

14TH ANNUAL REPORT



**2012-
2013**



ISE Securities & Services Limited
(Wholly-owned subsidiary of ISE)

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PUBLIC REPRESENTATIVE DIRECTORS



Shri Manubhai K. Parekh



Shri George Joseph

SHAREHOLDER REPRESENTATIVE DIRECTORS



Shri Ashish Parikh



Ms. Minu Mathew

NOMINEE DIRECTOR OF ISE



Shri P. J. Mathew

CEO & WHOLE TIME DIRECTOR



Shri Sivaraman K. M.

AUDIT COMMITTEE

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

Ms. Minu Mathew
Shareholder Representative Director

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

SECRETARIAL AND LEGAL

Shri Mayank Mehta
Company Secretary & Compliance Officer

STATUTORY AUDITORS

M/s. Contractor, Nayak &
Kishnadwala, Chartered Accountants

INTERNAL AUDITORS

M/s. Haribhakti & Co.,
Chartered Accountants

BANKERS

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

Corporation Bank
Bank of Baroda
Vijaya Bank
Citibank N A
South Indian Bank Limited

REGISTERED OFFICE

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

CORPORATE & CORRESPONDENCE OFFICE

6th Floor, 601, "Dakshna"
Next to Raigad Bhavan
Sector 11, CBD Belapur
Navi Mumbai - 400614

PERFORMANCE AT A GLANCE

(all figures in ₹ lakh)

Particulars	Financial Performance**				
	12-13	11-12	10-11	09-10	08-09
Income					
Net Operational Income	241.00	358.60	351.51	368.98	294.41
Interest	545.95	517.10	492.92	496.95	431.41
Networking Recoveries	56.57	68.41	83.65	86.15	91.2
Annual Fees	23.45	20.85	21.85	24.45	22.4
Exceptional Items	51.24	-	-	-	-
Other Income	84.93	62.10	80.39	83.11	79.8
Total Income	1003.14	1027.06	1030.31	1059.66	919.22
Expenditure					
Others Expenses	408.64	472.57	396.27	463.56	523.74
Employee Cost	275.92	266.13	212.34	162.12	155.04
Finance Cost	0.03	0.27	0.60	3.54	11.18
Depreciation / Amortization	37.16	48.08	95.48	152.25	62.91
Total Expenditure	721.75	787.05	704.69	781.49	752.88
Profit / (Loss) before Taxation	281.39	240.01	325.62	278.16	166.34
Excess(Short) Provisions of Taxes of earlier years	(4.26)	-	-	-	-
Provision for : Current Tax	(92.00)	(90.00)	(133.00)	(130.00)	(87.00)
Deferred Tax Expenses)/Savings	2.62	11.44	22.68	33.12	22.32
Net Profit / (Loss) after Taxation	187.75	161.45	215.30	181.29	101.66
Capital Structure					
Share Capital	550.00	550.00	550.00	550.00	550.00
Reserves & Surplus	778.36	708.87	701.40	486.09	349.84
Net Fixed Assets	47.55	76.95	110.44	148.77	251.81
Investments	67.10	67.10	67.10	67.10	67.10
Net Current Assets	1165.88	1069.62	1039.74	808.79	602.62
Net worth	1328.36	1258.87	1251.40	1036.09	921.53
Earning per share (in ₹)	3.41	2.93	3.91	3.30	1.85

Note

** Previous year amount have been re-grouped/re-classified and recast wherever necessary to confirm to current year's classifications.

Directors' Report 2012-13

The Board of Directors of ISE Securities & Services Limited (ISS) are pleased to present the Fourteenth Annual Report for the year ended March 31, 2013, together with the Auditors' Report and Audited Accounts for the Financial Year 2012-2013.

FINANCIAL PERFORMANCE

In the Financial year 2012-13 the Company has posted net profit of ₹187.75 Lakhs. Despite adverse market conditions, the company earned a total income of ₹ 951.90 lakhs during the year, compared to ₹1027.05 lakhs during the previous year. Expenditure before depreciation, interest and tax during the year under review stood at ₹ 684.56 lakhs, compared to ₹ 738.70 lakhs during the preceding year. The other income earned during the year 2012-13 was ₹ 710.90 lakhs, compared to ₹ 668.45 lakhs for the previous year. After considering interest, finance charges and depreciation, the increase of income over expenditure for the year 2012-13 was ₹ 281.39 lakhs as compared to ₹ 240.00 lakhs for the previous year.

The comparative picture of the financials of the Company for the last five years is presented in the table below:

Comparative Financial Performance						(₹ in lakh)
Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	
Brokerage	241.00	358.60	351.51	368.98	294.41	
Other Income	710.90	668.45	678.81	690.67	624.81	
Expenditure before Depreciation, Interest and Tax	684.56	738.70	608.61	625.69	678.78	
Profit before Depreciation, Interest and Tax	267.34	288.35	421.70	433.96	240.43	
Interest and Finance Charges	0.03	0.27	0.60	3.54	11.18	
Depreciation	37.16	48.08	95.48	152.25	62.91	
Profit before exceptional items and tax	230.15	240.00	325.62	278.16	166.34	
Exceptional Items	51.24	-	-	-	-	
Profit before extraordinary items and tax	281.39	240.00	325.62	278.62	166.34	
Provision for Tax	(92.00)	(90.00)	(133.00)	(130.00)	(87.00)	
Deferred Tax (Expenses)/Savings	2.62	11.08	22.68	33.12	22.32	
Excess(Short) Provisions of Taxes of earlier years	(4.26)	-	-	-	-	
Profit/(Loss) after Tax	187.75	161.08	215.30	181.29	101.66	
Interim Dividend	101.75	82.50	-	-	22.00	
Proposed Dividend	-	-	-	38.5	5.5	

While income decreased from ₹1027.05 lacs during the previous year 2011-2012 to ₹ 951.90 lacs during the current year 2012-2013, the expenditure before Depreciation, Interest and Tax also decreased from ₹ 738.70 lacs during the previous year 2011-2012 to ₹ 684.56 lacs during the current year 2012-2013. The profit before extraordinary items and tax increased from ₹ 240.00 lacs during the previous year 2011-2012 to ₹ 281.39 lacs during the current year 2012-2013.

DIVIDEND

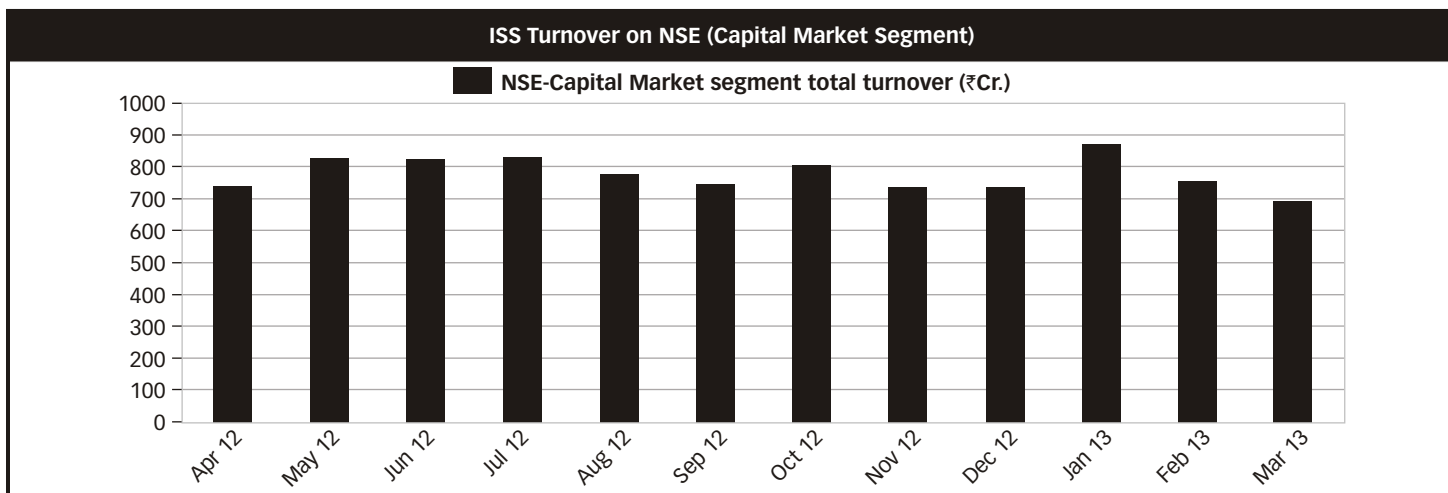
The Board of Directors at their meeting held on March 26, 2013, approved the payment of interim dividend, for the year ended March 31, 2013, at 18.5% on 55,00,000 equity shares of Rs. 10/- each. In view of this, no final dividend has been recommended by the Board.

