



13TH
ANNUAL REPORT
2011-
2012



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

Particulars	Page No.
Corporate Information	3
Performance at a Glance	4
Directors' Report	5
Auditors' Report (for the period April 1, 2011 to March 31, 2012)	13
Balance Sheet (as at March 31, 2012)	16
Profit & Loss Account (for the period April 1, 2011 to March 31, 2012)	17
Cash Flow (for the period April 1, 2011 to March 31, 2012)	18
Notes Forming Part Of Financial Statement (for the period April 1, 2011 to March 31, 2012)	19
Abstract	34

PUBLIC REPRESENTATIVE DIRECTORS



Shri Manubhai K. Parekh



Shri George Joseph

SHAREHOLDER REPRESENTATIVE DIRECTORS



Shri Cyriac Thomas



Shri C. A. Venkatesan

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

Shri C. A. Venkatesan,
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
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				
	11-12	10-11	09-10	08-09	07-08
Income					
Net Operational Income	358.60	351.51	368.98	294.41	462.25
Interest	517.10	492.92	496.95	431.41	309.96
Networking Recoveries	68.40	83.65	86.15	91.2	91.48
Annual Fees	20.85	21.85	24.45	22.4	24.9
Other Income	62.10	80.39	83.11	79.8	74.01
Total Income	1027.05	1030.31	1059.66	919.22	962.6
Expenditure					
Others Expenses	472.57	396.27	463.56	523.74	494.11
Employee Cost	266.13	212.34	162.12	155.04	176.55
Finance Cost	0.27	0.60	3.54	11.18	15.26
Depreciation / Amortisation	48.08	95.48	152.25	62.91	80.63
Preliminary Expenses written-off	-	-	-	-	-
Expenses on Proposed Projects	-	-	-	-	-
Contingency Expenses	-	-	-	-	-
Total Expenditure	787.05	704.69	781.49	752.88	766.55
Profit / (Loss) before Taxation	240.00	325.62	278.16	166.34	196.04
Provision for : Current Tax	(90.00)	(133.00)	(130.00)	(87.00)	(101.06)
: Deferred Tax Expenses)/Savings	11.08	22.68	33.12	22.32	30.43
Net Profit / (Loss) after Taxation	161.08	215.30	181.29	101.66	125.42
Capital Structure					
Share Capital	550.00	550.00	550.00	550.00	550.00
Reserves & Surplus	708.87	701.40	486.09	349.84	280.34
Net Fixed Assets	76.95	110.44	148.77	251.81	297.93
Investments	67.10	67.10	67.10	67.10	67.10
Net Current Assets	1069.62	1039.74	808.79	602.62	643.97
Net worth	1258.87	1251.40	1036.09	921.53	830.34
Earning per share (₹)	2.93	3.91	3.30	1.85	2.25

Note

By virtue of revision to the Schedule VI of the Companies Act 1956, the accompanying financial statements have been prepared as per new requirement as prescribed in the revision to Schedule VI. Previous year amount have been re-grouped/re-classified and recast wherever necessary to confirm to current year's classifications.



Directors' Report 2011-12

The Board of Directors of ISE Securities & Services Limited (ISS) are pleased to present the Thirteenth Annual Report for the year ended March 31, 2012, together with the Auditors' Report and Audited Accounts for the Financial Year 2011-2012.

FINANCIAL PERFORMANCE

In the Financial year 2011-2012 the Company has posted net profit of ₹161.08 lacs as compared to ₹ 215.30 lacs during the previous year 2010-2011. During the financial year, the market scenario remained range bound. The company earned a total income of ₹1027.05 lacs during the year 2011-2012 as compared to ₹1030.31 lacs during the previous year 2010-2011. Expenditure before depreciation, interest and tax during the year 2011-2012 under review stood at ₹ 738.70 lacs, compared to ₹ 608.61 lacs during the previous year 2010-2011. The operational income earned during the year 2011-2012 is ₹ 358.60 lacs as compared to ₹ 351.51 lacs during the previous year 2010-2011. The other non-operational income earned during the year 2011-2012 is ₹ 668.45 lacs, compared to ₹ 678.81 lacs for the previous year 2010-2011. After considering interest, finance charges and depreciation, the increase of income over expenditure (Profit before tax) for the year 2011-2012 is ₹ 240.00 lacs as compared to ₹ 325.62 lacs 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	2011-12	2010-11	2009-10	2008-09	2007-08	
Brokerage	358.60	351.51	368.98	294.41	462.25	
Other Income	668.45	678.81	690.67	624.81	500.35	
Expenditure before Depreciation, Interest and Tax	738.70	608.61	625.69	678.78	670.66	
Profit before Depreciation, Interest and Tax	288.35	421.70	433.96	240.43	291.94	
Interest and Finance Charges	0.27	0.60	3.54	11.18	15.26	
Depreciation	48.08	95.48	152.25	62.91	80.63	
Profit/(Loss) before Tax	240.00	325.62	278.16	166.34	196.05	
Provision for Tax	(90.00)	(133.00)	(130.00)	(87.00)	(101.06)	
: Deferred Tax Expenses)/Savings	11.08	22.68	33.12	22.32	30.43	
Profit/(Loss) after Tax	161.08	215.30	181.29	101.66	125.42	
Interim Dividend	82.50	-	-	22.00	-	
Proposed Dividend	-	-	38.5	5.5	33	

While income decreased from ₹1030.31 lacs during the previous year 2010-2011 to ₹ 1027.06 lacs during the current year 2011-2012, the expenditure before Depreciation, Interest and Tax, increased substantially from ₹ 608.61 lacs during the previous year 2010-2011 to ₹738.70 lacs during the current year 2011-2012. The profit before tax decreased from ₹ 325.62 lacs during the previous year 2010-2011 to ₹ 240.00 lacs during the current year 2011-2012.

