivakumar	Shareholder Director

Ethics Committee

Sr. No.	2008-09		2007-2008	
	Name	Category	Name	Category
1	Shri Rajendran Nair	Public Interest Director	Shri Rajendran Nair	Public Interest Director
2	Shri S. Ravi	Public Interest Director	Shri S. Ravi	Public Interest Director
3	Shri P. J. Mathew	Managing Director	Shri M. K. Anandakumar	Shareholders Director
4			Shri P. J. Mathew	Managing Director

Screening (i.e. Membership Selection) Committee

Sr. No.	2008-09		2007-2008	
	Name	Category	Name	Category
1	Dr. M. Y. Khan	Public Representative	Dr. M. Y. Khan	Public Interest Director, Chairman
2	Shri A. Lahiri	Public Representative	Shri R. M. Joshi	Public Representative
3	Shri P. J. Mathew	Managing Director	Shri A. Lahiri	Public Representative
4			Shri Mahesh Soneji	Public Representative
5			Shri P. J. Mathew	Managing Director

Listing Committee

Sr. No.	2008-09		2007-2008	
	Name	Category	Name	Category
1	Shri S. Ravi	Public Interest Director	Shri S. Ravi	Public Interest Director
2	Shri P. Sivakumar	Shareholder Director	Shri P. Sivakumar	Shareholder Director
3	Shri A. P. Bakliwal	Representative of Investors	Shri P. J. Mathew	Managing Director
4	Shri D. K. Gupta	Registrar of Companies- Mumbai		
5	Shri P. J. Mathew	Managing Director		

HR Committee

Sr. No.	2008-09		2007-2008	
	Name	Category	Name	Category
1	Shri K. Rajendran Nair	Public Interest Director, Chairman	Shri S. Ravi	Public Interest Director
2	Shri S. Ravi	Public Interest Director	Shri Maninder Singh Grewal	Shareholder Director
3	Shri K. V. Thomas	Shareholder Director	Shri P. J. Mathew	Managing Director
4	Shri Maninder Singh Grewal	Shareholder Director		
5	Shri Surendra Holani	Trading Member Director		
6	Shri P. J. Mathew	Managing Director		

Business Development Committee

Sr. No.	2008-09		2007-2008	
	Name	Category	Name	Category
1	Shri S. Ravi	Public Interest Director	Dr. M. Y. Khan	Public Interest Director
2	Shri Ashish Parikh	Trading Member	Dr. S. D. Israni	Public Interest Director
3	Shri K. V. Thomas	Shareholder Director	Shri M. K. Anandkumar	Shareholder Director
4	Shri Rajeev Vohra	Trading Member	Shri K. V. Thomas	Shareholder Director
5	Shri Cyriac Thomas	Public Representative	Shri Jambu Kumar Jain	Trading Member
6	Shri Manubhai Parekh	Public Representative	Shri Mahesh L. Soneji	Public Representative
7	Shri P. J. Mathew	Managing Director	Shri Manoj Kumar Vijay	Public Representative
8			Shri Ashish Parikh	Trading Member
9			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 Tenth Annual General Meeting as statutory auditors to hold office till the conclusion of the Eleventh Annual General Meeting.

The Auditors' Report relating to the accounts for the year ended March 31, 2009 does not contain any qualification.

PARTICULARS OF EMPLOYEES

Your Exchange had total staff strength of 51 on its rolls as on March 31, 2009. In addition, 15 contractual staffs are working for your 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 Outflows, 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 endeavored 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 thanks 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.

By order of the Board of Directors

Date: September 4, 2009
Place: Vashi, Navi Mumbai

sd/-
K. Rajendran Nair
Chairman

No.:

Date _____

CIN No. : U671020MH2005PLC157556

Nominal Capital: 20 Lacs

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 2009. 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 Five (5) times during the financial year on 25th July 2008, 23rd September 2008, 16th December 2008, 28th January 2009 and 27th March 2009 respectively in respect of which 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 1st September 2008 to 5th September 2008 during the financial year.
6. The Annual General Meeting for the Financial Year ended on 31st March 2008 was held on 5th September, 2008 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. No Extra-ordinary General Meeting was held during the financial year.
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 entered into contracts falling within the purview of section 297 of the Act and complied with the applicable provision of section 297.
10. The Company has made necessary entries 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 deliver 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 account payee cheques in the name of concerned shareholder after declaration of dividend during the financial year.
 - iii). has delivered cheques in lieu of dividend warrants to members of the Company within 30 days from the date of declaration of dividend.
 - iv). as informed by the management company was not required to transfer any amounts in 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 and resignation of the directors was duly made during the financial year.
15. The Company has not appointed Managing Director / 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 and /or such other authorities as may be prescribed under any of the provisions of the Act except Central Government and Regional Director.
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 not altered the provisions of the Memorandum with respect to the Objects of the Company during the year under scrutiny.
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 during the year under scrutiny.
30. The Company has not altered its Articles of Association 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 Rao Saklecha & Co.
Company Secretaries

sd/-

CS. Neelesh Gupta
Partner
C. P. No. 6846

Place: Indore

Date: 04/09/2009

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 2009.

