



12TH

ANNUAL REPORT

**2010-
2011**



ISE Securities & Services Limited

(Wholly-owned subsidiary of ISE)

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PUBLIC REPRESENTATIVE DIRECTORS



Shri Manubhai K. Parekh

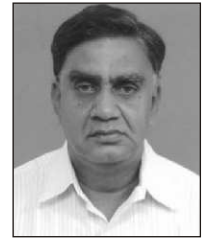


Shri George Joseph

SHAREHOLDER REPRESENTATIVE DIRECTORS



Shri 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. A. J. Shah & Co.,
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
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.

PERFORMANCE AT A GLANCE

(all figures in ₹ lakh)

Particulars	Financial Performance				
	10-11	09-10	08-09	07-08	06-07
Income					
Net Operational Income	351.51	368.98	294.41	462.25	355.47
Interest	492.92	496.95	431.41	309.96	187.66
Interest on Income Tax Refund	-	-	-	-	-
Networking Recoveries	83.65	86.15	91.2	91.48	121.55
Annual Fees	21.85	24.45	22.4	24.9	15.89
Other Income	80.39	83.11	79.8	74.01	57.66
Total Income	1030.31	1059.66	919.22	962.6	738.24
Expenditure					
Administration & Operations Cost	285.47	315.42	361.62	344.15	281.16
Networking Cost	110.80	146.22	162.12	148.86	137.28
Employee Cost	212.34	162.12	155.04	176.55	143.61
Finance Cost	0.60	3.54	11.18	15.26	18.98
Rent to ISE	-	-	-	-	-
Re-imbursement of Exps. for ISE assets used	-	-	-	-	-
Others	-	1.92	-	1.1	0.38
Depreciation / Amortisation	95.48	152.25	62.91	80.63	83.63
Preliminary Expenses written-off	-	-	-	-	-
Expenses on Proposed Projects	-	-	-	-	-
Contingency Expenses	-	-	-	-	-
Total Expenditure	704.69	781.49	752.88	766.55	665.06
Profit / (Loss) before Taxation	325.62	278.16	166.34	196.04	73.19
Provision for : Current Tax	(133.00)	(130.00)	(87.00)	(101.06)	(28.50)
(Deferred Tax Expenses)/Savings	22.68	33.12	22.32	30.43	0.01
Net Profit / (Loss) after Taxation	215.30	181.29	101.66	125.42	44.7
Capital Structure					
Share Capital	550.00	550.00	550.00	550.00	550.00
Reserves & Surplus	701.40	486.09	349.84	280.34	193.54
Net Fixed Assets	110.44	148.77	251.81	297.93	347.52
Investments	67.10	67.10	67.10	67.10	67.10
Net Current Assets	1039.74	808.79	602.62	643.97	970.22
Net worth	1251.40	1036.09	921.53	830.34	743.54
Earning per share (₹)	3.91	3.30	1.85	2.25	0.81



Director's Report 2010-11

The Board of Directors of ISE Securities & Services Limited (ISS) are pleased to present the Twelfth Annual Report for the year ended March 31, 2011, together with the Auditors' Report and Audited Accounts for the Financial Year 2010-2011.