DIVIDEND

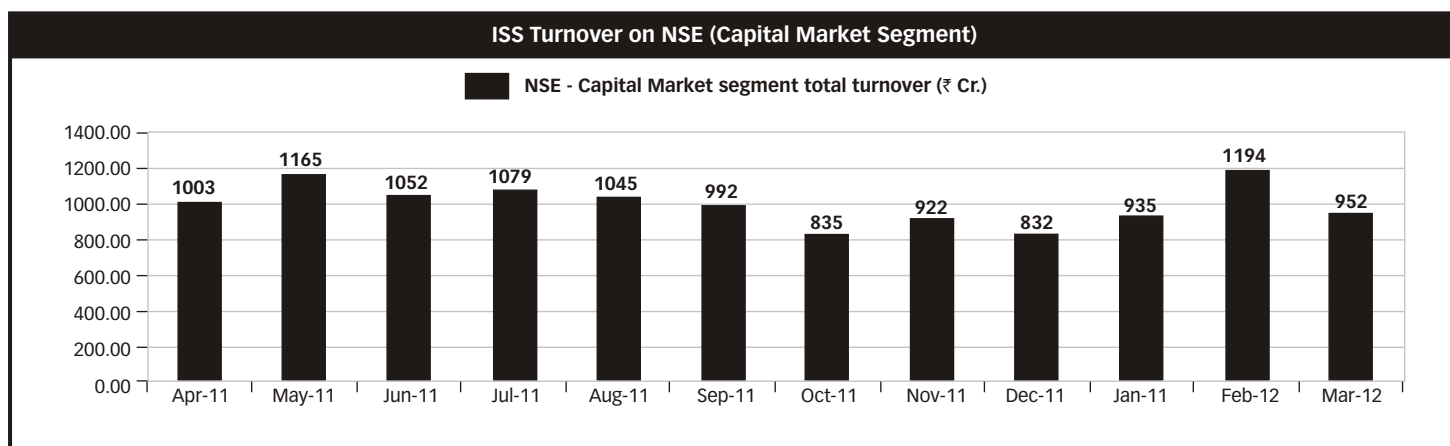
The Board of Directors at their meeting held on March 27, 2012 approved the payment of interim dividend, for the year ended March 31, 2012, at 15% on 55,00,000 equity shares of ₹10/- each. In view of this, no final dividend has been recommended by the Board.

OPERATIONAL HIGHLIGHTS

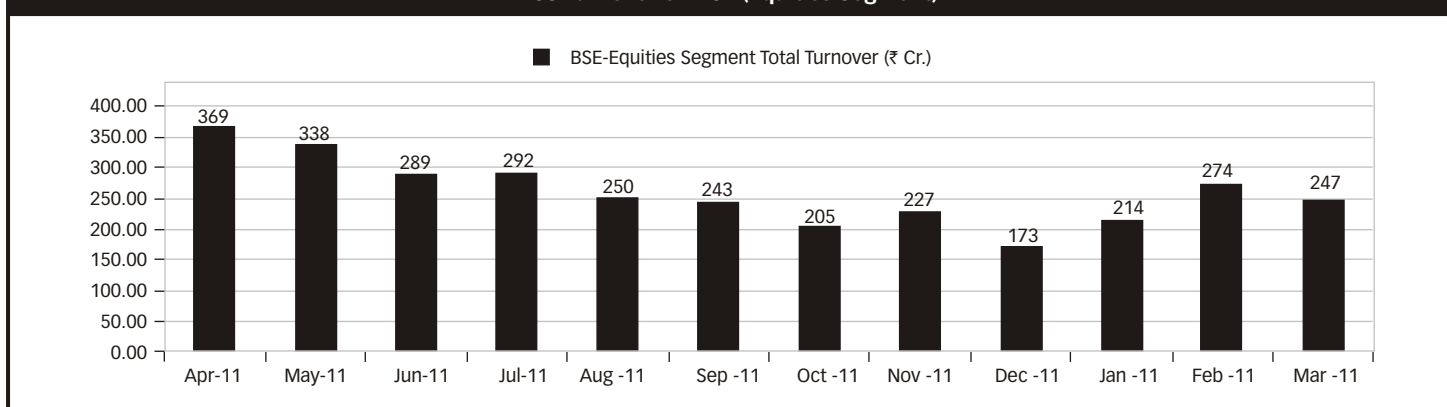
During the year 2011-2012, the Company recorded a turnover of ₹ 12,006 crores in the NSE capital market (CM) segment and ₹16,811 crores in the NSE futures & options (F&O) segment, aggregating to ₹28,817 crores. The corresponding figures for the previous year 2010-2011 were ₹16,642 crores in the CM segment and ₹11,433 crores in the F&O segment, i.e. a total of ₹28,075 crores. During the year 2011-2012, turnover of ₹3121 crores was recorded in BSE Equities segment. The corresponding figure for the previous year 2010-2011 was ₹6,834 crores. The turnover of NSE CM segment, NSE F&O segment and BSE Equities segment taken together was recorded at ₹31,938 crores during the year 2011-2012. The corresponding figure for the previous year 2010-2011 was ₹34,909 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:

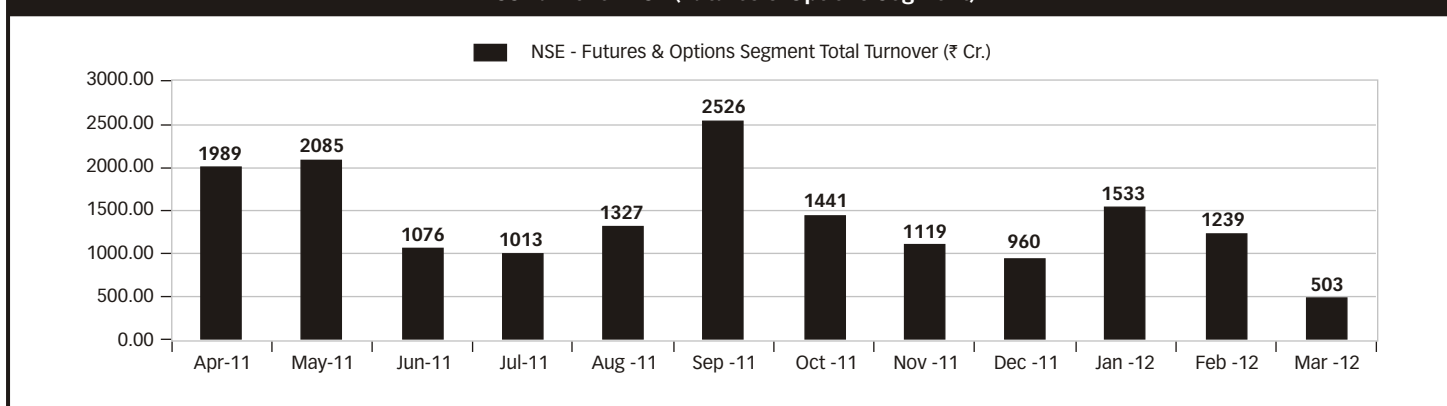
Month	NSE Capital Market, Futures & Options segments and BSE Equities Segment						
	Total Turnover (₹ Cr.)				Active Intermediaries		
	NSE Capital Market	BSE Equities	Total (NSE Capital Market + BSE Equities)	NSE Futures & Options	NSE Capital Market	BSE Equities	NSE Futures & Options
April-2011	1003	369	1372	1989	204	172	99
May	1165	338	1503	2085	209	170	101
June	1052	289	1341	1076	205	170	101
July	1079	292	1371	1013	205	164	98
August	1045	250	1295	1327	203	162	99
September	992	243	1235	2526	202	163	93
October	835	205	1040	1441	199	156	94
November	922	227	1149	1119	200	159	98
December	832	173	1005	960	198	152	96
January-2012	935	214	1149	1533	193	157	97
February	1194	274	1468	1239	192	159	98
March	952	247	1199	503	191	159	93
Total 2011-12	12006	3121	15127	16811			
Total 2010-11	16642	6834	23476	11433			
Total 2009-10	17771	7711	25481	18565			