Sr. No.	Name of the document	Companies Act, 1956	For	Filing Date [Receipt No.]
1.	Form 32	Section 257	05.09.2008	27.09.2008 (A45828415)
2.	Form 32	Section 257	24.10.2008	17.10.2008 (A47333471)
3.	Form 23AC	Section 220	31.03.2008	25.09.2008 (P21862123)
4.	Form 23ACA	Section 220	31.03.2008	25.09.2008 (P21862123)
5.	Form 20B	Section 159	05.09.2008	12.11.2008 (P25778374)
6.	Form 66	Section 383A	31.03.2008	24.09.2008 (P21687355)
7.	Form DIN 3	Section 266D	17.10.2008	10.10.2008 (A46576666)

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, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended 31st March, 2009. 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, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 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, 2009.
 - 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 year ended on that date.

For A. J. SHAH AND COMPANY
CHARTERED ACCOUNTANTS

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

Place: Mumbai
Date: September 4, 2009

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, 2009, 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 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 during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.
(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 granted unsecured loan, to ISE Securities & Services Ltd (Subsidiary Company) company covered in the register maintained under Section 301 of the Companies Act, 1956 which has been squared off during the during the year.
(b) In our opinion, the rate of interest and other terms and conditions of unsecured loans are prima-facie not prejudicial to the interest of the company.
(c) According to the information and explanation given to us, the company is regular in repayment of principal and interest on the above mentioned unsecured loans.
(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 though there has been a delay in depositing service tax dues with the appropriate authorities.
(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 period, 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 period 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

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

Place: Mumbai
Date: September 4, 2009

Inter-connected Stock Exchange of India Ltd.

Balance Sheet as at March 31, 2009

Particulars	Schedule	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
Sources of funds			
Shareholders' funds			
Share Capital	1	1,400,000	1,400,000
Reserves and Surplus	2	405,080,274	369,057,795
Unsecured Loans	3	-	-
Deferred Tax Liability (Net) (Refer Note 13 of Schedule 16)		8,715,201	8,025,076
Total		415,195,475	378,482,871
Fixed assets			
Gross block (at cost)	4	57,750,889	56,239,396
Less: Depreciation		20,601,351	17,969,437
Net block		37,149,538	38,269,959
Capital work-in-progress		10,302,057	450,000
		47,451,595	38,719,959
Investments	5	55,000,000	70,565,575
Current Assets, Loans and Advances			
Current Assets			
Cash and Bank Balances	6	428,056,380	415,093,115
Sundry Debtors	7	4,730,527	2,324,322
Loans and Advances	8	32,971,493	24,651,965
		465,758,400	442,069,402
Less: Current Liabilities and Provisions			
Current liabilities	9	118,723,334	154,858,753
Provisions	10	35,547,721	20,526,381
		154,271,055	175,385,134
Net Current Assets		311,487,345	266,684,268
Miscellaneous Expenditure (to the extent not written off or adjusted)	11	1,256,535	2,513,069
Total		415,195,475	378,482,871
Significant Accounting Policies and Notes forming part of the Accounts	16		

As per our attached Report of even date

For **A. J. Shah & Co.**,
Chartered Accountants

Sd/-
(Hiren Shah)
Partner
Membership No 100052

Place: Mumbai
Date: September 04, 2009

For and on behalf of Board of Directors

Sd/-
K. Rajendran Nair
Chairman

Sd/-
P. J. Mathew
Managing Director

Sd/-
Milind Nigam
Company Secretary

Place: Mumbai
Date: September 04, 2009

Inter-connected Stock Exchange of India Ltd.

Profit and Loss Account for the period April 01, 2008 to March 31, 2009

Particulars	Schedule		Year ended March 31, 2009 (Rupees)	Year ended March 31, 2008 (Rupees)
Income				
Income from Operations	12		52,091,958	39,595,872
Other Income	13		34,796,070	29,548,153
Total			86,888,028	69,144,025
Expenditure				
Employee Costs	14		14,637,432	14,145,056
Administration and Operational Expenses	15		35,455,192	29,878,234
Depreciation/Amortisation			2,655,504	2,140,634
Less : Adjusted against Capital Reserve (Refer Note 8 of Schedule 16)			(94,463)	(53,770)
			2,561,041	2,086,864
Total			52,653,665	46,110,154
Profit before tax				
			34,234,363	23,033,871
Less : Provision for taxation				
- Current tax (including taxation provision on interest credited to earmarked funds account of Rs.4,060,650/- (previous year: Rs.5,322,206/-))			(15,669,100)	(14,080,000)
- Deferred Tax Saving/ (Expenses)			(690,125)	1,244,159
- Fringe Benefit Tax			(257,461)	(303,809)
Net profit after tax			17,617,677	9,894,221
Add: Balance brought forward from last year			16,559,174	7,669,912
Add: Prior period Adjustment			-	1,622,971
Profit available for Appropriation			34,176,851	19,187,104
Less: Proposed Dividend		2,800,000		1,400,000
Less: Tax on Proposed Dividend (net of Rs.93,473/- credit available on tax on dividend declared by the subsidiary company)		382,387	3,182,387	237,930
Less: Transfer to General Reserve			1,761,768	990,000
Balance carried to the Balance sheet			29,232,696	16,559,174
Earning Per Share (Rs.) (Basic & Diluted) (Refer Note 14 of Schedule 16)			12.58	8.62
Significant Accounting Policies and Notes forming part of the Accounts	16			

As per our attached Report of even date

For **A. J. Shah & Co.**,
Chartered Accountants

Sd/-
(Hiren Shah)
Partner
Membership No 100052

Place: Mumbai
Date: September 04, 2009

For and on behalf of Board of Directors

Sd/-
K. Rajendran Nair
Chairman

Sd/-
P. J. Mathew
Managing Director

Sd/-
Milind Nigam
Company Secretary

Place: Mumbai
Date: September 04, 2009

Inter-connected Stock Exchange of India Ltd.