FINANCIAL PERFORMANCE

In the Financial year 2010-11 the Company has posted net profit of ₹215.30 Lakhs. Despite adverse market conditions, the company earned a total income of ₹1030.31 lakhs during the year, compared to ₹ 1059.66 lakhs during the previous year. Expenditure before depreciation, interest and tax during the year under review stood at ₹ 608.61 lakhs, compared to ₹ 625.69 lakhs during the preceding year. The other income earned during the year 2010-11 was ₹ 80.39 lakhs, compared to ₹ 83.11 lakhs for the previous year. After considering interest, finance charges and depreciation, the increase of income over expenditure for the year 2010-11 was ₹325.62 lakhs as compared to ₹ 278.16 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	2010-11	2009-10	2008-09	2007-08	2006-07	
Brokerage	351.51	368.98	294.41	462.25	355.48	
Other Income	678.81	690.67	624.81	500.35	382.76	
Expenditure before Depreciation, Interest and Tax	608.61	625.69	678.78	670.66	562.45	
Profit before Depreciation, Interest and Tax	421.70	433.96	240.43	291.94	175.79	
Interest and Finance Charges	0.60	3.54	11.18	15.26	18.98	
Depreciation	95.48	152.25	62.91	80.63	83.62	
Profit/(Loss) before Tax	325.62	278.16	166.34	196.05	73.19	
Provision for Tax	(133.00)	(130.00)	(87.00)	(101.06)	(28.50)	
: (Deferred Tax Expenses)/Savings	22.68	33.12	22.32	30.43	0.01	
Profit/(Loss) after Tax	215.30	181.29	101.66	125.42	44.7	
Interim Dividend	-	-	22	-	-	
Proposed Dividend	-	38.5	5.5	33	-	

While income decreased, the expenditure also reduced from ₹ 625.69 lakhs to ₹ 608.61 lakhs. The profit increased from ₹ 278.16 lakh to ₹ 325.62 lakh.

DIVIDEND

The Board of Directors at their meeting held on June 16, 2011 recommended payment of dividend, for the year ended March 31, 2011, of 9% on 55,00,000 equity shares of Rs. 10/- each subject to approval of the shareholders.

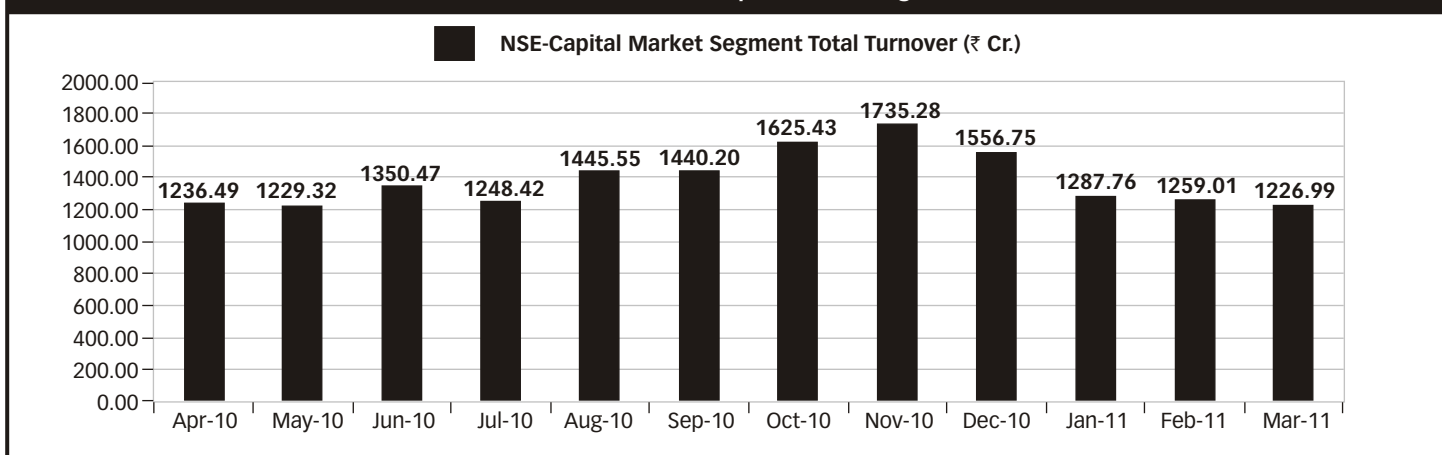
OPERATIONAL HIGHLIGHTS

During the year 2010-2011, the Company recorded a turnover of ₹ 16,641 crores in the NSE capital market (CM) segment and ₹ 11,433 crores in the NSE futures & options (F&O) segment, aggregating to ₹ 28,074 crores. The corresponding figures for the preceding year were ₹ 17,770 crores in the CM segment and Rs. 18,565 crores in the F&O segment, i.e. a total of ₹ 36,335 crores. During the year 2010-2011, turnover of ₹ 6,834 crores (Previous year Rs. 7,710 crores) was recorded in BSE Equities segment. The turnover of NSE CM segment, NSE F&O segment and BSE Equities segment taken together was recorded at ₹ 34,908 Crores during the year 2010-2011. The corresponding figure for the preceding year was Rs. 44,045 crores.