ISS Turnover on BSE (Equities Segment)



ISS Turnover NSE (Futures & Options Segment)



TECHNOLOGY AND SYSTEMS

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 will provide 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 CM 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 2011-2012

The Company has registered itself in Currency Derivatives segment of NSE and MCX-SX and operations in NSE have commenced since April 11, 2011. The operations under Currency Derivatives segment of MCX-SX will commence very soon. Company has also registered



with AMFI (Association of Mutual Funds in India) as Mutual Fund Advisor and very soon will undertake the activity of distributing mutual fund schemes through Stock Exchange trading platform of BSE and NSE. Documentation for obtaining trading membership of Currency Derivatives segment of United Stock Exchange of India Ltd. (USE) has been completed and registration number is awaited.

OPERATIONS OF THE COMPANY

The status of registration of sub-brokers & authorised 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 31.03.2011. (includes Resignations of previous year)	462	282	188	01
Fresh Registrations 01.04.2011 to 31.03.2012	03	06	09	05
Resignations 01.04.2011 to 31.03.2012	09	08	04	00
Position as on 31.03.2012	456	280	193	06
Change (+/-)	(06)	(02)	05	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 and authorised persons registration as on May 31, 2012

Sr. No.	Particulars	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	02	-	01	01
4.	Applications pending at BSE	-	01	-	-
5.	Applications pending at SEBI	NIL	NIL	NIL	NIL
	Total	02	01	01	01

The distribution of intermediaries across the different geographical regions of the country as on March 31, 2012 is as given below.

Sr. No.	Region	States	NSE	BSE	Authorised Persons (NSE F&O)	Authorised Persons (NSE CD)
1.	West	Goa, Gujarat, Maharashtra	185	110	90	05
2.	North	Haryana, Jammu & Kashmir, Delhi, Punjab, Rajasthan, Uttaranchal and Uttarpradesh	69	37	23	-
3.	East	Assam, Bihar, Jharkhand, Orissa and West Bengal	133	97	55	01
4.	South	Andhra Pradesh, Karnataka, Kerala and Tamilnadu	50	24	18	-
5.	Central	Chattisgarh and Madhya Pradesh	19	12	07	-
		TOTAL	456	280	193	06

OUTLOOK FOR THE YEAR 2012-2013

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 easy switchover in the event of any emergency situation.

The Directors of the company have emphasized the need to provide better services to the clients and sub-brokers. They are, therefore, closely monitoring the process of redressing investor grievance in order to ensure that all complaints are resolved speedily and effectively. In addition to the existing activities of securities trading, clearing and settlement, the Company proposes to exploit

opportunities offered by the dynamic Indian Capital Market. The Company commenced operations in Currency Derivatives segment of NSE since April 11, 2011. The operations under Currency Derivatives segment of MCX-SX will commence very soon. Also it will be undertaking activity of Mutual Fund Distribution as a registered Mutual Fund Advisor through exchange platform provided by NSE & BSE. The Company has also applied to United Stock Exchange (USE) for Trading Membership in Currency Derivatives segment. Documentation has been completed and registration number is awaited.

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. Till March 31, 2012, back office operations were carried from premises taken on rent, located at F-102, International Infotech Park, Tower No. 7, 1st Floor, Sector 30, Vashi Navi Mumbai 400 703.

Since the present premises were not adequate for the operational requirements, management finalized the proposal to relocate the entire operations to new office premises. Thereafter the Committee of Directors authorized for the said purpose, shortlisted and selected the premises situated at 6th Floor, 601, "Dakshna", Next to Raigad Bhavan, Sector 11, CBD Belapur, Navi Mumbai 400614 and the said premises have been designated as Corporate Office of the company. All the departments of the company except Technology & Surveillance departments started functioning from Corporate Office since April 02, 2012. After availability of necessary quantity of power and other infrastructure facilities, Technology & Surveillance departments have also been shifted to Corporate Office on May 05, 2012.

Regulatory authorities namely exchanges, SEBI, Ministry of Corporate Affairs, have been duly informed regarding Corporate Office of the company by sending letters and by way of filing of appropriate forms as the case may be. The sub-brokers of the company have been informed regarding Corporate Office by way of official circular.

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, Manglore, Gauhati and Patna.

COMPLAINTS REDRESSAL, ARBITRATION AND LEGAL CASES

The client's / sub-broker's 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 review 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 (₹)	Amt Paid up (₹)	% 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	Ms. Sheenamol Varghese (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
7	Shri P. J. Mathew (Nominee of Inter- connected Stock Exchange of India Limited)	3	10	30	0.000056
8	Shri Gopal Krishna Singh (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 consist of:

Sr. No.	Name of the Director	Status	Date of Appointment / Re-appointment
1.	Shri Manubhai K. Parekh	Public Representative Director	October 21, 2008
2.	Shri George Joseph	Public Representative Director	October 21, 2008
3.	Shri C. A. Venkatesan	Shareholder Representative Director	September 04, 2009
4.	Shri Cyriac Thomas	Shareholder Representative Director	October 21, 2008
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

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

As per 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; there should be gap of at least one year after a consecutive period of three years of directorship before re-nomination. Shri C.A. Venkatesan, Shareholder Representative Director was appointed on the Board on September 04, 2009. Shri Cyriac Thomas, Shareholder Representative Director, though appointed as an additional director on October 21, 2008, was reappointed as regular director on September 04, 2009. Therefore, as per the provision of the aforesaid SEBI circular, both the directors have completed three consecutive terms and hence are liable to retire and cannot be reappointed. Therefore, two new directors will be nominated as Shareholder Representative Directors by ISE (sole shareholder) for these posts and they will be appointed in the thirteenth Annual General Meeting.