Schedules forming part of Accounts

SCHEDULE 1: SHARE CAPITAL

Particulars	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
Authorised Capital (20,00,000 Equity shares of Re 1/- each)	2,000,000	2,000,000
Issued, Subscribed And Paid Up (14,00,000 Equity shares of Re 1/- each fully paid up)	1,400,000	1,400,000
Total	1,400,000	1,400,000

SCHEDULE 2 : RESERVES & SURPLUS

Particulars	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
PART A : RESERVES & SURPLUS (before November 24, 2005)		
Free Reserves		
Profit & Loss Account Balance (Surplus in P&L as per last Balance Sheet)	11,888,319	11,888,319
Total Free Reserves	11,888,319	11,888,319
Capital Reserves		
Infrastructure Development Contribution as per Last Balance Sheet As per last Balance Sheet	91,900,000	91,900,000
	91,900,000	91,900,000
Networking Equipment Contribution		
Balance transferred from erstwhile Company, Inter-connected Stock Exchange of India Ltd., limited by guarantee	1,464,832	1,518,602
Less : Adjustment towards Depreciation (Refer Note 8 of Schedule 16)	94,463	53,770
	1,370,369	1,464,832
Dealer Admission Fees as per last Balance Sheet	38,328,857	38,328,857
	38,328,857	38,328,857
Total Capital Reserves	131,599,226	131,693,689
Total of PART A : RESERVES & SURPLUS	143,487,545	143,582,008

Particulars	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
PART B : RESERVES & SURPLUS (after November 24, 2005)		
Free Reserves		
Profit & Loss Account Balance	29,232,696	16,559,174
Share Premium Account		
As per last Balance Sheet	138,038,315	-
Add: Additions during the year	-	138,038,315
Less: Deletion	-	-
	138,038,315	138,038,315

Particulars	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
General Reserves		
As per last Balance Sheet	2,137,957	1,260,000
Add: Transfer from Profit & Loss Account	1,761,768	990,000
Less: Adjusted towards transitional provision on adoption of AS 15 (Revised)	-	112,043
	3,899,725	2,137,957
TOTAL OF PART B : RESERVES & SURPLUS	171,170,736	156,735,446

Particulars	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
PART C : EARMARKED RESERVES		
Settlement Guarantee Fund		
Opening Balance	66,891,866	56,492,020
Add: Additions during the period: (including Rs. 589,998 (previous year: Nil) on transfer of credit balance of Defaulter Trading Members, Rs.13,000,000/- (previous year: Nil) by way of Settlement Stabilisation Fund, accretion by way of interest of Rs.11,781,139/-, (previous year: Rs.10,244,846/-) net of income tax of Rs. 4,004,409/- (previous year Rs. 5,275,296/-) 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.170,000/- (previous year: Rs. 1,55,000/-))	21,536,728	10,399,846
	88,428,594	66,891,866
Investor Protection Fund		
Opening Balance	101,638	100,338
Add: Additions during the period (accretion by way of appropriation from the listing fee income during the period)	1,700	1,300
	103,338	101,638
Investor Services Fund		
Opening Balance	1,746,835	1,631,734
Add: Additions during the period Additions during the period: Accretion by way of interest of Rs. 109,223/- net of income tax Rs. 56,241/- (previous year: Rs. 91,100/- net of income tax Rs. 46,910/-, for the period on deposits, etc made out of such funds in accordance with the Rules and Bye-laws of the Company and appropriation from listing fee income during the period: Rs. 34,000/-, previous year: Rs.24,000/-))	143,223	115,101
	1,890,058	1,746,835
Total of PART C : Earmarked Reserves	90,421,990	68,740,340
Total Reserves and Surplus (TOTAL OF PART A+B+C)	405,080,274	369,057,795

SCHEDULE 3 : UNSECURED LOANS

Particulars	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
Temporary Overdraft against Company's Bank Fixed Deposits	-	-
Total	-	-