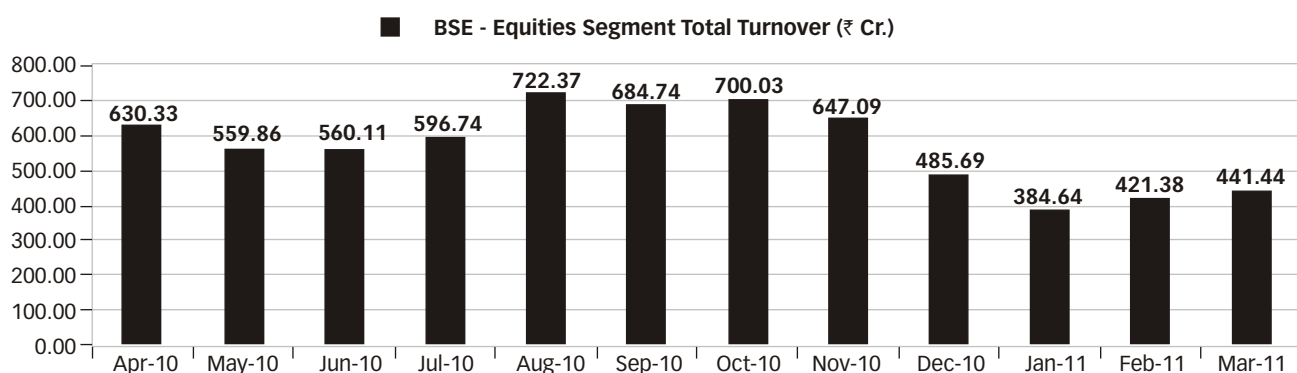
The month-wise turnover of the Company for the financial year in the Capital Market / Equities Segment of NSE and BSE & Futures and Options segment of NSE are given below and the same are also represented below diagrammatically:

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-2010	1236.49	630.33	1866.81	527.40	216	180	98
May	1229.32	559.86	1789.18	559.07	215	179	99
June	1350.47	560.11	1910.58	644.09	215	185	98
July	1248.42	596.74	1845.15	643.05	214	187	99
August	1445.55	722.37	2167.92	1017.61	215	188	104
September	1440.20	684.74	2124.94	1359.99	216	189	104
October	1625.43	700.03	2325.46	1126.90	218	189	104
November	1735.28	647.09	2382.36	1347.56	214	188	101
December	1556.75	485.69	2042.44	820.00	214	187	98
January-2011	1287.76	384.64	1672.39	842.94	215	176	99
February	1259.01	421.38	1680.40	936.58	210	177	104
March	1226.99	441.44	1668.43	1608.22	207	175	100
Total 2010-11	16641.65	6834.42	23476.07	11433.39			
Total 2009-10	17770.53	7710.71	25481.24	18565.40			
Total 2008-09	14234.57	5222.98	19457.54	15738.12			