During the period April 01, 2011 to May 31, 2012, the following Board Meetings were held:

Board Meeting No.	Date
96	April 08, 2011
97	June 16, 2011
98	August 11, 2011
99	October 07, 2011
100	November 25, 2011
101	March 05, 2012
102	March 27, 2012

DETAILS OF ATTENDANCE OF THE DIRECTORS IN THE BOARD MEETINGS

During the period April 01, 2011 to May 31, 2012, the Board of Directors met 7 times. The attendance record of the Directors at each Board Meeting and the last Annual General Meeting held on August 11, 2011 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 12th AGM
1.	Shri Manubhai K. Parekh Public Representative Director	7	7	Present
2.	Shri George Joseph Public Representative Director	7	7	Present
3.	Shri C. A. Venkatesan Shareholder Representative Director	7	7	Present
4.	Shri Cyriac Thomas Shareholder Representative Director	7	7	Absent
5.	Shri P. J. Mathew Director	7	7	Present
6.	Sivaraman K. M., Chief Executive Officer / Whole Time Director	7	7	Present

GENERAL BODY MEETINGS

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

The last three Annual General Meetings i.e. 10th, 11th and 12th Meetings of the Company were held on the following dates

10th AGM: September 04, 2009 (at the Registered Office of the Company)

11th AGM: September 07, 2010 (at the Registered Office of the Company)

12th AGM: August 11, 2011 (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. The present members of the Committee are Shri Manubhai K. Parekh (Chairman of the Committee), Shri C. A. Venkatesan 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, 2011 to May 31, 2012, the Audit Committee met 4 times i.e. on June 10, 2011, October 07, 2011, November 24, 2011, and March 05, 2012. 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	4	4
2.	Shri C. A. Venkatesan	4	4
3.	Shri P. J. Mathew	4	4

Auditors

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

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 61 persons working for the Company, out of whom 48 are on rolls, 8 are working as consultants, 3 are working on contract 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, 2012 and Profit & Loss Account for the year ended March 31, 2012;
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.

ACKNOWLEDGMENTS

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 and BSE 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 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: 16th July, 2012
Place: CBD Belapur, Navi Mumbai

sd/-
P. J. Mathew
Director

sd/-
Sivaraman K. M
Whole Time Director
& CEO



AUDITORS' REPORT

The Members,

ISE Securities and Services Limited.

1. We have audited the attached Balance Sheet of **ISE Securities and Services Limited** as at 31st March 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We 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 evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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.
4. We draw attention to Note No. 28 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.
5. Further to our comments in the annexure referred to above in paragraph 3, 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 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 notes thereon, give the information required 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 the company as at 31st March 2012;
 - b. In the case of Statement of Profit and Loss, 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 period ended on that date.

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

Date: 16th July, 2012
Place: Mumbai

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



Annexure to the Auditors' Report

With reference to the Annexure referred to in paragraph 3 of the report of the Auditors' to the Members of ISE Securities & Services Ltd. on the accounts for the year ended 31st March 2012, we report that:

- (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 2012, 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	Income tax Appellate Tribunal (ITAT)	TDS Credit	Financial Year 2006-07 (Assessment Year 2007-08)
₹ 27.18 Lakhs	Commissioner of Income Tax (CIT)	TDS Credit	Financial Year 2007-08 (Assessment Year 2008-09)
₹ 31.80 Lakhs	Assistant Commissioner	Recognition of Income and Expenses	Financial Year 2008-09 (Assessment Year 2009-10)
₹ 15.36 Lakhs	Assessing Officer	TDS Credit	Financial Year 2009-10 (Assessment Year 2010-11)
₹ 195.04 Lakhs	Commissioner of Service Tax	Service Tax	October 2004 to September 2011



- (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 2012 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) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. In respect of securities devolved on the company, adequate records have been maintained on a timely basis by the company. The securities are held in the name of the company.
- (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**

Date: 16th July, 2012
Place: Mumbai

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



ISE Securities & Services Limited

BALANCE SHEET AS AT 31 ST MARCH, 2012

Particulars	Note No.	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
I EQUITY AND LIABILITIES			
A Shareholder's funds			
(i) Shares Capital	3	55,000,000	55,000,000
(ii) Reserves & Surpluses	4	70,887,015	64,367,364
B NON CURRENT LIABILITIES			
(i) Long Term Borrowing		-	-
(ii) Deferred Tax Liability (Net)		-	-
(iii) Other long term liabilities		-	-
(iiii) Long term provisions	5	1,382,825	1,094,101
C CURRENT LIABILITIES			
(i) Trade Payble	6	463,012,419	978,073,010
(ii) Other current liabilities	7	18,623,427	15,731,772
(iii) Short term provisions	8	5,231,329	7,856,369
Total		614,137,016	1,122,122,617
II ASSETS			
A NON - CURRENT ASSETS			
(i) Fixed assets	9		
(a) Tangible Assets		6,240,234	8,221,708
(b) Intangible Assets		1,454,993	2,821,832
(ii) Non current Investments	10	6,710,005	6,710,005
(iii) Deferred tax assets (net)	11	4,520,209	3,411,744
(iv) Other non-current assets	12	60,663,224	54,521,686
B CURRENT ASSESTS			
(i) Current investments		-	-
(ii) Trade Receivables	13	102,578,166	93,223,859
(iii) Cash & Bank Balances	14	411,308,597	927,416,214
(iv) Short Term Loans & Advances	15	103,902	78,557
(v) Other current assets	16	20,557,686	25,717,011
Total		614,137,016	1,122,122,617
Significant Accounting Policies and Notes forming part of the Accounts	1 to 33		

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
Director

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

sd/-
Mayank Mehta
Company Secretary

Place: Mumbai
Date: 16th July, 2012

Place: Mumbai
Date: 16th July, 2012

ISE Securities & Services Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

Particulars	Note No.	Year ended March 31, 2012 (₹)	Year ended March 31, 2011 (₹)
I. Revenue from Operations			
Brokerage Income		297,714,831	294,960,308
Less Commission paid/ payable		(261,855,219)	(259,809,694)
		35,859,612	35,150,614
Other operating revenues	17	14,154,405	17,375,221
II. Other Income	18	52,691,070	50,505,344
III. Total Revenue		102,705,088	103,031,179
IV. Expenditure			
Employee Benefit Expenses	19	26,612,863	21,576,311
Finance Costs	20	26,991	23,213
Depreciation/Amortisation	9	4,808,302	9,547,903
Other Expenses	21	47,257,451	39,321,651
Total Expenses		78,705,607	70,469,078
V Profit before Tax		23,999,481	32,562,101
VI Tax Expenses			
(i) Current Tax		(9,000,000)	(13,300,000)
(ii) Deferred Tax		1,108,465	2,268,312
VII Profit/(loss) for the period		16,107,946	21,530,413
Earning Per Share (₹) (Basic)	27	2.93	3.91
Significant Accounting Policies and Notes forming part of the Accounts	1 to 33		

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
Director

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

sd/-
Mayank Mehta
Company Secretary

Place: Mumbai
Date: 16th July, 2012

Place: Mumbai
Date: 16th July, 2012



ISE Securities & Services Limited

Cash Flow Statement for the year ended March 31, 2012

(Amount in ₹)