OPERATIONAL HIGHLIGHTS

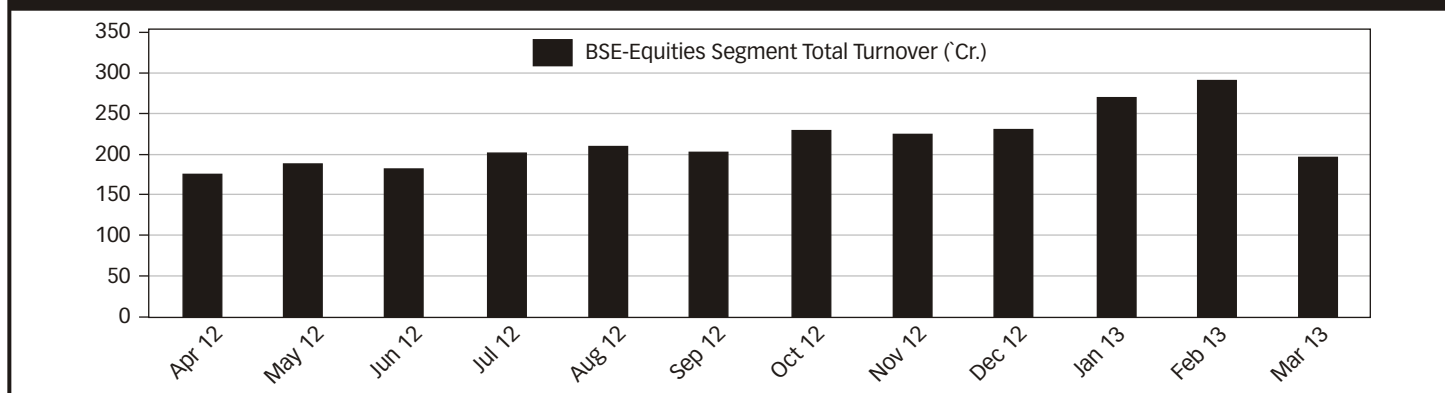
During the year 2012-2013, the Company recorded a turnover of ₹9,328 crores in the NSE capital market (CM) segment and ₹ 6,635 crores in the NSE futures & options (F&O) segment, aggregating to ₹15,963 crores. The corresponding figures for the previous year 2011-2012 were ₹12,006 crores in the CM segment and ₹16,811 crores in the F&O segment, i.e. a total of ₹28,817 crores. During the year 2012-2013, turnover of ₹2,603 crores was recorded in BSE Equities segment. The corresponding figure for the previous year 2011-2012 was ₹3,121 crores. The turnover of NSE CM segment, NSE F&O segment and BSE Equities segment taken together was recorded at ₹18,566 crores during the year 2012-2013. The corresponding figure for the previous year 2011-2012 was ₹31,938 crores.

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

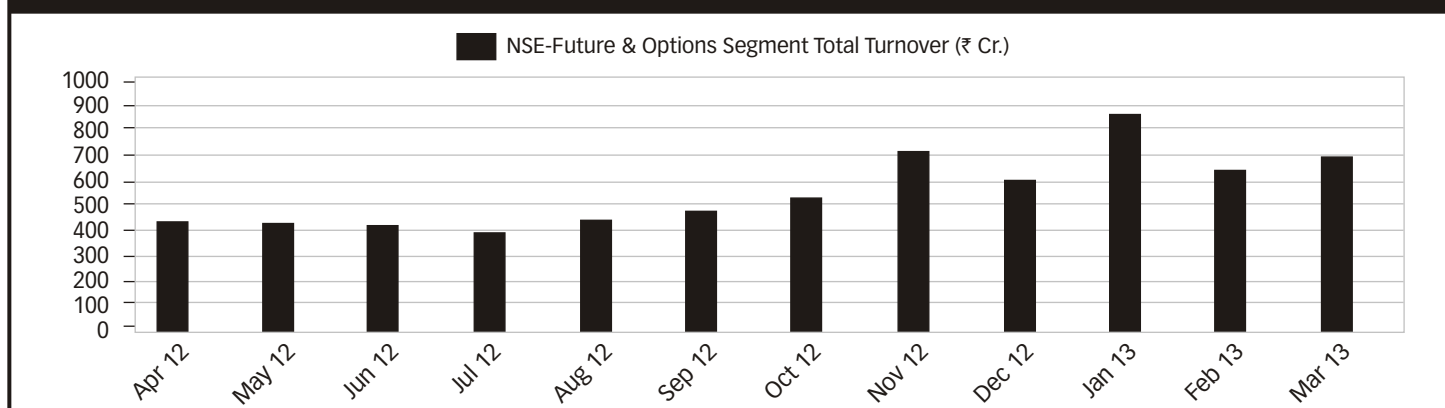
Month	NSE Capital Market, Futures & Options segments and BSE Equities Segment						
	Total Turnover (₹Cr.) (Rounded off)				Active Intermediaries		
	NSE Capital Market	BSE Equities	Total (NSE Capital Market + BSE Equities)	NSE Futures & Options	NSE Capital Market	BSE Equities	NSE Futures & Options
April-2012	740	176	916	433	187	158	92
May	824	188	1012	431	191	154	89
June	822	182	1004	425	185	152	88
July	830	202	1032	396	187	152	92
August	778	210	988	441	184	154	95
September	744	202	946	478	187	151	91
October	804	230	1034	529	189	157	90
November	735	224	959	714	186	158	91
December	736	231	967	602	190	159	92
January-2013	872	270	1142	858	188	158	94
February	752	291	1043	640	188	150	93
March	691	197	888	688	183	152	87
Total 2012-13	9328	2603	11931	6635			
Total 2011-12	12006	3121	15127	16811			
Total 2010-11	16642	6834	23476	11433			



ISS Turnover on BSE (Equities Segment)



ISS Turnover on NSE (Futures & Options Segment)



TECHNOLOGY AND SYSTEMS

There are no major Technological Changes except streamlining and certain up gradation was done in technology for which no major expenses were incurred during the Year under review

The Company has integrated back-office software for carrying out the share accounting, securities handling and funds handling functions. The company has purchased new back-office software named as SPARC, developed by Geojit Technologies Pvt. Ltd., which has resulted in better speed, strong internal controls, and integrated risk management across segments.

The Company has introduced **Internet based trading facility (IBT)** i.e EXE, Browser and Mobile trading for both clients as well as sub-brokers using the softwares provided by Geojit called "FLIP", which provides online trading solution with built-in multi-level security risk management and real-time streaming market data. All segments are available in this software like NSE, BSE, MCX-SX, NSE CD, NSE F&O and additional IBT facility like "NOW", only for the NSE users.

The Company uses cutting edge networking technologies, which have helped us to **improve the efficiency of the network and are cost effective than the earlier technologies**. The Company has the latest technologies in network security using the **Fort iGATE firewall**. All web-based servers as well as our entire networks are secure from external attacks because of this firewall. We had already upgraded all our trading servers for better performance and smooth functioning of the Trading platform. As well as we had implemented **SSL VPN for the trading**, this is very cost effective. This would be an attractive feature for clients. We had implemented **Fast broadcast in NSE and BSE** trading platform. We had created **ISS website (www.isesec.com)** and implemented **web based mailing solution**.

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

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

NEW LAUNCHES IN 2012-2013

Considering recent spurt in trading volume of Equity Derivatives segment of BSE, the Board of Directors decided to apply for registration

as a Trading cum Clearing Member with Equity Derivatives segment of BSE. Applicable documentation has been completed and submitted to BSE. Exchange, in turn, has also completed process at their end and issued admission letter to organization. The said application is in process with SEBI and registration certificate will be received very soon. As soon as registration certificate is received, required formalities will be completed and trading in the segment will be commenced immediately.

MCX-SX, India's new stock exchange recently launched its operations in Equity & Equity Derivatives segments. Taking into account, the lucrative business opportunity and in order to add two more segments to the business portfolio, the Board of Directors decided to apply for registration with the Equity segment as a Member & with Equity Derivatives segment as a Trading cum Clearing Member. Applicable documentation has been completed and submitted to MCX-SX. Exchange, in turn, has also completed process at their end and issued admission letter to organization. The said application is in process with SEBI and registration certificate will be received very soon. As soon as registration certificate is received, required formalities will be completed and trading in the segment will be commenced immediately.

OPERATIONS OF THE COMPANY

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

PARTICULARS	NSE	BSE	Equity Derivatives	Currency Derivatives
No. of sub-brokers registered in ISS as on 31.03.2012.	456	280	193	06
Fresh Registrations during 01.04.2012 to 31.03.2013	08	06	09	06
Resignations during 01.04.2012 to 31.03.2013	04	06	15	00
Position as on 31.03.2013	460	280	187	12
Change (+/-)	04	00	(06)	06

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

Pending application status for sub-brokers & authorized persons registration as on March 31, 2013

Sr. No.	Particulars	No. of applications pending			
		NSE (Capital Market Segment)	BSE (Equities Segment)	NSE (F & O Segment)	NSE (Currency Derivatives Segment)
1.	Documents pending from sub-broker applicants	NIL	NIL	NIL	NIL
2.	Applications under process by ISS (received recently)	NIL	NIL	NIL	NIL
3.	Applications pending at NSE	NIL	N.A.	NIL	NIL
4.	Applications pending at BSE	N.A.	NIL	N.A.	N.A.
5.	Applications pending at SEBI	02	02	NIL	NIL
	Total	02	02	NIL	NIL

The distribution of intermediaries across the different geographical regions of the country as on March 31, 2013 is as given below.