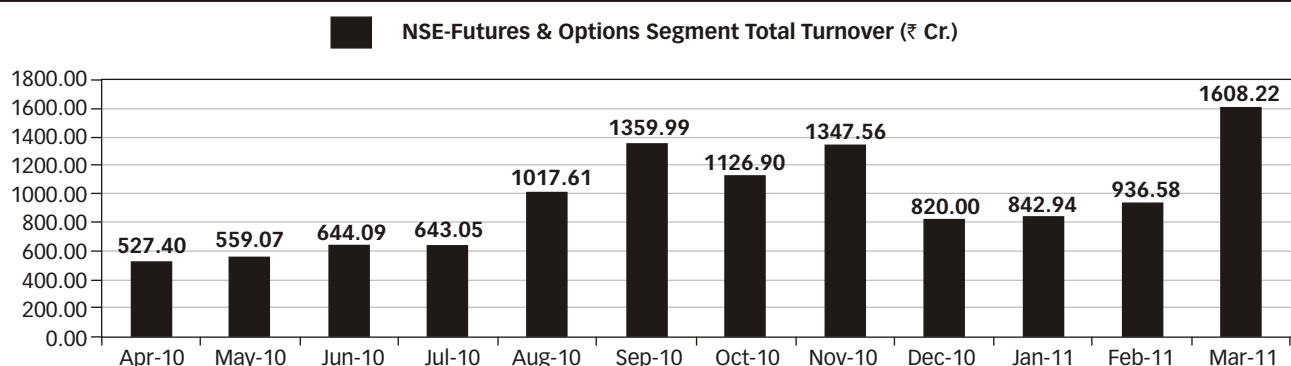
ISS Turnover on NSE (Capital Market Segment)



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 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 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. Centralized anti-virus and anti-spam ware was also implemented during the year. We had already purchased and installed IBM higher end server for the improvement and smooth functioning of the Trading platform. As well as we had implemented IPSEC-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.issec.com) and implemented web based mailing solution.

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 software's provided by Geojit called "FLIP". All segments are available in this software like NSE, BSE, MCX-SX and additional IBT facility like "NOW", only for the NSE users.

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 2010-2011

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 on the Company is as given in the following table.

PARTICULARS	NSE	BSE	Equity Derivatives
No. of sub-brokers registered in ISS as on 31.03.2010. (includes Resignation of previous year)	497	310	193
Fresh Registrations during 01.04.2010 to 31.03.2011	15	19	12
Resignations during 01.04.2010 to 31.03.2011	00	00	00
Position as on 31.03.2011	512	329	205
Change (+/-)	15	19	12

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-broker registration as on May 31, 2011

Sr. No.	Particulars	No. of applications pending		
		NSE (Capital Market Segment)	BSE (Equities Segment)	NSE (F & O Segment)
1.	Documents pending from sub-broker applicants	01	01	03
2.	Applications under process by ISS (received recently)	NIL	NIL	01
3.	Applications pending at NSE	01	-	NIL
4.	Applications pending at BSE	-	01	-
5.	Applications pending at SEBI	02	01	-
	Total	04	03	04

The distribution of intermediaries across the different geographical regions of the country as on March 31, 2011 is as given below.

Geographical distribution of Registered Intermediaries

Sr. No.	Region	States	NSE	BSE	Authorised Persons (NSE F&O)
1.	West	Goa, Gujarat, Maharashtra	209	127	88
2.	North	Haryana, Jammu & Kashmir, Delhi, Punjab, Rajasthan, Uttaranchal and Uttarpradesh	85	53	26
3.	East	Assam, Bihar, Jharkhand, Orissa and West Bengal	145	109	56
4.	South	Andhra Pradesh, Karnataka, Kerala and Tamilnadu	53	27	25
5.	Central	Chattisgarh and Madhya Pradesh	20	13	10
		TOTAL	512	329	205

OUTLOOK FOR THE YEAR 2010-11

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 and back office operations are carried from premises taken on rent which is located at F-102, International Infotech Park, Vashi. Apart from the Head office located at Vashi, decentralized support is provided to the intermediaries through Branch Offices located at Delhi, Kolkata, Nagpur, Coimbatore, Hyderabad, Manglore, Gauhati and Patna.

The present premises is not adequate for the operational requirements of the company hence it is proposed to purchase office premises at Navi Mumbai. The property purchase shall be partially funded through available resources and the balance would be sourced through a Bank Loan. The borrowing shall be secured by fixed and floating assets of the company. Approval of the Members, in this regard, has been taken at the 11th AGM held on September 07, 2010.