SCHEDULE 4 : FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 01-04-2008	Additions	Deductions	As at 31-03-2009	As at 01-04-2008	For the period	Deductions / Adjustments	As At 31-03-2009	As at 31-03-2009	As at 01-04-2008
Tangible Assets										
Leasehold Land	870,626	-	-	870,626	133,166	14,191	-	147,357	723,269	737,460
Leasehold Premises	32,585,962	-	-	32,585,962	5,528,845	531,151	-	6,059,996	26,525,966	27,057,117
Machinery and Electrical Equipments	3,758,022	39,503	-	3,797,525	834,308	183,755	-	1,018,063	2,779,462	2,923,714
Furniture and Fixtures	7,174,014	25,975	5,625	7,194,364	3,116,972	445,067	856	3,561,183	3,633,181	4,057,042
Vehicles	725,000	-	-	725,000	193,039	68,875	-	261,914	463,086	531,961
Office Equipments	1,821,855	114,308	-	1,936,163	686,556	106,125	-	792,681	1,143,482	1,135,299
Computer Equipments including networking equipments	5,775,471	453,782	52,450	6,176,803	4,263,172	881,294	22,734	5,121,732	1,055,071	1,512,299
Intangible Assets										
Computer Software	3,528,446	936,000	-	4,464,446	3,213,379	425,046	-	3,638,425	826,021	315,067
Total	56,239,396	1,569,568	58,075	57,750,889	17,969,437	2,655,504	23,590	20,601,351	37,149,538	38,269,959
Capital Work in Progress									10,302,057	
								Total	47451594.58	

Note :

- 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, 2009 (Rupees)	As at March 31, 2008 (Rupees)
Long Term Investments (unquoted, at cost): 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
Current Investments In Mutual Funds (unquoted, lower of net asset value or cost)	-	15,565,575
Total	55,000,000	70,565,575

SCHEDULE 6 : CASH & BANK BALANCES

Particulars	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
Cash-in-hand	-	-
Bank Balances:		
With Scheduled Banks		
- in Current Accounts		
* in Free Fund Accounts	785,301	778,338
* in Earmarked Fund Accounts (Refer Note 11 of Schedule 16)	180,245	144,545
- in Deposit Accounts		
* in Free Fund Accounts	249,385,540	246,976,352
* in Earmarked Fund Accounts (Refer Note 11 of Schedule 16)	177,705,294	167,193,880
(Bank lien against Fixed Deposit (for OD facility) is Rs.7.50 Crores)		
Total	428,056,380	415,093,115

SCHEDULE 7 : SUNDRY DEBTORS

Particulars	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
Unsecured		
Debts outstanding for a period exceeding six months		
- Considered Good	4,625,308	1,426,200
- Considered Doubtful	251,355	175,000
Other Debts		
- Considered Good	105,219	898,122
- Considered Doubtful	-	-
	4,981,882	2,499,322
Less : Provision for Doubtful Debts	251,355	175,000
Total	4,730,527	2,324,322

SCHEDULE 8 : LOANS & ADVANCES

Particulars	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
Unsecured Considered Good, unless otherwise stated)		
Advances given to the subsidiary company/ expenses recoverable from subsidiary company	1,037,208	4,236,135
Trade Deposits		
Considered Good	3,367,068	3,426,438
Considered Doubtful	-	945,396
	3,367,068	4,371,834
Less: Provision for Doubtful Advances	-	945,396
	3,367,068	3,426,438
Advances recoverable in cash or kind or for value to be received :		
Considered Good	1,005,759	806,496
Considered Doubtful	-	-
	1,005,759	806,496
Staff Advances	169,792	401,814
Advance Tax/ Income Tax refund receivable (Net of Provision for Tax)	27,391,666	15,781,082
Total	32,971,493	24,651,965

SCHEDULE 9 : CURRENT LIABILITIES

Particulars	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
Sundry Creditors		
- Micro Small & Medium Enterprises (Refer Note 5 of Schedule 16)	-	-
- Others	4,359,407	4,972,051
	4,359,407	4,972,051
Rent Deposit from Subsidiary Company	2,500,000	4,400,000
Refundable Deposits as per the Rules and Bye-laws of the Company		
- Base Minimum Capital of trading members	81,449,141	79,589,154
- Settlement Stabilisation Fund	-	13,000,000
- Trading Member Security Deposit	800,000	-
Advance towards admission fees, annual fees, etc from trading members, pending registration / approval of SEBI	24,626,598	46,274,098
Depository Participant received in advance	4,437,856	6,160,608
Trading Member Annual Fees received in advance	233,522	133,750
Subscription income received in advance	26,810	29,092
Advance Listing Fees	290,000	300,000
Total	118,723,334	154,858,753

SCHEDULE 10 : PROVISIONS

Particulars	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
Gratuity	228,679	816,896
Employees' Leave Encashment	383,361	594,749
Expenses	88,281	360,193
Performance Linked Bonus	1,915,913	3,036,613
Taxation	29,749,100	14,080,000
Proposed Dividend	2,800,000	1,400,000
Tax on Proposed Dividend	382,387	237,930
Total	35,547,721	20,526,381

SCHEDULE 11: MISCELLANEOUS EXPENDITURE

Particulars	As at March 31, 2009 (Rupees)	As at March 31, 2008 (Rupees)
Miscellaneous Expenditure	2,513,069	3,769,603
Less: Written off	1,256,534	1,256,534
Total	1,256,535	2,513,069