Sr. No.	Region	States	Trading Members		Authorised Persons (NSE F&O)	Authorised Persons (NSE CD)
			NSE	BSE		
1.	West	Goa, Gujarat, Maharashtra	183	108	87	08
2.	North	Haryana, Jammu & Kashmir, Delhi, Punjab, Rajasthan, Uttaranchal and Uttarpradesh	75	37	21	01
3.	East	Assam, Bihar, Jharkhand, Orissa and West Bengal	139	100	54	03
4.	South	Andhra Pradesh, Karnataka, Kerala and Tamilnadu	52	25	19	NIL
5.	Central	Chattisgarh and Madhya Pradesh	11	10	06	NIL
	TOTAL		460	280	187	06

OUTLOOK FOR THE YEAR 2013-2014

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

Post demutualization of Inter-connected Stock Exchange of India Ltd. (ISE), the parent exchange, the Governing Board of ISE had decided to revive its Trading Platform and accordingly awarded the contract to TCS. ISE invested approx. ₹12 crore for setting up its Trading Platform. ISE submitted its application on 15.09.2011 to SEBI for seeking prior approval for recommencing trading on the Platform of ISE.

In response to the same SEBI vide its letter dated January 17, 2013 placed certain pre-requisite condition to be complied with before recommencing the Trading which includes hiving of subsidiary ISE Securities & Services Ltd. (ISS).

The Governing Board of ISE considered the said letter received from SEBI at their meeting held on February 12, 2013 and approved disinvestment of its stake completely from its wholly-owned subsidiary, ISS and suggested the Managing Director to bring the same into the kind attention of the Board of Directors of ISS.

The Board of Directors of ISS took note of the same at their meeting held on February 16, 2013. ISE has further completed the process of inviting the institutions and corporates to submit their expression of interest for purchasing stake in ISS and their short listing.

Shortlisted entities have also completed the necessary due diligence process at ISS. The process of further short listing and selection of final stakeholder is expected to be completed very soon and thereafter, necessary prior approvals from the respective exchanges and other regulators will be obtained and entire process of transition from one organization to another will be carried out in hassle-free manner.

Office Infrastructure

Registered office of the company is located at International Infotech Park, Tower No. 7, 5th Floor, Sector 30, Vashi, Navi Mumbai 400 703 whereas Corporate Office of the company is situated at 6th Floor, 601, "Dakshna", Next to Raigad Bhavan, Sector 11, CBD Belapur, Navi Mumbai 400614

Apart from the Registered office located at Vashi and Corporate Office at CBD Belapur, decentralized support is provided to the intermediaries through Correspondence Offices located at Delhi, Kolkata, Nagpur, Coimbatore, Hyderabad, Ahmedabad, Gauhati and Patna.

COMPLAINTS REDRESSAL, ARBITRATION AND LEGAL CASES

The clients' / sub-brokers' grievance handling mechanism has been streamlined and mitigated in a time bound manner so as to facilitate speedy resolution of complaints. Unresolved complaints are escalated to respective Heads of Department, CEO and if necessary to the MD of the Parent Exchange until the complaint is resolved. The Board of Directors of the company as well as the Parent Exchange reviews the unresolved complaints at every Board Meeting.

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

SHARE CAPITAL

The present Shareholding pattern of your company is as follows:

Sr. No.	Shareholder's Name	Number of shares held	Face value per share (L)	Amt Paid up (Rs.)	% of total
1	M/s Inter- connected Stock Exchange of India Limited	54,99,990	10	5,49,99,900	99.999818
2	Shri Dhanendra Kumar Gupta (Nominee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
3	Shri Jayakrishna Padiyar (Nominee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
4	Shri Krishna Wagle (Nominee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
5	Shri Thomas Kurian (Nominee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018
6	Shri Milind Nigam (Nominee of Inter- connected Stock Exchange of India Limited)	1	10	10	0.000018

Sr. No.	Shareholder's Name	Number of shares held	Face value per share (L)	Amt Paid up (Rs.)	% of total
7	Shri P. J. Mathew (Nominee of Inter-connected Stock Exchange of India Limited)	3	10	30	0.000056
8	Shri Shachindrakumar Dube (Nominee of Inter-connected Stock Exchange of India Limited)	1	10	10	0.000018
9	Shri K. Rajendran Nair (Nominee of Inter-connected Stock Exchange of India Limited)	1	10	10	0.000018
	TOTAL	55,00,000	10	5,50,00,000	100.000000

CHANGES IN THE Board of Directors

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

Sr. No.	Name of the Director	Status	Date of Appointment
1.	Shri Manubhai K. Parekh	Public Representative Director	October 21, 2008
2.	Shri George Joseph	Public Representative Director	October 21, 2008
3.	Shri Ashish Parikh	Shareholder Representative Director	September 04, 2012
4.	Ms. Minu Mathew	Shareholder Representative Director	September 04, 2012
5.	Shri P. J. Mathew	Director [Nominee of Inter-connected Stock Exchange of India Limited (ISE)]	October 17, 2007
6.	Shri Sivaraman K. M.	Chief Executive Officer & Whole Time Director	January 22, 2010

In the last Annual General Meeting held on September 04, 2012, Shri C.A. Venkatesan and Shri Cyriac Thomas, Shareholder Representative Directors, who completed three consecutive terms as directors, retired from the said post and were not reappointed as per provisions of clause (g) of SEBI circular no. SMD/POLICY/CIR-4/2003 dated February 11, 2003 and clause 2.3.1 (a) (vii) of SEBI master circular no. CIR/MRD/DSA/10/2010 dated April 06, 2010, regarding non-trading member directors. Shri Ashish Parikh & Ms. Minu Mathew were appointed as new Shareholder Representative Directors.

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

- Shri P.J. Mathew, Nominee of Parent Exchange and Shri Sivaraman K.M., Whole-time Director, are not liable to retire by rotation.
- Shri Manubhai Parekh and Shri George Joseph, Public Representative Directors were appointed by SEBI and are hence not liable to retire by rotation.
- 1/3 of the directors, except the foregoing, are eligible to retire by rotation. Accordingly one director will have to retire among the Shareholder Representative Directors. The present Shareholder Representative Directors, Shri Ashish Parikh & Ms. Minu Mathew were appointed on September 04, 2012 i.e. on the same day. Therefore, in terms of provisions of Section 256 (2) of the Companies Act, 1956, the director who shall retire by rotation at the ensuing Annual General Meeting will be determined by lot.

Accordingly, the Board of Directors at its meeting held on May 31, 2013, determined by lot that Ms. Minu Mathew will be liable to retire by rotation and eligible for reappointment.

During the period April 01, 2012 to March 31, 2013, the following Board Meetings were held:

Board Meeting No.	Date
103	June 14, 2012
104	July 16, 2012
105	September 20, 2012
106	December 03, 2012
107	February 16, 2013
108	March 26, 2013

DETAILS OF ATTENDANCE OF THE DIRECTORS IN THE BOARD MEETINGS

During the period April 01, 2012 to March 31, 2013, the Board of Directors met 6 times. The attendance record of the Directors at each Board Meeting and the last Annual General Meeting held on September 04, 2012 is given below:

Sr. No.	Name of Director and Status	No. of Board Meetings held during their tenure	No. of Board Meetings attended	Status at 13th AGM
1.	Shri Manubhai K. Parekh Public Representative Director	6	6	Present
2.	Shri George Joseph Public Representative Director	6	6	Absent
3.	Shri C. A. Venkatesan Shareholder Representative Director	2	2	Absent
4.	Shri Cyriac Thomas Shareholder Representative Director	2	2	Absent
5.	Shri Ashish Parikh Shareholder Representative Director	4	3	Not Applicable
6.	Ms. Minu Mathew Shareholder Representative Director	4	4	Not Applicable
7.	Shri P. J. Mathew Director	6	6	Present
8.	Sivaraman K. M., Chief Executive Officer / Whole Time Director	6	6	Present

GENERAL BODY MEETINGS

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

The last three Annual General Meetings i.e. 11th, 12th and 13th Meetings of the Company were held on the following dates

- 11th AGM: September 07, 2010 (at the Registered Office of the Company)
- 12th AGM: August 11, 2011 (at the Registered Office of the Company)
- 13th AGM: September 04, 2012 (at the Registered Office of the Company)

Extra-ordinary General Meetings (EGMs):

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

AUDIT COMMITTEE

The Audit Committee was first constituted in October 2002. On account of changes in directorships at the 13th Annual General Meeting, the Audit Committee was reconstituted at 105th Board Meeting held on September 20, 2012. The present members of the Committee are Shri Manubhai K. Parekh (Chairman of the Committee), Ms. Minu Mathew and Shri P. J. Mathew. The role, powers and functions of the Audit Committee are as stated below:

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

During the period April 01, 2012 to March 31, 2013, the Audit Committee met 3 times i.e. on June 07, 2012, December 03, 2012, March 25, 2013. The attendance record of the members of the Audit Committee is given below:

Sr. No.	Name of the Member	No. of Meetings of Audit Committee held during their tenure	No. of Meetings of Audit Committee attended
1.	Shri Manubhai K. Parekh	3	3
2.	Shri C. A. Venkatesan	1	1
3.	Ms. Minu Mathew	2	2
4.	Shri P. J. Mathew	3	3

Auditors

M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants, were appointed by the Members in the Thirteenth Annual General Meeting as Statutory Auditors to hold office from the conclusion of the Thirteenth Annual General Meeting till the conclusion of the forthcoming (Fourteenth) Annual General Meeting.

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

M/s. Haribhakti & Co., Chartered Accountants & Internal Auditors whose term expired on March 31, 2013, were reappointed w.e.f. April 01, 2013 to September 30, 2013 by the Board in its meeting held on March 26, 2013.