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 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 Millind 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

Shri Wahidul Hasan ceased to be a Public Representative Director with effect from November 13, 2010 on account of resignation from the said post, which was accepted by the Board of Directors, in their meeting held on December 07, 2010.

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

- Shri P.J. Mathew, Managing Director / 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. Among the Shareholder Representative Directors, Shri Cyriac Thomas retired by rotation in the 11th Annual General Meeting held on September 07, 2010 and was reappointed in the same meeting. Shri C.A. Venkatesan was appointed on September 04, 2009. Therefore, Shri C.A. Venkatesan held office for a longer term; hence he shall retire by rotation at the ensuing Annual General Meeting.

During the period April 01, 2010 to May 31, 2011, the following Board Meetings were held:

Board Meeting No.	Date
91	June 23, 2010
92	August 06, 2010
93	October 01, 2010
94	December 07, 2010
95	February 02, 2011
96	April 08, 2011

DETAILS OF ATTENDANCE OF THE DIRECTORS IN THE BOARD MEETINGS

During the period April 01, 2010 to May 31, 2011, 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 07, 2010 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 11 th AGM
1.	Shri Manubhai K. Parekh Public Representative Director	6	6	Present
2.	Shri Wahidul Hasan Public Representative Director	3	3	Present
3.	Shri George Joseph Public Representative Director	6	5	Absent
4.	Shri C. A. Venkatesan Shareholder Representative Director	6	6	Absent
5.	Shri Cyriac Thomas Shareholder Representative Director	6	6	Absent
6.	Shri P. J. Mathew Director	6	6	Present
7.	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. 9th, 10th and 11th Meetings of the Company were held on the following dates

9th AGM: September 02, 2008 (at the Registered Office of the Company)

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

11th AGM: September 07, 2010 (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 resignation of Shri Wahidul Hasan, Public Representative Director, the Audit Committee was reconstituted at 94th Board Meeting held on December 07, 2010. 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 statements 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, 2010 to May 31, 2011, the Audit Committee met 4 times i.e. on June 23, 2010, August 06, 2010, February 02, 2011, March 28, 2011. 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 Wahidul Hasan	2	2
3.	Shri George Joseph	2	2
4.	Shri C. A. Venkatesan	4	4
5.	Shri P. J. Mathew	4	4

AUDITORS

M/s. A. J. Shah & Co., Chartered Accountants, was appointed by the Members in the Eleventh Annual General Meeting as Statutory Auditors to hold office from the conclusion of the Eleventh Annual General Meeting till the conclusion of the forthcoming (Twelfth) Annual General Meeting.

The qualifications in the Auditors' Report for the year ended March 31, 2011 is as follows:

- The company is in the process of updating the Fixed Assets Register.*
- During the year the Management has not verified the Fixed Asset.*
- Internal Control System for the operation of the company needs to be strengthened.*

The Board of Directors took note of all the observations of the Auditor in their Report and Annexure thereto for the year ended March 31, 2011. Their directions in this regard are given below:

1. The Board of Directors shall closely monitor the process of updating the fixed register and verification of fixed assets.
2. The Board of Directors shall closely monitor the progress with regard to the observations of the Auditor and shall ensure that the company further strengthens its Internal Controls.
3. The company has initiated steps to improve internal control system.

M/s. Haribhakti & Co., Internal Auditors of the Company, have been submitting half yearly 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. A.J.Shah & Co. Chartered Accountants retiring Auditor of the company represented by Shri Hiren Shah informed the Board the Audit Division of A.J.Shah & Co. has been merged with Contractor Nayak & Krishwanawadla Chartered Accountants wherein Shri Hiren Shah continues to be a partner in the said firm. The said new firm has shown interest for appointment as Auditor of the company in place of retiring Auditor M/s. A. J. Shah.