SCHEDULE 12 : INCOME FROM OPERATIONS

Particulars	For the year ended March 31, 2009 (Rupees)	For the year ended March 31, 2008 (Rupees)
Depository Participant (DP) Operations	15,469,822	18,562,547
Training Programmes	1,243,984	2,272,344
Subscription for Research Publications	101,233	109,272
Annual Subscription from trading members	8,866,000	8,517,875
Admission Fees (Refer Note 18 of Schedule 16)	19,035,000	1,675,000
Listing Fees	167,300	139,700
Reimbursement of Expenses from Subsidiary Company	4,208,619	5,319,134
Management Services Fee	3,000,000	3,000,000
Total	52,091,958	39,595,872

SCHEDULE 13 : OTHER INCOME

Particulars	For the year ended March 31, 2009 (Rupees)	For the year ended March 31, 2008 (Rupees)
Gross Interest on Bank Deposits (TDS: Rs.5,940,819/-, Previous Year: Rs.6,257,842/-)	32,455,095	31,371,005
Less : Interest earned on Earmarked Funds (net of Income Tax Rs. 4,060,650/-, previous year: Rs.5,322,206/-)	7,885,953	10,359,947
	24,569,142	21,011,058
Income from Current Investments-Mutual Funds	-	2,140,530
Dividend from Subsidiary Company	5,500,000	-
Interest on short-term loan from subsidiary company	157,808	590,599
Interest on delayed payments from trading members	215,742	156,541
Rent (TDS : Rs. 773,327/-; Previous Year : 1,095,554/-)	2,639,957	4,842,600
Miscellaneous Income	449,996	700,881
Sundry credit balances, written back	-	105,944
Provision no longer required	1,263,425	-
Total	34,796,070	29,548,153

SCHEDULE 14 : EMPLOYEE COST

Particulars	For the year ended March 31, 2009 (Rupees)	For the year ended March 31, 2008 (Rupees)
Salaries and allowances (Net of recovery: Rs. 2,633,046/-, previous year: Rs.1,39,45,650/-)	12,607,069	11,766,956
Contribution to Provident and other funds (Net of recovery: Rs. 51,048/-, previous year: Rs.8,21,746/-)	937,032	744,428
Leave Encashment (Compensated Absences) (Net of recovery: Rs.Nil, previous year: Rs.190,587/-)	464,598	377,803
Gratuity (Net of recovery: Rs.Nil, previous year: Rs. 188,148)	25,326	399,223
Staff Welfare	603,407	856,646
Total	14,637,432	14,145,056

SCHEDULE 15 : ADMINISTRATION & OPERATIONAL EXPENSES

Particulars	For the year ended March 31, 2009 (Rupees)	For the year ended March 31, 2008 (Rupees)
Telephone and Fax	816,639	932,841
Printing and Stationery	1,267,231	2,114,027
DP Operations	4,602,359	6,502,828
Training Expenses	375,534	831,490
Research Expenses	11,501	6,139
Remuneration to Auditors (Refer Note 4 of Schedule 16)	673,448	462,429
Legal and Professional Charges	1,189,375	1,639,968
Power, Fuel & Water Charges	3,859,100	2,643,209
Board / Committee Meeting	483,258	330,312
Rent, Rates and Taxes	2,909,121	3,309,287
Repairs and Maintenance - Leasehold Premises	330,648	330,648
Repairs and Maintenance - Others	1,466,299	820,978
Travelling and Conveyance	1,855,927	1,370,145
Postage and Courier	1,865,350	2,012,727
Security	336,799	431,427
Insurance	124,535	142,002
Advertisement and Publicity	1,650,712	1,325,466
Books, Newspapers and Periodicals	23,258	33,645
Vehicle Maintenance	148,387	164,989
Bank Charges	36,680	35,470
Miscellaneous Expenses	114,082	493,366
Lodging & Boarding Exp	552,174	451,782
Provision for Doubtful Debts	76,355	50,000
Provision for Doubtful Deposit	-	945,396
Sales Tax	5,189	6,275
Service Tax	664,530	26,178
Sundry balance written off	-	3,670
Loss on sale of current investment	8,260,357	934,425
Loss on Sale of Fixet Assets	15,485	172,381
Sebi Fees	300,200	98,200
Bad Debts	84,125	-
Donation to Prime Minister's National Relief Fund	100,000	-
Miscellaneous Expenses write off-Demutualisation Expenses	1,256,534	1,256,534
Total	35,455,192	29,878,234

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 period. The differences between actual results and estimates are recognised in the period in which the results are known / materialised.

1.3 Revenue Recognition

Admission fees, annual fees and 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 exist.

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. 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 period is provided on pro-rata basis.
- iii. Leasehold Land and Premises, including improvements, are amortised over the period 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 period 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 cost or Net realisable value of such investments.

1.8 Employees Benefits :

(a) 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.

(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 periods 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.

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, 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 Demutualisation Expenditure:

Demutualisation 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. 15 lacs.

2.2

Particulars	2008-09 (Rs.)	2007-08 (Rs.)
Estimated amount of contract remaining unexecuted on capital account and not provided for. Advance given Rs. 10,302,057/- (previous period Rs.450,000/-)	12,138,139	450,000/-

3. Managerial Remuneration

Particulars	April 1, 2008 to March 31, 2009 (Rupees)	April 1, 2007 to March 31, 2008 (Rupees)
Salaries & Allowances	2,096,291	1,285,797
Contribution to Provident Fund and other Funds	225,094	1,45,779
Monetary Value of Perquisites	NIL	NIL
Commission	NIL	NIL
Total	2,321,385	1,431,576*

* Shri V. Shankar was Managing Director upto 16th June 2007.