Particulars	As at 31.03.2012		As at 31.03.2011	
I. Cash Flow from Operating Activities:				
Net profit before tax & extra ordinary items		23,999,481		32,562,101
Adjustments for:				
Depreciation	4,808,302		9,547,903	
Reduction in the value of securities	-		-	
Interest paid	26,991		23,213	
Dividend received	(520,000)		(520,000)	
Excess provision written back	(199,222)		-	
Provision for Bad & Doubtful debts- Others	-		636,797	
Provision for Bad & Doubtful debts	-		1,487,734	
Loss on Fixed Assets Written Off	103,565		-	
		4,219,636		11,175,647
Operating profit before working capital changes		28,219,117		43,737,748
Adjustments for:				
(Increase) / Decrease in Trade & Other receivable	(5,636,611)		61,443,382	
(Increase) / Decrease in Loans & Advances	(25,345)		(1,678,349)	
(Increase) / Decrease in Securities in hand	-		859,400	
Increase / (Decrease) in Trade & Other Payable	(514,505,253)		232,323,872	
		(520,167,209)		292,948,305
Cash generated from operations before tax & extra ordinary tems		(491,948,092)		336,686,053
Less: Direct Tax Paid (net of refunds)		(13,500,685)		(13,125,509)
		(505,448,778)		323,560,544
Net Cash From Operating Activities (A)		(505,448,778)		323,560,544
II. Cash Flow From Investing Activities:				
Purchase of Fixed Assets	(1,563,554)		(5,714,744)	
Sale of Fixed Assets	-		-	
Dividend Income	520,000		520,000	
		(1,043,554)		(5,194,744)
Net Cash (Used in) / from investing activities (B)		(1,043,554)		(5,194,744)
III. Cash Flow From Financing Activities:				
Dividend Distribution tax Paid	(1,338,295)		(654,308)	
Dividend Paid	(8,250,000)		(3,850,000)	
Interest Paid	(26,991)		(23,213)	
		(9,615,286)		(4,527,521)
Net Cash (Used in) / from Financing activities (C)		(9,615,286)		(4,527,521)
Net Increase / decrease in cash & cash equivalents (A+B+C)		(516,107,617)		313,838,279
Cash & Cash equivalents at the beginning of the year		927,416,214		613,577,935
Cash & Cash equivalents at the end of the year		411,308,597		927,416,214
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' issued by the Institute of Chartered Accountants of India
- Cash & Cash equivalents includes cash and bank balance in current account, fixed deposit with bank (including lien deposits)
- 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/-
(Hiren Shah)
Partner
Membership No. 100052

Place: Mumbai
Date: 16th July, 2012

sd/-
Sivaraman K M
Whole Time Director
& CEO

sd/-
P J Mathew
Director

sd/-
Mayank Mehta
Company Secretary

Place: Mumbai
Date: 16th July, 2012



ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012.

Significant Accounting Policies and Notes forming part of the Accounts as at March 31, 2012

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, 2012, 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.

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, issued by the Institute of Chartered Accountants of India, 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.

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 " issued by the Institute of Chartered Accountants of India

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

- 2 By virtue of revision to the Schedule VI of the Companies Act 1956, the accompanying financial statements have been prepared as per new requirement as prescribed in the revision to Schedule VI. Previous year amount have been re-grouped/re-classified and recast wherever necessary to confirm to current year's classifications.

3 SHARE CAPITAL

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Authorised Capital (6,000,000 Equity shares of ₹10/- each)	60,000,000	60,000,000
Issued, Subscribed And Paid Up (55,00,000 Equity shares of ₹10/- each fully paid up)	55,000,000	55,000,000
Total	55,000,000	55,000,000

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

- 3.2 Details of shares held by Holding Company

Particulars	As at March 31, 2012	As at March 31, 2011
Equity Shares held by Interconnected Stock Exchange of India Ltd , the holding company	5,500,000	5,500,000

ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012.

3.3 Reconciliation of number of shares outstanding

Particulars	As at March 31, 2012	As at March 31, 2011
55,00,000 Equity Shares of ₹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

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

Particulars	As at March 31, 2012	As at March 31, 2011
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

4 RESERVES & SURPLUS

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
RESERVES & SURPLUS		
General Reserves		
As per last Balance Sheet	26,500,000	26,500,000
Add: Transfer from Profit & loss A/c	810,000	-
Closing Balance in Genral Reserves Account	27,310,000	26,500,000
Free Reserves		
Surplus in P&L as per last Balance Sheet		
Surplus - Opening balance	37,867,364	22,109,146
Add: Net profit after tax transferred from statement of profit and loss	16,107,946	21,530,413
Profit available for Appropriation	53,975,310	43,639,559
(+) Excess Dividend Tax paid	61	-
(-) Proposed Dividends	-	4,950,000
(-) Tax on Interim Dividend	(1,338,356)	822,195
(-) Interim Dividend @ Rs.1.5/- per share (Previous Year Nil)	(8,250,000)	-
(-) Transfer to General Reserves	(810,000)	-
Closing Balance in Profit & Loss Account	43,577,015	37,867,364
Total of : RESERVES & SURPLUS	70,887,015	64,367,364

5 LONG TERM PROVISIONS

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Gratuity - Benefits (Refer Note 19.1)	368,883	371,075
Unavailed leave (Refer Note 1(J)(iii) & 19.2)	1,013,942	723,026
Total	1,382,825	1,094,101



ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012.

6 Trade Payables

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Exchange Liability	1,388,447	1,872,712
Settlement Obligations to Sub-Brokers/Clients/Authorised person	321,586,353	786,223,691
Sub Broker Margin-BSE	51,064,821	71,327,539
Sub Broker Margin-NSE	88,972,798	118,649,068
Outstanding dues of Micro and Small Enterprises (Refer Note 31)	NIL	NIL
Total	463,012,419	978,073,010

7 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Dividend Payable - Clients (Refer Note 28)	2,183,460	1,875,664
Statutory Liability (Refer Note 7.1)	6,529,024	3,885,334
Other Liability	5,902,995	4,724,578
Expenses Payable (other than Micro and Small Enterprises)	4,007,947	5,246,196
Outstanding dues of Micro and Small Enterprises (Refer Note 31)	NIL	NIL
Total	18,623,427	15,731,772

7.1 Statutory Liability towards

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
Provident Fund - under PF	207,498	188,551
TDS under Income Tax	6,290,611	3,636,036
NMMC - Cess Tax (Local Taxes)	21,015	51,047
Profession Tax Payable	9,900	9,700
	6,529,024	3,885,334

8 SHORT TERM PROVISIONS

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Provision for employee benefits		
Unavailed leave	119,973	84,174
Employee's Leave Travel Allowance	273,000	-
Provision for		
Proposed Dividend	-	4,950,000
Tax On Dividend	1,338,356	822,195
Performance Linked Bonus	3,500,000	2,000,000
Total	5,231,329	7,856,369



ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012.