INTERNAL CONTROL SYSTEMS AND ADEQUACIES

Your company has set up internal control systems commensurate with the size and nature of business. These systems ensure optimum use of resources and compliance with multiple regulatory authorities. Your Company is also being guided by the internal auditors and the Audit Committee in constantly upgrading the control procedures and systems. The Audit Committee also reviews the adequacy of the internal control procedures.

HUMAN RESOURCES AND PARTICULARS OF EMPLOYEES

There are in all **59** persons working for the Company, out of whom **45** are on rolls, **8** are working as consultants, **3** are working on contract, **1** working as management trainee and remaining **2** are on temporary basis. Further, the Company follows a policy of outsourcing certain labour-intensive activities to outside processing agencies. The particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not applicable to the Company.

STATUTORY DISCLOSURE OF PARTICULARS

The disclosure requirement in terms of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outflows do not apply to the Company and therefore, no details are required to be given.

CORPORATE GOVERNANCE

The Company is committed to follow good corporate governance practices. The Chairman, other Directors, and the staff working for the Company, are committed to serving the cause of the intermediaries, investors, and the public at large with the highest level of efficiency. All policies and strategic initiatives undertaken by ISS aptly reflect this commitment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and no material departure have been made from the same;
2. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true a fair view of the state of affairs of the Company as at March 31, 2013 and Profit & Loss Account for the year ended March 31, 2013;

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

REAPPOINTMENT OF AND INCREASE IN REMUNERATION OF CEO & WHOLE TIME DIRECTOR SHRI SIVARAMAN K. M.

The Board of Directors at its meeting held on June 14, 2012, approved the reappointment of Shri Sivaraman K. M. as CEO & Whole Time Director for the period of 3 years from January 22, 2013 to January 21, 2016 subject to approval from Inter-connected Stock Exchange of India Ltd. (ISE). ISE Board approved the term with revised remuneration. SEBI vide letter no. MRd/dsa/ise/27729/2012 dated December 12, 2012 expressed no objection for said reappointment.

The revised remuneration has been made applicable w.e.f. January 22, 2013.

The revised remuneration is in accordance with the provisions of schedule XIII of the Companies Act, 1956. The details are given below:

(Pay Scale: ₹1,11,000/- - 9,000/- - 1,20,000/- - 9,000/- - 1,29,000/-)		Amount in L
Basic	Per month	1,11,000
HRA	@ 20% of the Basic Salary per month	22,200
Traveling Allowance	@ 4.17% of the Basic Salary per month	4,629
Medical Allowance	@ 4.17% of the Basic Salary per month	4,629
Gross Monthly		1,42,458
Gross Yearly		17,09,496
Provident Fund Contribution by the company	@ 12% of the Basic Salary	1,59,840
Gratuity / Ex-gratia	@ 1/2 month's Basic Salary for each completed year of service	55,500
Fixed Performance Linked Bonus (payable half yearly)		3,41,420
Total cost to the company (CTC) per annum		22,66,256

Acknowledgements

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

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

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

The Board wishes to place on record its appreciation for the excellent services rendered by Shri C. A. Venkatesan & Shri Cyriac Thomas who served as Shareholder Representative Directors of the company till September 04, 2012.

The Directors also wish to place on record their sincere appreciation of the significant contributions made by the esteemed intermediaries and the employees.

By order of the Board of Directors

Date: July 4, 2013
Place: Navi Mumbai

sd/-
P. J. Mathew
Director

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

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

1. We have audited the accompanying Financial Statements of ISE Securities and Services Limited, which comprise the Balance Sheet as at 31st March 2013, and the Statement of Profit And Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section(3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and a plan and perform the audit to obtain reasonable assurance to whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. We draw attention to Note No. 24 of Significant Accounting Policies and Notes forming part of accounts with respect to Client Obligations, balance in the Dividend Client Account and Deposits which are subject to confirmation and reconciliation. In the opinion of the Management, impact of the same will not be material and the same has been relied upon by us.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditors' Report) Order, 2003, (here in after referred to as "the Order") issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

9. As required by the section 227(3) of the Act, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- iii. The Balance Sheet and Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion the Balance Sheet, Statement of Profit and Loss 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, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Contractor Nayak & Kishnadwala,
Chartered Accountants
Firm Registration No.: 101961W**

Date: May 31, 2013
Place: Kochi

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

Annexure to Independent Auditors' Report

Referred to in Paragraph 8 Under the heading of "Report on Other Legal and Regulatory Requirements" of Our report of even date

- (i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- (b) All the fixed assets have been physically verified by the management and discrepancies observed are adjusted during the year.
- (c) During the year, the Company has not disposed of a substantial part of its fixed assets.
- (ii) As per the information and explanations given to us, the Company does not have any item of inventory. Accordingly, clause (ii) of the order is not applicable.
- (iii) (a) As per the information furnished, the Company has not granted any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence reporting under clause iii (a) / (b) / (c) / (d) of the Order is not applicable to the Company.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly the sub-clauses (e), (f) and (g) of clause (iii) are not applicable to the company.
- (iv) According to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase and sale of fixed assets and rendering of services. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
- (a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered in the register have been so entered.
- (b) According to the information and explanations given to us, these contracts or arrangements with Interconnected Stock Exchange of India Ltd. (ISE) are management services, rent and others mainly in the nature of reimbursement of cost incurred by ISE Ltd. for ISE Securities and Services Ltd. and hence the prices for which, are reasonable.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit during the year from public within the meaning of the provisions of Section 58A, Section 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under. Hence, clause 4 (vi) of the Order is not applicable.
- (vii) In our opinion, the Company has an adequate internal audit system, which commensurate with the size of the company and nature of its business.
- (viii) According to the information and explanations given to us and on the basis of our audit procedures, the Company is not required to maintain cost records under section 209 (1) (d) of the Companies Act, 1956. Accordingly, clause 4 (viii) of the order is not applicable.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including, Income-tax (TDS), Service Tax, Stamp Duty, Annual SEBI Fees, Cess Tax and other statutory dues wherever applicable. Also, as at 31st March 2013, there were no undisputed dues payable for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, and the records of the company examined by us, there are no dues in respect of Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax and Cess that have not been deposited on account of any dispute except in respect of disputed Income Tax / Service Tax/ Cess Tax liabilities for which details is given as under:

Amount (₹)	Forum against matter is disputed	Matter for which disputed by the Company	Year / Period for which Dispute pending
39.92 Lakhs	Commissioner of Income Tax (Appeals)	TDS Credit	Financial Year 2006-07 (Assessment Year 2007-08)
27.18 Lakhs	Income Tax Appellate Tribunal	TDS Credit & Interest on Delayed Service Tax Payment	Financial Year 2007-08 (Assessment Year 2008-09)
29.67 Lakhs	Income Tax Appellate Tribunal	Recognition of Income and Expenses	Financial Year 2008-09 (Assessment Year 2009-10)
56.75 Lakhs	Commissioner of Income Tax Appeals	Disallowance of expenses and interest thereof.	Financial Year 2009-10 (Assessment Year 2010-11)

- (c) According to the information and explanation given to us, and the records of the company examined by us, company has received various notices for the financial years 2001-02 to 2009-10 from the NMMC (Navi Mumbai Municipal Corporation) department for submission of information. The assessment for the above mentioned period is in process and no fresh notice has been received from NMMC. In view of the management amount of demand is not ascertainable due to pending assessment & accordingly no provision has been made.
- (x) The company does not have accumulated losses as at 31st March 2013 and has not incurred cash loss in the financial year or in the financial year preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayments of the amounts due to banks during the year.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a Chit Fund Company or Nidhi / Mutual Benefit Fund / Society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the Company
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanation given to us and based on our audit procedures, the Company has not raised any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us and based on our audit procedures, the Company has not issued any debentures. Accordingly, clause 4 (xix) of the order is not applicable.
- (xx) According to the information and explanations given to us, the Company has not raised any money by public issues during the year.
- (xxi) To the best our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For Contractor Nayak & Kishnadwala,
Chartered Accountants
Firm Registration No.: 101961W**

Place: Kochi
Date: May 31, 2013

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

ISE Securities & Services Limited

Balance Sheet as at 31st March, 2013

Particulars	Note No.	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
I EQUITY AND LIABILITIES			
A Shareholder's funds			
(i) Shares Capital	2	55,000,000	55,000,000
(ii) Reserves & Surplus	3	77,835,705	70,887,015
B NON CURRENT LIABILITIES			
(i) Long Term Borrowing		-	-
(ii) Deferred Tax Liability (Net)		-	-
(iii) Other long term liabilities		-	-
(iv) Long term provisions	4	2,055,388	1,382,825
C CURRENT LIABILITIES			
(i) Trade Payable	5	749,280,212	463,012,419
(ii) Other current liabilities	6	23,607,763	18,623,427
(iii) Short term provisions	7	4,991,045	5,231,330
Total		912,770,113	614,137,016
II ASSETS			
A NON - CURRENT ASSETS			
(i) Fixed assets	8		
(a) Tangible Assets		3,692,844	6,240,234
(b) Intangible Assets		1,062,339	1,454,993
(ii) Non current Investments	9	6,710,005	6,710,005
(iii) Deferred tax assets (net)	10	4,782,140	4,520,210
(iv) Other non-current assets	11	62,497,515	60,663,224
B CURRENT ASSETS			
(i) Current Investments		-	-
(ii) Trade Receivables	12	90,923,872	102,578,165
(iii) Cash & Bank Balances	13	711,104,032	411,308,597
(iv) Short Term Loans & Advances	14	190,176	103,902
(v) Other current assets	15	31,807,190	20,557,686
Total		912,770,113	614,137,016
Significant Accounting Policies and Notes forming part of the Accounts	1 to 30		