* Shri P. J. Mathew is Managing Director from 2nd August 2007.

4. Remuneration to Auditors

Particulars	April 1, 2008 to March 31, 2009 (Rupees)	April 1, 2007 to March 31, 2008 (Rupees)
Audit Fees	343,914	257,875
Tax Audit Fees	77,210	67,416
Certification & Other Expenses	122,346	60,661
Out of Pocket Expenses	36,157	-
To Associate Firm Taxation related services	93,821	76,477
Total	673,448	462,429

- 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.
- 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.
- 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. 1,00,000/- 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 period refunded an aggregate amount of Rs. 21,36,841.90 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 period, an amount of Rs. 94,463/-, 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 period.
9. Sundry Debtors (Schedule 7) include Rs.4,981,882/- on account of various charges recoverable from DP income receivable, trading members, listed companies, sundry debtors which are outstanding. Out of this, an amount of Rs.76,355/- (Previous year Rs.50,000/-) has been provided as doubtful debts during the period March 31, 2009. The remaining debts are considered good for recovery by the Management in view of the various amounts deposited by the trading members with the Company, which are available for adjustment against the dues, as per the applicable Rules, Bye-laws and Regulations.

An amount of Rs.84,125/- payable by certain inactive DP clients have been considered as bad for recovery by the Company and accordingly, this amount has been written off in the books.

10. During the period, 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, 2009 (Rupees)	As on March 31, 2008 (Rupees)
Settlement Guarantee Fund	Nil	Nil
Investor Services Fund	Nil	Nil
Total	Nil	Nil

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, 2009 (Rupees)	As on March 31, 2008 (Rupees)
Settlement Guarantee Fund (including accretions from levy on transactions)	7,295,817	6,535,819
Settlement Stabilisation Fund	13,000,000	13,000,000
Contribution towards Base Minimum Capital (Cash component) from Registered Trading Member's	81,449,141	79,589,154
Interest accrued on above	68,132,777	60,356,047
Total	169,877,735	159,481,020

The balances as on March 31, 2009 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, 2009 (Rupees)	As on March 31, 2008 (Rupees)
With Bank in Fixed Deposits	175,796,476	1,65,416,853
With Bank in Current Account	10,405	10,405
Total of Deposits and Bank Balance	175,806,881	16,54,27,258
Amount outstanding as on March 31, 2009	Nil	Nil

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

Settlement Guarantee Fund	As on March 31, 2009 (Rupees)	As on March 31, 2008 (Rupees)
Contribution towards SGF/ BMC from Trading Member's pending registration	6,992,500	9,362,500
Total	6,992,500	9,362,500

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, 2009 (Rupees)	As on March 31, 2008 (Rupees)
Bank Guarantees from trading members		
- Registered	100,000	100,000
- Unregistered	Nil	Nil
Fixed Deposits under lien		
- Registered	7,842,404	8,221,951
- Unregistered	104,225	100,000
Securities pledged, (at market value)*		
- Registered	13,044,335	25,470,736
- Unregistered	Nil	Nil
Undertakings given by the regional stock exchanges on behalf their trading members		
- Registered	29,100,000	29,700,000
- Unregistered	13,400,000	14,300,000
Total Non-Cash Component		
- Registered	50,086,739	63,492,687
- Unregistered	13,504,225	14,400,000

- 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 period.

ii) Investor Protection Fund

Particulars	As on March 31, 2009 (Rupees)	As on March 31, 2008 (Rupees)
Accretion by way of appropriation from the listing fee income	103,338	101,638

The balances as on March 31, 2009 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, 2009 (Rupees)	As on March 31, 2008 (Rupees)
With Bank in Fixed Deposits	Nil	Nil
With Bank in Current Account	111,254	109,554
Total of Deposits and Bank Balance	111,254	109,554
Amount outstanding as on March 31, 2009	Nil	Nil

iii) Investor Services Fund

Particulars	As on March 31, 2009 (Rupees)	As on March 31, 2008 (Rupees)
(Including Rs. 34,000/- (previous year: Rs. 24,000/-) appropriation from listing fee income during the period and Rs. 165,464/- (previous year: Rs. 138,010/-) accretions by the way of interest on fixed deposit.	1,890,058	1,746,835

The balances as on March 31, 2009 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, 2009 (Rupees)	As on March 31, 2008 (Rupees)
With Bank in Fixed Deposits	1,908,818	1,777,027
With Bank in Current Account	58,585	24,585
Total of Deposits and Bank Balance	1,967,403	1,801,612
Amount outstanding as on March 31, 2009	Nil	Nil

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 period:

(Amount in Rupees)