Note no 9 Fixed Assets as on March, 2012 (Refer note 1(e))

Particulars	Gross Block (At Cost)			Depreciation/Amortisation			Net Block		
	As at 01-04-2011	Additions	Deductions	As at 31-03-2012	Upto 31-3-2011	For the Apr - 11 to Mar 12	Deductions	As at 31-03-2012	As at 31-03-2011
Tangible Assets :									
Plant & Machinery	1,218,811	-	-	1,218,811	225,258	57,894	-	283,152	935,659
Furniture & Fixtures	543,453	789,250	124,263	1,208,440	85,505	36,353	20,698	1,107,280	457,948
Office Equipment	2,704,439	349,250	-	3,053,689	577,489	135,214	-	2,340,986	2,126,950
Computers Equipment	21,210,739	11,750	-	21,222,489	18,858,372	1,439,900	-	924,216	2,352,367
Networking Equipment	12,244,780	-	-	12,244,780	10,704,925	1,310,393	-	229,462	1,539,855
Power Equipment	1,019,053	-	-	1,019,053	268,018	48,405	-	316,423	751,035
Mobile phones	216,717	22,050	-	238,767	216,717	22,050	-	238,767	-
Central Equipment	9,521,408	-	-	9,521,408	9,521,408	-	-	9,521,408	-
Total - A	48,679,400	1,172,300	124,263	49,727,437	40,457,692	3,050,209	20,698	43,487,203	8,221,708
Intangible Assets									
Computer Software	25,342,386	391,254	-	25,733,640	22,520,554	1,758,093	-	1,454,993	2,821,832
Total - B	25,342,386	391,254	-	25,733,640	22,520,554	1,758,093	-	1,454,993	2,821,832
Total - A+B	74,021,786	1,563,554	124,263	75,461,077	62,978,246	4,808,302	20,698	7,695,227	11,043,540
Previous Year Figures	67,004,444	7,038,343	-	74,042,787	53,451,344	9,547,903	-	11,043,540	14,876,699

9.1 During the Month of March 2012 Company has shifted to new rented premises at Belapur from Old office Vashi. Company has written off furniture & fixture to the extend of ₹1,24,263.25/- Which can not be dismantled from old office.

ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012.

10 NON CURRENT INVESTMENTS

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
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 10,000 shares are received as bonus shares during the year 2008-09.	6,710,005	6,710,005
Total	6,710,005	6,710,005

- 10.1 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 1,20,000 shares of face value ₹ 1/- each under the Corporatization and Demutualization of BSE. During the year 2008-09 the company has been allotted 10,000 bonus shares in the ratio 1:12. 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.

11 DEFERRED TAX ASSETS

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

(Amount in ₹)

Deferred Tax Assets	As at 31/3/2011	Adjustment during period	As at 31/3/2012
Deferred Tax Assets			
Provision for doubtful debts	2,887,706	(49,064)	2,838,642
Provision for doubtful debts - Other Advances	206,609	170,103	376,712
Provision for compensated absences, gratuity and other employee benefits	1,031,191	591,967	1,623,158
Total	4,125,506	713,006	4,838,512
Deferred Tax Liabilities			
On difference between book balance and tax balance of fixed assets	(713,762)	395,459	(318,303)
Total	(713,762)	395,459	(318,303)
Net Deferred Tax (Liability) /Asset	3,411,744	1,108,465	4,520,209

- 11.1 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 ₹11,08,465/- (Previous Year ₹. 2,268,312 /-) adjusted from the profits and loss account.

12 OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Unsecured Considered Good, unless otherwise stated		
Other		
Deposit with Exchanges	48,425,000	48,125,000
Advance Tax/ Income Tax Refund(Net of Taxation & Provisions)	8,720,757	4,220,071
Security Deposits	3,177,467	2,176,615
Capital Advance - Computer Systems	340,000	-
Total	60,663,224	54,521,686

13 TRADE RECEIVABLES

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Debts outstanding for a period exceeding six months		
- Considered Good	-	390,034
- Considered Doubtful	7,660,816	6,675,151
Other Debts		
- Considered Doubtful	1,088,273	2,225,160
- Considered Good	102,578,166	92,833,825
	111,327,255	102,124,169
Less : Provision for Doubtful Debts	(8,749,089)	(8,900,310)
Total	102,578,166	93,223,859

13.1 Trade Receivable represent 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, 2012. 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 Sundry debtors of ₹11,13,27,255 the company has classified an amount of ₹87,49,089/- as doubtful and provision has been made against the same.

13.2 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.

14 CASH & BANK BALANCES

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
A) Cash & Cash Equivalents		
In Current Accounts	39,419,090	148,500,788
Bank Deposit having Maturity <3 Months (Refer note 14.1 & 14.2 below)	126,553,948	240,984,561
Cash on hand	-	-
B) Other Bank Deposit		
In deposit accounts		
Bank Deposit having Maturity <12 Months (Refer note 14.1 & 14.2 below)	30,957,221	191,523,799
Bank Deposit having Maturity >12 Months (Refer note 14.1 & 14.2 below)	214,378,338	346,407,066
	411,308,597	927,416,214

14.1 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, 2012 is as follows: (As certified by the management)

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
NSE Cash Segment	60,200,000	89,700,000
BSE Cash Segment	55,000,100	65,000,000
NSE F&O Segment	170,353,949	230,000,000
NSE Currency	800,000	800,000
ILFS (Clearing Member)	1,000,000	1,000,000
Against Overdraft Facility (Refer Note 15.2 below)	69,000,000	160,991,385
Free FDs	15,535,458	231,424,041
	371,889,507	778,915,426

ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012.

14.2 The Company has obtained bank overdraft facilities as follows:

The maximum overdraft facility availed by company in current year is ₹2,38,40,019/- from HDFC Bank which is taken against the collateral of fixed deposits of ₹ 6,90,00,000/-.