As per our attached Report of even date

For and on behalf of the Board of Directors

For Contractor Nayak and Kishnadwala
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Sivaraman K M
Whole Time Director
& CEO

sd/-
P J Mathew
Designated Director

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

sd/-
Mayank Mehta
Company Secretary

Place: Kochi
Date: May 31, 2013

Place: Kochi
Date: May 31, 2013

ISE Securities & Services Limited

Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note No.	For the Year ended March 31, 2013 A ₹	For the Year ended March 31, 2012 B ₹
I. Revenue from Operations			
Brokerage Income		194,942,015	297,714,831
Commission paid/ payable		(170,842,199)	(261,855,219)
		24,099,816	35,859,612
Other operating revenues	16	13,780,391	13,955,184
II. Other Income	17	62,433,457	52,890,292
III. Total Revenue		100,313,664	102,705,088
IV. Expenditure			
Employee Benefit Expenses	18	27,591,898	26,612,863
Finance Costs	19	3,334	26,991
Depreciation/Amortisation	8	3,716,047	4,808,302
Other Expenses	20	40,864,229	47,257,451
Total Expenses		72,175,508	78,705,607
V Profit before exceptional and extraordinary items and tax		28,138,156	23,999,481
VI Tax Expenses			
(i) Current Tax		(9,200,000)	(9,000,000)
(ii) Deferred Tax		261,931	1,108,465
(ii) Excess(Short) Provisions of Taxes of earlier years		(425,757)	-
VII Profit/(loss) for the period		18,774,330	16,107,946
VIII Profit/(Loss) from discontinuing Operations		-	-
IX Tax expenses of Discontinuing operations		-	-
X Profit/(Loss) for the period from continuing Operations (after tax)		-	-
Earning Per Share (₹) (Basic)	23	3.41	2.93
Significant Accounting Policies and Notes forming part of the Accounts	1 to 30		

As per our attached Report of even date

For and on behalf of the Board of Directors

For Contractor Nayak and Kishnadwala
Chartered Accountants
Firm Registration No.: 101961W

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

Place: Kochi
Date: May 31, 2013

sd/-
Sivaraman K M
Whole Time Director
& CEO

sd/-
P J Mathew
Designated Director

sd/-
Mayank Mehta
Company Secretary

Place: Kochi
Date: May 31, 2013

ISE Securities & Services Limited

Cash Flow Statement for the year ended March 31, 2013

(Amount in ₹)

Particulars	As at 31.03.2013		As at 31.03.2012	
I. Cash Flow from Operating Activities:				
Net profit before tax & extra ordinary items		28,138,156		23,999,481
Adjustments for:				
Depreciation	3,716,047		4,808,302	
Dividend received	(780,000)		(520,000)	
Excess provision written back	(1,395,272)		(199,222)	
Provision for Bad & Doubtful debts- Others	318,372		572,283	
Fixed Assets Written Off	1,937,095		103,565	
		3,796,242		4,764,929
Operating profit before working capital changes		31,934,398		28,764,410
Adjustments for:				
(Increase) / Decrease in Trade & Other receivable	(2,014,527)		(5,636,611)	
(Increase) / Decrease in Loans & Advances	(404,646)		(597,628)	
Increase / (Decrease) in Trade & Other Payable	291,684,409		(514,505,253)	
		289,265,236		(520,739,492)
Cash generated from operations before tax & extra ordinary items		321,199,634		(491,975,082)
Less: Direct Tax Paid (net of refunds)		(7,645,460)		(13,500,685)
		313,554,174		(505,475,767)
Net Cash From Operating Activities (A)		313,554,174		(505,475,767)
II. Cash Flow From Investing Activities:				
Purchase of Fixed Assets	(2,713,099)		(1,563,554)	
Dividend Income	780,000		520,000	
		(1,933,099)		(1,043,554)
Net Cash (Used in) / from investing activities (B)		(1,933,099)		(1,043,554)
III. Cash Flow From Financing Activities:				
Dividend Distribution tax	(1,650,640)		(1,338,295)	
Dividend Paid	(10,175,000)		(8,250,000)	
Net Cash (Used in) / from Financing activities (C)		(11,825,640)		(9,588,295)
Net Increase / decrease in cash & cash equivalents (A+B+C)		299,795,435		(516,107,616)
Cash & Cash equivalents at the beginning of the year		411,308,597		927,416,213
Cash & Cash equivalents at the end of the year		711,104,032		411,308,597
Refer Note- 1 Significant Accounting Policies and Notes forming part of the Accounts				

Notes:

- The cash flow statement has been prepared by using Indirect Method in accordance with the requirements of 'Accounting Standard -3 Cash Flow Statement'
- Cash & Cash equivalents includes cash and bank balance in current account, fixed deposit with bank (including lien deposits) Refer Note 13
- Interest received is treated as income from operating activities for cash flow purpose.

As per our attached Report of even date

For and on behalf of the Board of Directors

For Contractor Nayak and Kishnadwala
Chartered Accountants
Firm Registration No.: 101961W

sd/-
Sivaraman K M
Whole Time Director
& CEO

sd/-
P J Mathew
Designated Director

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

sd/-
Mayank Mehta
Company Secretary

Place: Kochi
Date: May 31, 2013

Place: Kochi
Date: May 31, 2013

ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013.

Significant Accounting Policies and Notes forming part of the Accounts as at March 31, 2013

● Background

ISE Securities & Services Limited ("the Company") was incorporated under the Companies Act, 1956 on January 18, 2000. ISE Securities & Services Ltd. (ISS), a wholly - owned subsidiary of Inter-connected Stock Exchange Of India Limited (ISE) is a trading - cum -clearing Member of National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd. ISS, by virtue of being a stock exchange subsidiary, cannot trade on its own account and can only allow trading to its sub-brokers and authorized persons, who are required to be stock brokers of the parent stock exchange (ISE). As at March 31, 2013, ISE and its nominees hold 100 percent of the equity share capital of the Company. The Company is an active member of the capital market and futures & options segments of NSE & an active member of the equities segment of BSE.

Significant Accounting Policies and Notes forming part of the Accounts

1. Significant Accounting Policies.

a) Fundamental Accounting Assumptions

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

b) Method of Accounting

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

c) Use of Estimates

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

d) Revenue recognition

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

e) Fixed/Intangible Assets and Depreciation/Amortization

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

- v) Intangible assets, comprising of computer software, are being amortized on a straight-line method over a period of three years from the year of acquisition or installation.
- vi) Furniture & fixture at leasehold premises amortized in accordance with the lease agreement period or 5 years whichever is less.

f) Investments

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

g) Securities in Hand

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

h) Taxes on Income

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

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

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

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

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

j) Employees Benefits:

- i) Provident Fund: The Company's contribution's paid and payable during the year towards Provident Fund are made to Regional Provident Fund Commissioner & are charged in Profit & Loss Account every year.
- ii) Gratuity: The Company's contributions paid and payable during the year towards Gratuity are made to Gratuity Fund managed by Life Insurance Corporation of India (LIC). The net present value of company's obligation towards gratuity to employees is actuarially determined based on the projected unit credit method. Actuarial gains and losses are immediately recognized in the Profit & Loss Account.
- iii) Compensated Absences: The employees of the company are entitled to compensate absences. The employee can carry forward unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at the time of retirement or at the time of resignation or before retirement, if the unutilized leave exceeds 300 days (before 1st April 2011 it was 75 Days) for the unutilized accrued compensated absences. Such compensated absences are treated as Long term benefit to employees. The net present value of company's obligation towards such Long term compensated absences to employees is actuarially determined based on the projected unit credit method. Actuarial gains and losses are immediately recognized in the Profit & Loss Account.

k) Cash Flow Statement:

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

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

ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

2 SHARE CAPITAL

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Authorised Capital (6,000,000 Equity shares of ₹10/- each)	60,000,000	60,000,000
Issued, Subscribed and Paid Up Capital (55,00,000 Equity shares of ₹10/- each fully paid up)	55,000,000	55,000,000
Total	55,000,000	55,000,000

2.1 The company has only one class of shares referred to as equity shares having a par value of Rs. 10/- each.

2.2 Details of shares held by Holding Company

Particulars	As at March 31, 2013	As at March 31, 2012
Equity Shares held by Interconnected Stock Exchange of India Ltd , the holding company	5,500,000	5,500,000

2.3 Reconciliation of number of shares outstanding

Particulars	As at March 31, 2013	As at March 31, 2012
55,00,000 Equity Shares Of Rs. 10 Each	55,000,000	55,000,000
Number of Shares at the beginning	5,500,000	5,500,000
Number of Shares issued	-	-
Number of Shares bought back	-	-
Other Adjustments	-	-
Number of Shares at the end	5,500,000	5,500,000

2.4 Details of shareholders holding more than 5% shares in the company

Particulars	As at March 31, 2013	As at March 31, 2012
Equity Shares held by		
Interconnected Stock Exchange of India Ltd, the holding company		
No of Shares	5,500,000	5,500,000
% Holding	100	100