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 57 persons working for the Company, out of whom 47 are on rolls, 8 are working as consultants 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 true and fair view of the state of affairs of the Company as at March 31, 2011 and Profit & Loss Account for the year ended March 31, 2011;
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 Board wishes to place on record its appreciation for the excellent services rendered by Shri Wahidul Hasan who served as Public Representative Director of the company from October 21, 2008 till November 13, 2010.

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: June 16, 2011
Place: Vashi, Navi Mumbai

sd/-
P. J. Mathew
Director

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

AUDITORS' REPORT

The Members,
ISE Securities and Services Limited.
Mumbai.

1. We have audited the attached Balance Sheet of ISE Securities and Services Limited as at 31st March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the period ended 31st March 2011. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (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 para no. 16 in Schedule 16 Significant Accounting Policies and the Other Notes forming parts of accounts with respect to Sundry Debtors balances Client Obligations and 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, 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 and Profit and Loss Account 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a. In the case of Balance Sheet of the state of affairs of the company as at 31st March 2011;
 - b. In the case of Profit and Loss Account of the profit for the year ended on that date; and
 - c. In the case of Cash Flow Statement, of the Cash flows for the period ended on that date.

For A. J. SHAH & COMPANY
Chartered Accountants
Firm Registration No: 109476W

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

PLACE: Mumbai
DATE: June 16, 2011



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 2011, we report that:

- (i) (a) *The company is in the process of updating the Fixed Assets Register.*
 (b) *During the year the Management has not verified the Fixed Asset.*
 (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. However in our opinion internal control system for the operation of the company needs to be strengthened.*
- (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 2011, 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
₹ 19.74 Lacs	High Court	Recognition of Income and Expenses	Financial Year 2004-2005 (Assessment Year 2005-06).
₹ 57.72 Lacs	Commissioner of Income Tax (Appeal)	Recognition of Income and Expenses	Financial Year 2007-08 (Assessment Year 2008-09).
₹ 10.13 Lacs	Assessing Officer	TDS Credit	Financial Year 2008-09 (Assessment Year 2009-10).
₹ 87.83 Lacs	Commissioner of Service Tax	Service Tax	October 2004 to September 2010.
₹ 8.19 Lacs	Dy. Commissioner of Cess, Navi Mumbai	NMMC Cess Tax	Financial Year 2000-2001

- (x) The company does not have accumulated losses as at 31st March 2011 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) Clause 4(xiii) of the Order is not applicable to the Company as the Company is not a chit fund company or Nidhi /mutual benefit fund / society.
- (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, although there are instances where sub-brokers / clients accounts have become doubtful of recovery consequent upon erroneous credit.

For A. J. SHAH & COMPANY
Chartered Accountants
Firm Registration No: 109476W

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

PLACE: Mumbai
DATE: June 16, 2011



ISE Securities & Services Limited

BALANCE SHEET AS AT MARCH 31, 2011

Particulars	Schedule	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Sources of funds			
Shareholders' funds			
Share Capital	1	55,000,000	55,000,000
Reserves & Surplus	2	64,367,364	48,609,146
Loan Funds			
Secured Loans	3	-	-
Total		119,367,364	103,609,146
Applications of fund			
Fixed assets (at cost)			
Gross block	4	74,042,787	67,004,443
Less: Accumulated Depreciation / Amortisation		62,999,247	53,451,344
Net block		11,043,540	13,553,099
Capital Work in Progress		-	1,323,600
		11,043,540	14,876,699
Investments (at cost)	5	6,710,005	6,710,005
Deferred Tax Asset (Net)	6	3,411,744	1,143,433
Current Assets, Loans and Advances			
Current Assets			
Sundry Debtors	7	93,223,859	156,154,975
Cash and Bank Balances	8	927,416,214	610,342,389
Other Current Assets	9	68,578,282	65,709,924
Loans and Advances	10	11,738,972	13,740,268
Securities in Hand		-	859,400
(A)		1,100,957,327	846,806,956
Less: Current Liabilities and Provisions			
Current Liabilities	11	993,804,782	758,124,273
Provisions		8,950,470	7,803,674
(B)		1,002,755,252	765,927,947
Net Current Assets	(A)-(B)	98,202,075	80,879,009
Total		119,367,364	103,609,146
Significant Accounting Policies and Notes forming part of the Accounts	17		