Sr. No	Nature of Transactions	Subsidiary	Key Management Personnel	Total as on March 31, 2009	Total as on March 31, 2008
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	157,808	-	157,808	590,599
4	Managerial Remuneration	-	2,321,385	2,321,385	1,431,576
5	Amt Outstanding as at March 31, 2009	-	-	-	-
	Loans (incl. interest) (Maximum outstanding during the year)	5,00,00,000	-	5,00,00,000	10,00,00,000
	Investment in Equity	5,50,00,000	-	5,50,00,000	5,50,00,000
	Managerial Remuneration	-	Nil	Nil	Nil
	Recovery of expenditure	1,037,208	-	1,037,208	42,36,135
	Deposit from subsidiary	25,00,000	-	25,00,000	44,00,000
6	Reimbursement of Expenses	4,208,619	-	4,208,619	53,19,134

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. 690,125/- 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, 2009 (Rupees)	As on March 31, 2008 (Rupees)
Deferred Tax Liability		
- Depreciation	9,008,669	9,203,328
Deferred Tax Assets		
- Provision for doubtful debts/Advances/ Diminution in the Value of Investments	85,436	6,98,434
- Provision for Gratuity	77,728	2,77,663
- Provision for compensated absence	130,304	2,02,155
Net Deferred Tax Liabilities	8,715,201	8,025,076

14. Earnings Per Share:

Sr. No.	Particulars	As on March 31, 2009	As on March 31, 2008
1.	Profit After Tax (Rs.)	17,617,677	9,894,221
2.	Number of shares outstanding at the end of the year	1,400,000	1,400,000 (1,147,541) (Weighted Average Number of Shares outstanding at the year end)
3.	Basic and Diluted Earnings Per Share for face value of Rs.1/- each	12.58	8.62

15. Impairment of Assets:

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

16. Disclosures under AS 15 Employee Benefits:

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

Particulars	Period ended 31 March 2009 (Amount in Rs.)	Period ended 31 March 2008 (Amount in Rs.)
Present Value of Funded Obligations	737,558	1,089,987
Fair Value of Plan Assets	(508,879)	(273,092)
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	228,679	816,895
Amount in Balance Sheet		
Liability	228,679	816,895
Assets	0	0
Net Liability	228,679	816,895

Particulars	Period ended 31 March 2009 (Amount in Rs.)	Period ended 31 March 2008 (Amount in Rs.)
Current Service Cost	354,080	425,503
Interest on Defined Benefit Obligation	114,460	117,621
Expected Return on Plan Assets	(41,983)	(41,842)
Net Actuarial Losses / (Gains) Recognised in Year	(602,797)	(171,741)
Past Service Cost	0	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"	(176,240)	329,541
Actual Return on Plan Assets	34,619	26,373

Particulars	Period ended 31 March 2009 (Amount in Rs.)	Period ended 31 March 2008 (Amount in Rs.)
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,089,987	1,058,592
Current Service Cost	354,080	425,503
Interest Cost	114,460	117,621
Actuarial Losses / (Gain)	(610,161)	(187,210)
Past Service Cost	0	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	(210,808)	(324,519)
Closing Defined Benefit Obligation	737,558	1,089,987
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	273,092	271,724
Expected Return on Plan Assets	41,983	41,842
Actuarial Gain/ (Losses)	(7,364)	(15,469)
Assets Distributed on Settlements	0	0
Contribution by Employer	411,976	299,514
Assets Acquired on Acquisition / (Distributed on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	(210,808)	(324,519)
Closing Fair Value of Plan Assets	508,879	273,092
Expected Employer's Contribution Next Year	500,000	600,000

Category of Assets (% Allocation)	Period ended 31 March 2009 (Amount Rs.)	Period ended 31 March 2009	Period ended 31 March 2008
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	508,879	100%	100%
Others	0	0%	0%
Grand Total	508,879	100%	100%

	Period ended 31 March 2009	Period ended 31 March 2008
Discount Rate (p.a.)	7.95%	8.00%
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.464,598/- 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. During the year company has changed its accounting policy relating to depreciation of computer hardware. It has been decided to amortise the computer hardware in 5 years instead of presently being done at rates as prescribed under Companies Act, 1956 Schedule XIV on Straight Line Method. Due to change in accounting policy depreciation amounting to Rs.286,277/- has been debited to Profit & Loss account. Consequently the net block of computer equipments has also been amortised to that extent.
18. During the year admission fees amounting to Rs.11,915,000/- and annual fees amounting to Rs.2,00,000/- pertaining to admission fees and annual fees for the unregistered trading members failing to make the prescribed payments and submit the required documents to get registered with SEBI as a stock broker of ISE, after the completion of the legal formalities the same has been treated as income.
19. Previous year figures have been regrouped wherever necessary.

Signatures to Schedules 1 to 19

As per our attached Report of even date

For A. J. Shah & Co.,
Chartered Accountants

Sd/-
(Hiren Shah)
Partner
Membership No 100052

Place: Mumbai
Date: September 04, 2009

For and on behalf of Board of Directors

Sd/-
K. Rajendran Nair
Chairman

Sd/-
P. J. Mathew
Managing Director

Sd/-
Milind Nigam
Company Secretary

Place: Mumbai
Date: September 04, 2009

Inter-connected Stock Exchange of India Ltd.