15 SHORT TERM LOANS & ADVANCES

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Unsecured Considered Good, unless otherwise stated		
Staff Advances	103,902	78,557
Total	103,902	78,557

16 OTHER CURRENT ASSETS

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Unsecured Considered Good, unless otherwise stated		
Advances recoverable in cash or kind or for value to be received		
Considered good	1,857,704	3,422,311
Considered doubtful	1,161,080	636,797
Less Provisions for Bad & Doubtful Advances (Refer Note 16.1)	(1,161,080)	(636,797)
	1,857,704	3,422,311
Interest Accrued on Fixed Deposit with bank	6,140,125	11,309,977
Prepaid Expenses	2,183,661	3,464,022
Settlement Obligation to/from Clearing House	7,248,459	4,466,690
Security Deposit (with Holding Company)	2,500,000	2,500,000
Service Tax credit receivable	627,738	554,011
	20,557,686	25,717,011

16.1 As a matter of Prudence, a provision of ₹5,42,283/- has been made towards the TDS on transaction charges recoverable from NSE and BSE for the year 2006-07

Other operating income	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Networking Recovery	6,841,185	8,364,834
Annual Fees	2,085,000	2,185,000
Penalty for delayed payin	3,210,312	3,395,218
Excess Recovery Of Transaction Charges	722,074	697,393
Fines Collected from Clients	26,000	-
Other Charges Recovery related to operations (includes ₹1,99,222/- towards excess provision written back)	1,269,834	2,732,776
Total	14,154,405	17,375,221

Other Income	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Interest Income from Banks on Fixed Deposits including Short Term and Long Term Fixed Deposit	51,709,603	49,291,960
Recovery of DP Charges (NET)	461,467	693,384
Dividend Income	520,000	520,000
	52,691,070	50,505,344

Employee Cost	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Salary & Other Allowances	24,613,430	19,690,201
Contribution Provident Fund - Employer Contribution	1,292,307	1,146,397
Gratuity	345,027	362,556
Staff Welfare expenses	362,099	377,157
Total	26,612,863	21,576,311

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

Amount To Be Recognised In Balance Sheet	Period ended 31 March 2012	Period ended 31 March 2011
Present Value of Funded Obligations	1,571,896	1,160,549
Fair Value of Plan Assets	(1,203,013)	(789,474)
Present Value of Unfunded Obligations	-	-
Unrecognized Past Service Cost	-	-
Net Liability	368,883	371,075
Amount in Balance Sheet		
Liability	368,883	371,075
Assets	-	-
Net Liability is bifurcated as follows:		
Current	-	-
Non Current	368,883	371,075
Net Liability	368,883	371,075

Amount To Be Recognised In Profit & Loss Accounts	Period ended 31 March 2012	Period ended 31 March 2011
Current Service Cost	329,150	242,945
Interest on Defined Benefit Obligation	122,707	81,684
Expected Return on Plan Assets	(83,949)	(55,875)
Net Actuarial Losses / (Gains) Recognized in Year	(53,464)	75,040
Past Service Cost	-	-
Total, Included in "Employee Benefit Expense"	314,444	343,794
Actual Return on Plan Assets	96,903	64,379

Reconciliation Of Benefit Obligation & Plan Assets For The Period	Period ended 31 March 2012	Period ended 31 March 2011
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,160,549	752,376
Current Service Cost	329,150	242,945
Interest Cost	122,707	81,684
Actuarial Losses / (Gain)	(40,510)	83,544
Past Service Cost	-	-
Closing Defined Benefit Obligation	1,571,896	1,160,549
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	789,474	606,175
Expected Return on Plan Assets	83,949	55,875
Actuarial Gain/ (Losses)	12,954	8,504
Contributions by Employer	316,636	118,920
Closing Fair Value of Plan Assets	1,203,013	789,474
Expected Employer Contribution next year	700,000	700,000

ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012.

Category of Assets (% Allocation)	Period ended 31 March 2012 (Amount ₹)	Period ended 31 March 2011 (%)	Period ended 31 March 2011 (%)
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	1203013	100%	100%
Others	0	0%	0%
Grand Total	1203013	100%	100%

Financial Assumptions As The Valuation Date	Period ended 31 March 2012	Period ended 31 March 2011
Discount Rate (p.a.)	8.65%	8.35%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.)	7.00%	7.00%

19.2 Long term Employee Benefits(net of write back) : Amount of ₹ 10,13,942/- (Previous Year : ₹ 8,07,200/-) & Short term Employee Benefits : Amount of ₹ 1,19,973/- is recognized as an expense towards Employee Benefits-Compensated Absences (Leave Encashment) included under the Note-20: 'Employee Benefit Expenses' in profit and loss account.

20 Finance Costs	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Interest - Other than Fixed Loans	26,991	23,213
Total	26,991	23,213

21 Other Expenses	As at March 31, 2012 ₹	As at March 31, 2011 ₹
VSAT, VPN and other Communication expenses	8,178,375	8,968,453
Annual Maintenance Charges for Networking Equipment	3,112,917	3,424,170
Annual Maintenance charges	397,555	710,951
Board Meeting Expenses	720,238	528,069
Brokerage for the rented premises	429,000	15,700
Sitting Fees	340,000	204,500
Reimbursement of actual Expenses (Refer Note 21.1 & Note 32)	7,438,838	3,416,398
Management Fees to ISE (Refer Note 32)	6,000,000	3,000,000
Electricity Charges	750,284	538,826
Telephone Expenses	708,622	657,099
Security Charges	578,274	595,966
Provision for Doubtful Debts	-	1,487,734
Provision for Doubtful Debts - others	572,283	636,797
Courier Charges	265,451	289,255

ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012.

Other Expenses	As at March 31, 2012 ₹	As at March 31, 2011 ₹
Insurance	110,664	112,466
Legal, Professional Charges and Contract charges	5,729,345	4,533,113
Miscellaneous Expenses	2,488,572	2,036,261
MemberShip charges	294,340	343,094
Printing & Stationery	330,933	660,817
Remuneration to Auditors (Refer Note 21.2)	493,965	615,607
Rent (includes ₹19,20,000/- paid to ISE Previous Year ₹18,00,000/-)	8,009,990	6,387,405
Repairs & Maintenance-Others	307,806	158,970
Total	47,257,451	39,321,651

21.1 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 period was ₹ 1,04,81,611/- (Previous year ₹ 61,62,106/-). The detailed breakup for the same is as follows:

Particulars	2011-12 (₹)	2010-11 (₹)
Annual maintainance chs -ISE	43,569	67,924
Brokerage - ISE	11,250	-
Cidco maintainence -ISE	-	179,430
Cleaning-ISE	104,817	81,260
Computer consumable - ISE	4,368	-
Conveyance - ISE	27,652	27,620
Courier & postage - ISE	107,419	99,914
Electricity Expenses - ISE	3,462,651	1,094,073
Gift & publicity - ISE	11,255	-
Lodging & boarding Expenses - ISE	818	-
Meeting travelling exp-ISE	-	60,355
Miscellaneous Expenses - ISE	24,010	41,780
Newspaper charges -ISE	3,273	-
Office refreshment - ISE	75,070	88,541
Office stationery - ISE	33,302	31,912
Photocopy charges -ISE	10,671	9,138
PLB - ISE	296,669	-
Pooja Expenses - ISE	3,321	-
Professional fees others - ISE	130,452	137,904
Rent - ISE	914,927	944,209
Repairs & maint/cleaning -ISE	281,670	39,973
Research employee cost - ISE	718,450	-
Research Expenses - ISE	339,112	-
Retainers - ISE	141,386	196,009
Security charges - ISE	436,168	-
Staff welfare-ISE	1,422	11,503
Stampduty ISE	2,410	-
Telephone & fax - ISE	179,214	197,536
Training Expenses - ISE	500	-

ISE Securities & Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012.