3 RESERVES & SURPLUS

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
RESERVES & SURPLUS		
General Reserves		
Opening Balance as on 01.04.2012	27,310,000	26,500,000
Add: Transfer from Profit & loss A/c	1,425,000	810,000
Closing Balance in Genral Reserves Account	28,735,000	27,310,000

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Free Reserves		
Surplus in P&L as per last Balance Sheet		
Surplus - Opening balance as on 01.04.2012	43,577,015	37,867,364
Add: Net profit after tax transferred from statement of profit and loss	18,774,330	16,107,946
Profit available for Appropriation	62,351,345	53,975,310
(+) Excess Provision of Dividend Tax write back	-	61
(-) Tax on Interim Dividends	(1,650,640)	(1,338,356)
(-) Interim Dividends	(10,175,000)	(8,250,000)
(-) Transfer to General Reserves	(1,425,000)	(810,000)
Closing Balance in Profit & Loss Account	49,100,705	43,577,015
Total of : RESERVES & SURPLUS	77,835,705	70,887,015

4 LONG TERM PROVISIONS

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Gratuity - Benefits	606,122	368,883
Unavailed leave	1,449,266	1,013,942
Total	2,055,388	1,382,825

5 Trade Payables

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Exchange Liability	1,330,819	1,388,447
Settlement Obligations to Sub-Brokers/Clients/Authorised person	628,062,920	321,586,353
Sub Brokers Margin-BSE	48,691,624	51,064,821
Sub Brokers Margin-NSE	71,194,849	88,972,798
Outstanding Dues of Micro and Small Enterprises (Refer Note 27)	NIL	NIL
Total	749,280,212	463,012,419

6 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Clients Unpaid Dividend	54,788	2,183,460
Statutory Liability (Refer Note 6.1)	3,659,735	6,529,024
Other Liability	13,702,140	5,902,995
Expenses Payable (other than Micro and Small Enterprises)	6,191,100	4,007,947
Outstanding Dues of Micro and Small Enterprises (Refer Note 27)	NIL	NIL
Total	23,607,763	18,623,427

6.1 Statutory Liability towards

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Provident Fund - under PF	221,550	207,498
TDS under Income Tax	3,340,393	6,290,611
Profession Tax Payable	9,725	9,900
Service Tax	88,067	-
NMMC - Cess Tax (Local Taxes)	-	21,015
	3,659,735	6,529,024

7 SHORT TERM PROVISIONS

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Provision for employee benefits		
Unavailed leave - current	162,405	119,973
Employee's Leave Travel Allowance (LTA)	178,000	273,000
Provision for		
Dividend Distribution Tax	1,650,640	1,338,356
Performance Linked Bonus	3,000,000	3,500,000
Total	4,991,045	5,231,329

ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

Note no 8 Fixed Assets as on 31st March, 2013

Particulars	Gross Block (At Cost)			Depreciation/Amortisation			Net Block		
	As at 01-4-2012	Additions	Deductions	As at 31-03-2013	Upto 31-3-2012	For the Period 2012 - 13	Deductions	As at 31-03-2013	As at 31-03-2012
Tangible Assets :									
Plant & Machinery	1,218,811	-	598,500	620,311	283,152	29,465.00	185,838	493,532	935,659
Furniture & Fixtures	1,208,440	13,875	-	1,222,315	101,160	344,361.00	-	776,794	1,107,280
Office Equipment	3,053,689	494,324	1,851,293	1,696,720	712,703	164,183.00	564,761	1,384,595	2,340,986
Computers Equipment	21,222,489	785,270	16,971,413	5,036,346	20,298,272	1,194,854.00	16,971,413	514,632	924,216
Networking Equipment	12,244,780	-	11,388,000	856,780	12,015,318	138,884.00	11,388,000	90,578	229,462
Power Equipment	1,019,053	-	345,038	674,015	316,423	32,016.00	107,137	432,713	702,630
Mobile phones	238,767	21,748	184,388	76,127	238,767	21,748.00	184,388	-	-
Central Equipment	9,521,408	-	9,521,408	-	9,521,408	-	9,521,408	-	-
Total - A	49,727,437	1,315,217	40,860,040	10,182,613	43,487,203	1,925,511	38,922,945	3,692,844	6,240,234
Intangible Assets Computer Software	25,733,640	1,397,882	9,467,957	17,663,565	24,278,647	1,790,536	9,467,957	1,062,339	1,454,993
Total - B	25,733,640	1,397,882	9,467,957	17,663,565	24,278,647	1,790,536	9,467,957	1,062,339	1,454,993
Total - A+B	75,461,077	2,713,099	50,327,997	27,846,178	67,765,850	3,716,047	48,390,902	4,755,183	7,695,227
Previous Year Figures	74,021,786	1,563,554	124,263	75,461,077	62,978,246	4,808,302	20,698	-	7,695,227

- 8.1 During the year company has decided to amortize Furniture & fixture purchased at new leasehold premises in the year 2011-12 (Belapur) in accordance with the lease agreement period or 5 years which ever is lower which was earlier year depreciated @ 6.33%. Due to the change in depreciation policy the amount of depreciation that additionally need to be written off for the earlier year 2011-12 is ₹ 1,53,861 and the same has been written off during the current year.
- 8.2 During the course of Fixed Assets verification the company has identified certain fixed assets which are not in existence, accumulating Gross Block of ₹ 50,327,997 Accumulated Depreciation of ₹ 48,390,902 and Net Block of ₹ 19,37,035 has been written off.

9 NON CURRENT INVESTMENTS

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Non Current Investments (Trade, unquoted & at cost): 130,000 Equity shares of Face value. ₹ 1/- Fully paid of Bombay Stock Exchange Ltd - BSE (previous year 1,30,000 equity shares). Out of this 1,20,000 shares are received as bonus shares during the year 2008-09.	6,710,005	6,710,005
Total	6,710,005	6,710,005

9.1 During the financial year 2004-05, the Company had acquired the corporate membership of Bombay Stock Exchange Ltd. at a cost of ₹. 67,10,005/- . As per its entitlement the Company had subscribed to and was allotted 10,000 shares of face value ₹ 1/- each under the Corporatization and Demutualization of BSE. During the year 2008-09 the company has been allotted 1,20,000 bonus shares in the ratio 12:1. As these shares are unlisted the value of this investment is shown in the Accounts at cost. Management is of the opinion that the Company will realize at least the stated cost in full and no provision for diminution is required.

10 DEFERRED TAX ASSETS

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

Particulars	As at March 31, 2012 ₹	Adjustment during the period ₹	As at March 31, 2013 ₹
Deferred Tax Assets			
Provision for doubtful debts	2,838,642	(633,690)	2,204,952
Provision for doubtful debts - Other Advances	376,712	(136,758)	239,954
Provision for compensated absences, gratuity and other employee benefits	1,623,158	110,063	1,733,221
Total	4,838,512	(660,385)	4,178,127
Deferred Tax Liabilities			
On difference between book balance and tax balance of fixed assets	(318,302)	922,315	604,013
Total	(318,302)	922,315	604,013
Net Deferred Tax (Liability) /Asset	4,520,210	261,930	4,782,140

10.1 Pursuant to Accounting Standard 22 "Accounting for Taxes on Income" the Company has recorded a net deferred tax adjustment of ₹. 2,61,930/- (Previous Year ₹. 11,08,465 /-) adjusted from the profits and loss account.

11 OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Unsecured Considered Good, unless otherwise stated		
Deposit with Exchanges	52,925,000	48,425,000
Advance Tax/ Income Tax Refund (Net of Taxation & Provisions)	6,740,460	8,720,757
Security Deposits	2,832,055	3,177,467
Capital Advance - Computer Systems	-	340,000
Total	62,497,515	60,663,224

12 TRADE RECEIVABLES

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Debts outstanding for a period exceeding six months		
- Considered Good	-	-
- Considered Doubtful	6,517,550	7,660,816
Other Debts		
- Considered Doubtful	120,373	1,088,273
- Considered Good	90,923,872	102,578,166
	97,561,795	111,327,255
Less : Provision for Doubtful Debts	(6,637,923)	(8,749,089)
Total	90,923,872	102,578,166

12.1 Trade Receivable represents settlement dues, dues recoverable on account of erroneous payment of funds/ securities and other charges receivable from Sub-brokers/ Authorized Persons and the end clients as at March 31, 2013. The Trade Receivable are secured by way of base and additional trading deposits, bank guarantees, fixed deposits and securities withheld. On the basis of the same Trade Receivable has been classified as good debts and doubtful debts. Out of Total trade receivables of ₹ 9,75,61,795 the company has classified an amount of ₹ 66,37,923/- as doubtful and provision has been made against the same.

12.2 The company had written off ₹92,27,364/- in the financial year 2009-10 of which ₹ 59,00,294/- was on account of alleged fraudulent activity by one of sub broker. The said sub-broker has denied the claim and has raised counter allegations against the company. The Management has filed several criminal complaints against this sub-broker.