Cash Flow Statement for the period ended March 31, 2009

	2008-09		2007-08	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
A. Cash Flow from Operating activities				
Net Profit before tax		34,234,363		23,033,871
Adjustment for :				
Interest on Bank Fixed Deposits	(24,569,142)		(21,011,058)	
Income from Mutual Fund	-		(2,140,530)	
Interest on Loan from Subsidiary	(157,808)		(590,599)	
Dividend received from Subsidiary	(5,500,000)		-	
Provision for Doubtful Debts	76,355		50,000	
Provision for Doubtful Deposits	-		945,396	
Miscellaneous expenditure -Demutualisation Expenditure 2008-09	1,256,534		1,256,534	
Loss on sale of Assets	15,485		172,381	
Loss on sale / revaluation of Investments	8,260,357		934,425	
Depreciation	2,561,041		2,086,864	
		(18,057,178)		(18,296,587)
Operating Profits before working capital changes:		16,177,185		4,737,284
Adjustments for:				
(Increase)/Decrease in Sundry debtors and Other Receivable	576,475		446,311	
Increase/(Decrease) in Sundry Creditors and Other Liabilities	(38,327,638)		9,624,961	
Staff Advances	232,022		(33,550)	
		(37,519,140)		10,037,722
Cash generated from operation		(21,341,955)		14,775,006
Direct taxes paid	(11,610,583)		(11,574,686)	
Fringe benefit tax paid	(257,461)		(303,809)	
Total taxes paid		(11,868,044)		(11,878,495)
Prior Period Adjustment		-	1,622,971	1,622,971
Net Cash from Operating Activities (A)		(33,209,999)		4,519,482
B. Cash Flow From investing Activities				
Fixed Deposits Interest earned	24,569,142		21,011,058	
Income from Mutual fund	-		2,140,530	
Interest from Subsidiary Company	157,808		590,599	
Loan to Subsidiary Company	(50,000,000)		(100,000,000)	
Loan repaid by Subsidiary Company	50,000,000		100,000,000	
Dividend from Subsidiary Company	5,500,000		-	
Purchase of Fixed Assets including Capital work in Process	(11,421,625)		(4,535,882)	
Sale of Assets	19,000		37,500	
Investment in mutual fund	7,305,218		(8,300,000)	
Miscellaneous expenses of Demutualisation	-		(2,146,632)	
Net Cash (used in) from Investing Activities (B)		26,129,543		8,797,173

	2008-09		2007-08	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
C. Cash Flow from financing activities				
Dividend of 2007-2008 paid	(1,400,000)		(3,360,000)	
Tax on Dividend of 2007-2008 paid	(237,930)		(571,032)	
Issue of Equity Share with Premium	-		138,598,315	
Amount received in Settlement Guarantee Fund and interest earned thereon	21,536,728		10,244,846	
Amount received in Investor Protection Fund	1,700		1,300	
Amount received in Investor Service Fund and interest earned thereon	143,223		115,100	
Net Cash (Used In) / from financial activities (C)		20,043,721		145,028,529
Net (decrease)/Increase in cash and cash equivalents (A+B+C)		12,963,265		158,345,184
Cash and cash equivalents at the beginning of the year		415,093,115		256,747,930
Cash and cash equivalents at the end of the period March 31, 2009		428,056,380		415,093,115

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 A. J. Shah & Co.,
Chartered Accountants

Sd/-
(Hiren Shah)
Partner
Membership No 100052

Place: Mumbai
Date: September 04, 2009

For and on behalf of Board of Directors

Sd/-
K. Rajendran Nair
Chairman

Sd/-
P. J. Mathew
Managing Director

Sd/-
Milind Nigam
Company Secretary

Place: Mumbai
Date: September 04, 2009

Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Company's Interest in Subsidiary Companies for the financial year 2008-09

	Name of the Subsidiary Company	ISE Securities & Services Ltd
1.	The Financial year of the Subsidiary Companies ended on	March 31, 2009
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 31 st March, 2009	Rs 10,166,513
	ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries.	Rs 12,541,860
	b) Dealt with in the Holding Company's accounts:	N.A.
	i) For the financial year ended 31 st March, 2009	
	ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	N.A.
NOTE		
The audited financials of ISE Securities & Services Ltd (Subsidiary Company) have been received for the year ended 31 st March, 2008. 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

Sd/-
Milind Nigam
Company Secretary

Place: Mumbai
Date: September 4, 2009

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:	31.03.2009		

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	5,69,466	Total Assets	5,69,466
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SOURCES OF FUNDS

Paid up Capital	1,400	Reserves & Surplus	4,05,080
Deferred Tax Liability (Net)	8,715	Unsecured Loan	NIL
Secured Loan	NIL		

APPLICATION OF FUNDS

Net Fixed Assets	47,451	Investments	55,000
Net Current Assets	3,11,487	Misc. Expenditure	1,256
Accumulated Losses	NIL		

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

Turnover	86,888	Total Expenditure	52,653
Profit/ (Loss) before Tax	34,234	Profit/ (Loss) after Tax	17,617
Earnings per share	12.58	Dividend Rate	200%

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

Item Code No.	NIL
Product Description	NA



Inter-connected Stock Exchange of India Limited

International Infotech Park,
Tower No. 7, 5th Floor, Sector-30-A, Vashi, Navi Mumbai - 400 703.
Tel.: 6794 1100 / 2781 2056 / 58 / 59 / 60 / 62 Fax: 2781 2061
e-mail: helpdesk@iseindia.com