Particulars	2011-12 (₹)	2010-11 (₹)
Travelling Expenses - ISE	1,808	3,635
Water consumption charges - ISE	71,204	103,682
Total Reimbursement of Expenses	7,438,838	3,416,398
Other Reimbursements		
Salary	1,594,532	1,522,295
Reimbursement To Employees	25,667	135,602
PLB - ISE	-	222,463
Mediclaime Insurance Premium	314,050	342,622
Service Tax	902,524	522,726
Total	2,836,773	2,745,708
Grand Total	10,275,611	6,162,106

21.2 Remuneration to Auditors (exclusive of Service tax as applicable) :

Particulars	Year ended 31-3-2012 (₹)	Year ended 31-3-2011 (₹)
Audit fees	400,000	380,000
For tax audit	75,000	75,000
For other services in respect of:		
Management Services/Others	12,000	15,000
Reimbursement of expenses	6,965	6,107
To Associate Firm		
Taxation related services	-	139,500
Total	493,965	615,607

22. 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.

23. Capital Commitment and Contingent Liability not provided for :

- The company has received show cause notices from the Service tax department in which service tax is demanded to the extent ₹1,95,04,653/-(Previous year ₹ 87,82,696/-). The Company has contested the same. As per the legal opinion taken by the company, no provision is required.
- 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 ₹ 22,99,729/-(Estimated) (Previous Year ₹6,51,581/-).
- 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 ₹31,80,527/- (Previous year : ₹87,59,067/-) 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 ₹82,46,946/- (Previous year ₹ Nil) 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.

24. The Company has obtained bank guarantees favoring NSE and BSE for an amount of ₹ NIL (Previous year ₹25,00,000/-) towards base capital and margin requirements as of March 31, 2012. These bank guarantees are obtained against the collaterals received from sub-brokers favoring the Company towards the same for base capital and margin requirements.
25. The bank guarantees of the sub brokers amounting to ₹NIL (Previous year ₹10,00,000/-), are utilized as collaterals for various trading facilities at **BSE** as follows:

(Amount in ₹)

Particulars	Year Ended 31/03/2012	Year Ended 31/03/2011
Collaterals for bank guarantees issued to BSE for margin adjustable base capital	NIL	10,00,000
Total	10,00,000	10,00,000

26. The bank guarantees of the sub brokers amounting to ₹ **NIL/-** (Previous year: ₹ **15,00,000/-**) are utilized as collaterals for various trading facilities at **NSE F&O** as follows:

(Amount in ₹)

Particulars	Year Ended 31/03/2012	Year Ended 31/03/2011
Collaterals for bank guarantees issued to NSE for margin adjustable base capital	NIL	15,00,000
Total	NIL	15,00,000

27. **Earnings per share:**

Particulars	Year Ended 31/03/2012	Year Ended 31/03/2011
Net Profit/(Loss) after taxation attributable to equity shareholders	₹1,61,07,946	₹ 2,15,30,413
Weighted average outstanding number of equity shares (Face value ₹10/- per share)	55,00,000	55,00,000
Basic / diluted earnings per share of ₹10/- each	2.93	3.91

28. 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.
29. 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
30. 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, 2012 with the Exchanges as follows: (As certified by the management)

(Amount in ₹)

Particulars	Year Ended 31/03/2012	Year Ended 31/03/2011
NSE Cash Segment	7,68,42,535	9,71,79,341
BSE Cash Segment	4,32,00,469	5,56,98,602
NSE F&O Segment	7,94,08,727	8,53,74,234

31. 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.

32. 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:

(Amount in ₹)

Sr. No.	Nature of Transactions	Holding Company	Key Management Personnel	Total as on March 31, 2012	Total as on March 31, 2011
1	Rendering of Services (inclusive of Service Tax)	66,18,000	-	66,18,000	33,09,000
2	Reimbursement of Expenses (inclusive of service tax)	1,02,75,611	-	1,02,75,611	61,62,107
3	DP Charges (inclusive of Service tax)	38,80,049	-	38,80,049	51,58,626
4	Rent (inclusive of Service tax)	22,50,120	-	22,50,120	19,85,400
5	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
6	Managerial Remuneration (Paid to Director & Officiating Director)	-	23,92,836	23,92,836	17,08,095
7	Reimbursement of expenses (Paid to Director & Officiating Director)	-	1,26,978	1,26,978	Nil
8	Amount Outstanding as at March 31, 2012				
	Loans (incl. interest) (Maximum outstanding during the year)	Nil	-	Nil	Nil
	Investment in Equity	5,50,00,000	-	5,50,00,000	5,50,00,000
	Managerial Remuneration	Nil	17,884	17,884	Nil
	Reimbursement of expenses	12,13,984	-	12,13,984	30,10,561
	Deposit from subsidiary	25,00,000	-	25,00,000	25,00,000

Shri. Sivaraman K M is CEO & Whole Time Director from 22nd January 2010.

33. Operating Lease:

(a) Total of minimum lease payments

(₹ in lakh)

Particulars	As at 31-Mar-2012	As at 31-Mar-2011
(i) Total of minimum lease payments	279.85	163.32
The total of future minimum lease payments under non-Cancelable		
Operating leases for period:		
Not later than one year	57.49	67.37
Later than one year and not later than five years	222.36	95.95
Later than five years	-	-

(₹ in lakh)

Particulars	As at 31-Mar-2012	As at 31-Mar-2011
(b) Lease payments recognised in the statement of profit & loss for the year	80.10	63.87



(c) Details of lease Deposit

Place	Deposit (₹)	Period
Powerica Limited	25,50,000/-	5 years
CRD Godown	1,00,000/-	33 Months
Guest House	50,000/-	1 year
Sanpada Godown	1,00,000/-	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.

Signature to notes 1 to 33

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
Director

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

sd/-
Mayank Mehta
Company Secretary

Place: Mumbai
Date: 16th July, 2012

Place: Mumbai
Date: 16th July, 2012



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:	3/31/2012		

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	6,14,137	Total Assets	6,14,137
-------------------	----------	--------------	----------

Sources of Funds

Paid up Capital	55,000	Reserves & Surplus	70,887
Secured Loans	Nil	Unsecured Loans	Nil
Deferred Tax	Nil		

Application of Funds

Net Fixed Assets	7,695	Investments	6,710
Deferred Tax	4,520	Net Current Assets	95,391
Accumulated Losses	Nil		

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

Turnover	102,705	Total expenditure	78,706
Profit before Tax	23,999	Profit after Tax	16,108
Earnings per share	2.93	Dividend Rate	Nil

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

Item Code No.	Nil	Product Description	Nil
---------------	-----	---------------------	-----