13 CASH & BANK BALANCES

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
A) Cash & Cash Equivalents		
In Current Accounts	116,625,889	39,419,090
Bank Deposit having Maturity <3 Months (Refer note 13.1 & 13.2 below)	356,120,823	126,553,948
Cash on hand	-	-
B) Other Bank Deposit		
In deposit accounts (Refer note 13.1 & 13.2 below)		
Bank Deposit having Maturity > 3 Months but <12 Months	206,057,320	30,957,221
Bank Deposit having Maturity >12 Months	32,300,000	214,378,338
	711,104,032	411,308,597

13.1 Deposit includes Fixed Deposit lien marked with various exchanges & Banks for the purpose of obtaining trading limits and overdraft facility. The value of the fixed deposit pledged as on March 31, 2013 is as follows: (As certified by the management)

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
NSE Cash Segment	50,100,000	60,200,000
BSE Cash Segment	65,000,100	55,000,100
NSE F&O Segment	309,620,823	170,353,949
NSE Currency	800,000	800,000
ILFS (Clearing Member)	1,000,000	1,000,000
Against Overdraft Facility (Refer Note 13.2)	107,000,000	69,000,000
Free Fixed Deposit	60,957,221	15,535,458
	594,478,144	371,889,507

13.2 The Company has obtained bank overdraft facilities as follows:

The maximum overdraft facility availed by company in current year is ₹ 54,16,448/- from HDFC Bank which is taken against the collateral of fixed deposits of ₹ 10,70,00,000/-.

14 SHORT TERM LOANS & ADVANCES

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Unsecured Considered Good, unless otherwise stated		
Staff Advances	190,176	103,902
Total	190,176	103,902

15 OTHER CURRENT ASSETS

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Unsecured Considered Good, unless otherwise stated		
Advances recoverable in cash or kind or for value to be received		
Considered good	558,748	1,857,704
Considered doubtful	722,372	1,161,080
Less Provisions for Bad & Doubtful Advances (Refer Note 15.1)	(722,372)	(1,161,080)
	558,748	1,857,704
Interest Accrued on Fixed Deposit with bank	6,553,511	6,140,125
Prepaid Expenses	1,639,888	2,183,661
Settlement Obligation to/from Clearing House	18,819,844	7,248,459
Security Deposit (with Holding Company)	-	2,500,000
Service Tax credit receivable	4,235,198	627,738
Total	31,807,190	20,557,686

15.1 As a matter of Prudence, a provision of ₹4,18,788/- has been made towards the Sebi Registration Fees recoverable, ₹1,19,433 for Exchange Dues Creditors A/c and ₹1,84,151 for Insurance Claim Recoverable.

16 Other Operating Revenues

Particulars	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
Networking Recoveries	5,656,850	6,843,495
Annual Fees	2,345,000	2,085,000
Penalty for delayed payin	4,399,612	3,210,312
Excess Recovery Of Transaction Charges	509,607	722,074
Fines Collected from Clients	2,000	26,000
Other Charges Recovery related to operations	867,322	1,068,302
Total	13,780,391	13,955,184

17 Other Income

Particular	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
Interest Income from Banks on Fixed Deposits including Short Term and Long Term Fixed Deposit	54,595,097	51,709,603
Recovery of DP Charges (NET)	539,391	461,467
Liability No Longer Required to pay (Refer Note 17.1)	5,123,698	-
Excess Provision Written Back	1,395,272	199,222
Dividend Income from Long Term Investment	780,000	520,000
Total	62,433,457	52,890,292

17.1 Liability No Longer Required to pay includes liability for unidentified credit balances lying with company's bank account of ₹34,18,930 and Unclaimed dividend of ₹17,04,768.

18 Employee Cost

Particular	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
Salary & Other Allowances	24,847,319	24,613,430
Providend Fund - Employer Contribution	1,425,925	1,292,307
Gratuity	562,249	345,027
Staff Welfare expenses	756,405	362,099
Total	27,591,898	26,612,863

18.1 As per Accounting Standard 15 "Employees Benefits", the disclosure as defined in the Accounting Standard are given below :

Amount To Be Recognized In Balance Sheet	Year ended 31 March 2013	Year ended 31 March 2012
Present Value of Funded Obligations	2,231,443	1,571,896
Fair Value of Plan Assets	(1,625,321)	(1,203,013)
Present Value of Unfunded Obligations	-	-
Unrecognized Past Service Cost	-	-
Net Liability	606,122	368,883
Amount in Balance Sheet		
Liability	606,122	368,883
Assets	-	-
Net Liability is bifurcated as follows:		
Current	-	-
Non Current	606,122	368,883
Net Liability	606,122	368,883

Amount To Be Recognised In Profit & Loss Accounts	Year ended 31 March 2013	Year ended 31 March 2012
Current Service Cost	343,205	329,150
Interest on Defined Benefit Obligation	163,132	122,707
Expected Return on Plan Assets	(114,288)	(83,949)
Net Actuarial Losses / (Gains) Recognized in Year	136,793	(53,464)
Total, Included in "Employee Benefit Expense"	528,842	314,444
Actual Return on Plan Assets	130,705	96,903

Reconciliation Of Benefit Obligation & Plan Assets For The Year	Year ended 31 March 2013	Year ended 31 March 2012
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,571,896	1,160,549
Current Service Cost	343,205	329,150
Interest Cost	163,132	122,707
Actuarial Losses / (Gain)	153,210	(40,510)
Past Service Cost		
Closing Defined Benefit Obligation	2,231,443	1,571,896
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	1,203,013	789,474
Expected Return on Plan Assets	114,288	83,949
Actuarial Gain/ (Losses)	16,417	12,954
Contributions by Employer	291,603	316,636
Closing Fair Value of Plan Assets	1,625,321	1,203,013
Expected Employer Contribution next year	800,000	700,000

Category of Assets (% Allocation)	(Amount in `)	%	%
	Year ended 31 March 2013	Year ended 31 March 2013	Year ended 31 March 2012
Government of India Securities	0	0%	0%
Corporate Bonds	0	0%	0%
Special Deposit Scheme	0	0%	0%
Equity Shares of Listed Companies	0	0%	0%
Property	0	0%	0%
Insurer Managed Funds	1,625,321	100%	100%
Others	0	0%	0%
Grand Total	1,625,321	100%	100%

(Amount in ₹)

Experience Adjustment	March 31, 2009	March 31, 2010	March 31, 2011
Defined Benefit Obligation	504,591	752,376	1,160,549
Plan Assets	556,124	606,175	789,474
Surplus/(Deficit)	51,533	(146,201)	(371,075)
Exp.Adj on plan Liabilities	-	36,894	91,726
Exp.Adj on plan Assets	14,221	4,980	8,504

Experience Adjustment	March 31, 2012	March 31, 2013
Defined Benefit Obligation	1,571,896	2,231,443
Plan Assets	1,203,013	1,625,321
Surplus/(Deficit)	(368,883)	(606,122)
Exp.Adj on plan Liabilities	24,190	(12,413)
Exp.Adj on plan Assets	12,954	16,417

Financial Assumptions As The Valuation Date	Year ended 31 March 2013	Year ended 31 March 2012
Discount Rate (p.a.)	8.05%	8.65%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.)	7.00%	7.00%

18.2 Long term Employee Benefits : Amount of ₹14,49,266/- (Previous Year ₹10,13,942/-) & Short term Employee Benefits : Amount of ₹1,62,405/- (Previous Year ₹1,19,973/-) is recognized as an expense towards Employee Benefits-Compensated Absences (Leave Encashment) included under the Note-18: 'Employee Benefit Expenses' in profit and loss account.

19	Finance Costs	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
	Interest - Other than Fixed Loans	3,334	26,991
	Total	3,334	26,991

20	Other Expenses	Year ended March 31, 2013 ₹	Year ended March 31, 2012 ₹
	VSAT, VPN and other Communication expenses	5,156,130	8,178,375
	Annual Maintenance Charges for Networking Equipment	3,646,780	3,152,882
	Annual Maintenance charges	295,223	397,555
	Board Meeting Expenses	505,251	720,238
	Brokerage for the rented premises	-	429,000
	Director Sitting Fees	260,000	340,000
	Reimbursement of actual Expenses (Refer Note 20.1 & 28)	2,332,832	7,438,838
	Management Fees to ISE (Refer Note 28)	6,000,000	6,000,000
	Business Development Expenses - ISE (Refer Note 28)	1,000,000	-
	Electricity Charges	2,395,533	750,284
	Telephone Expenses	445,610	708,622
	Security Charges	576,192	578,274
	Bad Debts/ Advances Written off Rs 22,29,147.88	-	-
	Less :-Provision written back Rs(22,29,147.88)	-	-
	Provision for Doubtful Debts - Expenses others	318,372	572,283
	Courier Charges	216,892	265,451
	Insurance	82,169	110,664
	Legal, Professional Charges and Contract charges	4,365,607	5,722,737
	Miscellaneous Expenses	1,643,385	2,412,405
	Membership charges	310,879	223,766
	Printing & Stationery	256,178	330,933
	Remuneration to Auditor (Refer Note 20.2)	535,019	493,965
	Rent	5,843,668	8,009,990
	Admission Fees - MCX-SX	1,000,000	-
	Fixed Assets Written off	1,937,095	103,565
	Sundry Balances Written off	978,591	9,820
	Repairs & Maintenance	762,824	307,806
	Total	40,864,229	47,257,451

20.1 The Company and its holding company, ISE, have an agreement, under which the actual expenses incurred by the holding company for supporting the operations of the Company are reimbursed by the Company. Reimbursement of actual expenses by the Company to the Holding Company excluding service tax for the Year was ₹44,75,611/- (Previous year ₹1,02,75,611/-). The detailed breakup for the same is as follows:

Particulars	31-3-2013 (₹)	31-3-2012 (₹)
Rent - ISE	938,182	914,927
Electricity Expenses - ISE	232,578	3,462,651
PLB - ISE	220,055	296,669
Retainers - ISE	192,731	141,386
Telephone & fax - ISE	158,237	179,214
Professional fees others - ISE	131,698	130,452
Courier & postage - ISE	111,397	107,419
Office refreshment - ISE	72,604	75,070
Repairs & maint/cleaning - ISE	43,322	281,670
Kra Service Charges (CDCLI Venture) - ISE	46,192	-
Conveyance - ISE	34,373	27,652
Employees Leave Travelling Allowances- ISE	22,215	-
Cleaning- ISE	22,159	104,817
Office stationary - ISE	20,775	33,302
Photocopy charges - ISE	23,079	10,671
Computer consumable - ISE	12,522	4,368
Pooja Expenses - ISE	12,487	3,321
Gift & publicity - ISE	11,546	11,255
Newspaper charges - ISE	6,674	3,273
Annual maintainance chs - ISE	6,884	43,569
Rates & Taxes - ISE	5,178	-
Training Expenses - ISE	3,057	500
Printing Charges - ISE	2,975	-
Stampduty ISE	900	2,410
Hiring Charges - ISE	375	-
Travelling Expenses - ISE	352	1,808
Diesel Consumption - ISE	250	-
Bank Charges- ISE	37	-
Brokerage - ISE	-	11,250
Lodging & boarding Expenses - ISE	-	818
Miscellaneous Expenses - ISE	-	24,010
Research employee cost - ISE	-	718,450
Research Expenses - ISE	-	339,112
Security charges - ISE	-	436,168
Staff welfare- ISE	-	1,422
Water consumption charges - ISE	-	71,204
Total Reimbursement of Expenses	2,332,832	7,438,838
Other Reimbursements		
Branches Salary	1,650,443	1,620,199
Mediclaime Insurance Premium	-	314,050
Service Tax	492,336	902,524
Total	2,142,779	2,836,773
Grand Total	4,475,611	10,275,611

20.2 Remuneration to Auditor (exclusive of Service tax as applicable) :

Particulars	Year ended 31-03-2013 (₹)	Year ended 31-3-2012 (₹)
Audit fees	400,000	400,000
For Tax Audit	75,000	75,000
For other services in respect of:		
Management Services/Others	58,510	12,000
Reimbursement of expenses	1,509	6,965
To Associate Firm		
Taxation related services	-	-
Total	535,019	493,965

21. The Company continues with the method of recognition of brokerage income on settlements, which are completed with respect to funds pay-in and payout during the year.

22. Capital Commitment and Contingent Liability not provided for :

- The company has received various notices for the financial years 2001-02 to 2009-10 from the NMMC (Navi Mumbai Municipal Corporation) department for submission of information. The assessment for the above mentioned period is in process and no fresh notice has been received from NMMC. In view of the management amount of demand is not ascertainable due to pending assessment & accordingly no provision has been made.
- Claim against the company not acknowledged as debts amounting to ₹17,38,972/-(Estimated) (Previous Year ₹22,99,729/-).
- The company has issued perpetual indemnity in favor of Indusind Bank to the extent of ₹30,00,000/- (Previous year ₹30,00,000/-).
- The company has received demands from the Income Tax Department for an amount of ₹99,38,892/- (Previous year : ₹31,80,527/-) for various disallowances of company's claim of expenditures relating to the various assessment years which have been disputed by the Company and for which the company has filed appeals before higher authorities against the orders. In the view of the management these demands are not tenable & accordingly no provision has been made.
- The company has received demands from the Income Tax Department regarding short payment of taxes for an amount of ₹54,14,764/- (Previous year ₹82,46,946) relating to various assessment years which has been disputed by the Company and for which the company has filed rectification application with authorities against the orders. The short payment of taxes arises because of non reflection of TDS deducted by deductor in Form 26 AS (Annual Tax Statement U/S 203AA). In the view of the management these demands are not tenable & accordingly no provision has been made.
- During the year company has received notice from Office of The Collector of Stamp, Enforcement-2, Mumbai for less payment of Stamp Duty on Transaction charges. In this regard company has submitted necessary details required by the authority and company has not received any reply from the authority.

23. Earnings per share:

Particulars	Year ended 31-3-2013	Year ended 31-3-2012
Net Profit/(Loss) after taxation attributable to equity shareholders	₹1,87,74,330	₹1,61,07,946
Weighted average outstanding number of equity shares (Face value Rs. 10/- per share)	55,00,000	55,00,000
Basic / diluted earnings per share of ₹ 10/- each	3.41	2.93

24. Client Obligations and balance in the Dividend Client Account, Deposits are subject to confirmation and reconciliation. Necessary effects if any will be given upon completion of the reconciliation. In opinion of the management, effect if any on completion of reconciliation will not be material in nature.

25. In the opinion of the Board of Directors, the current assets, loans and advances have a value on realization in the ordinary course of business of at least equal amounts at which they are stated in the Balance Sheet

26. The Company had been accepting securities as collateral from sub-brokers and clients. These securities are pledged with the Exchange (NSE and BSE) for the purpose of obtaining trading limits. The value of the securities so pledged as on March 31, 2013 with the Exchanges as follows: (As certified by the management)

Amount in ₹

Particulars	Year ended 31-3-2013	Year ended 31-3-2012
NSE Cash Segment	7,06,50,438	7,68,42,535
BSE Cash Segment	2,93,20,458	4,32,00,469
NSE F&O Segment	12,41,71,245	7,94,08,727

27. The company has not been able to compile the details of vendor's status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The Company contends that no overdue amounts along with interest have been payable to enterprise covered under MSMED Act and generally payments are made to vendors within the stipulated time/agreed credit terms.

28. Related party transactions:

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

The Company has entered into transactions with the following related parties

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

Transactions with related parties during the period:

(Amounts in ₹)

Sr. No	Nature of Transactions	Holding Company	Key Management Personnel	Total as on March 31, 2013	Total as on March 31, 2012
1	Rendering of Services (inclusive of Service Tax)	67,41,600	-	67,41,600	66,18,000
2	Reimbursement of Expenses (inclusive of service tax) –	44,75,611	-	44,75,611	1,02,75,611
3	DP Charges (inclusive of Service tax)	30,44,450	-	30,44,450	38,80,049
4	Rent (inclusive of Service tax)	NIL	-	NIL	22,50,120
5	Business Development	11,23,600	-	11,23,600	Nil
6	Dividend paid	1,01,75,000	-	1,01,75,000	82,50,000
7	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
8	Managerial Remuneration (Paid to Director & Officiating Director)	-	24,48,846	24,48,846	23,92,836
9	Reimbursement of expenses (Paid to Director & Officiating Director)	-	1,28,875	1,28,875	1,26,978
10	Amount Outstanding as at March 31, 2013				
	Loans (incl. interest) (Maximum outstanding during the year)	Nil	Nil	Nil	Nil
	Investment in Equity	5,50,00,000	Nil	5,50,00,000	5,50,00,000
	Managerial Remuneration	Nil	Nil	Nil	17,884
	Reimbursement of expenses	42,23,893	-	42,23,893	12,13,984
	Deposit with ISS	Nil	Nil	Nil	25,00,000

29. Operating Lease:

(a) Total of minimum lease payments

(Amounts in ₹)

Particulars	As at 31-Mar-13	As at 31-Mar-12
(i) Total of minimum lease payments	2,22,80,164	2,79,85,190
The total of future minimum lease payments under non-Cancelable		
Operating leases for period:		
Not later than one year	54,91,550	57,48,950
Later than one year and not later than five years	1,67,88,614	2,22,36,240
Later than five years	-	-
(b) Lease payments recognized in the statement of profit & loss for the year	58,43,668	80,09,990

(c) Details of lease Deposit

Place	Deposit (₹)	Period
Powerica Limited	25,50,000/-	5 years
Guest House	50,000/-	1 year
Godown	1,20,000/-	3 year

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

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

30. Previous year amount has been re-grouped/re-classified and recast wherever necessary to confirm current year's classifications.

Signature to Notes 1 to 30

As per our attached Report of even date

For and on behalf of the Board of Directors

**For Contractor Nayak and Kishnadwala
Chartered Accountants
Firm Registration No.: 101961W**

sd/-
Sivaraman K M
Whole Time Director
& CEO

sd/-
P J Mathew
Designated Director

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

sd/-
Mayank Mehta
Company Secretary

Place: Kochi
Date: May 31, 2013

Place: Kochi
Date: May 31, 2013

ISE Securities & Services Limited

Balance Sheet Abstract and Company's General Business Profile

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956

I. Registration Details

Registration No.	U67190MH2000PLC123707	State Code	11
Balance Sheet Date:	3/31/2013		

II. Capital Raised during the year

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placements	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities	9,12,770	Total Assets	9,12,770
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Sources of Funds

Paid up Capital	55,000	Reserves & Surplus	77,836
Secured Loans	Nil	Unsecured Loans	Nil
Deferred Tax	Nil		

Application of Funds

Net Fixed Assets	4,755	Investments	6,710
Deferred Tax	4,782	Net Current Assets	56,146
Accumulated Losses	Nil		

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

Turnover	100,314	Total expenditure	72,176
Profit before Tax	28,138	Profit after Tax	18,774
Earnings per share	3.41	Dividend Rate	Nil

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

Item Code No.	Nil	Product Description	Nil
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