As per our attached Report of even date

For and on behalf of the Board of Directors

For A. J. Shah & Co.,
Chartered Accountants
Firm Registration No: 109476W

sd/-
P J Mathew
Director

sd/-
Sivaraman K M
Chief Executive Officer

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

sd/-
Mayank Mehta
Company Secretary

Place: Mumbai
Date: June 16, 2011

Place: Vashi, Navi Mumbai
Date: June 16, 2011



ISE Securities & Services Limited

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Schedule	Year ended March 31, 2011 (₹)	Year ended March 31, 2010 (₹)
Income			
Brokerage (Net)		35,150,614	36,898,906
Interest on FDR (Tax deducted at source ₹53,30,708/- , Previous Year ₹ 54,51,019/-)		49,291,960	49,695,792
Networking recoveries		8,364,834	8,615,690
Annual fees		2,185,000	2,445,000
Other income	12	8,038,771	8,311,035
Total		103,031,179	105,966,423
Expenditure			
Employee Cost	13	21,233,689	16,202,212
Communication & Networking Expenses	14	11,080,262	13,860,451
Administration and Operational Expenses	15	28,547,464	32,314,416
Finance Costs	16	59,760	354,085
Reduction in the value of securities in hand		-	192,504
Depreciation / Amortisation on Fixed Assets		9,547,903	15,225,829
Total		70,469,078	78,149,497
Profit / (Loss) before Taxation		32,562,101	27,816,926
Prior period income/expense (net)		-	-
Provision for: Current Tax		(13,300,000)	(13,000,000)
Deferred Tax (Expense)/Savings		2,268,312	3,312,449
Net Profit / (Loss) after Taxation		21,530,413	18,129,375
Balance brought forward from previous year		22,109,146	9,484,079
Surplus in profit and loss account available for appropriation		43,639,559	27,613,454
Less: Interim Dividend		-	-
Less: Tax on Interim Dividend		-	-
Less: Proposed Dividend		4,950,000	3,850,000
Less: Tax on Proposed Dividend		822,195	654,308
Less: Transfer to General Reserve		-	1,000,000
Surplus in Profit and Loss Account carried to Balance Sheet		37,867,364	22,109,146
Basic & Diluted Earnings Per Share of Rs. 10/- each (In Rupees) (Refer Point 14 of part C of the Notes to Accounts)		3.91	3.30
Significant Accounting Policies and Notes forming part of the Accounts	17		

As per our attached Report of even date

For and on behalf of the Board of Directors

For A. J. Shah & Co.,
Chartered Accountants
Firm Registration No: 109476W

sd/-
P J Mathew
Director

sd/-
Sivaraman K M
Chief Executive Officer

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

sd/-
Mayank Mehta
Company Secretary

Place: Mumbai
Date: June 16, 2011

Place: Vashi, Navi Mumbai
Date: June 16, 2011



ISE Securities & Services Limited

Schedules forming part of the Balance Sheet

Schedule 1 : Share Capital

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Authorised 60,00,000 Equity Shares of ₹ 10/- each (Previous Year :- 60,00,000 Equity Shares of ₹ 10/- each)	60,000,000	60,000,000
Issued, Subscribed and Fully paid-up 55,00,000 (Previous Year 55,00,000) Equity Shares of ₹10/- each fully paid-up in cash (100% held by Inter-connected Stock Exchange of India Ltd and its nominees)	55,000,000	55,000,000
Total	55,000,000	55,000,000

Schedule 2 : Reserves & Surplus

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
General Reserves: As Per Last Balance Sheet	26,500,000	25,500,000
Add: Transfer from Profit and Loss Account	-	1,000,000
	26,500,000	26,500,000
Surplus in Profit & Loss Account	37,867,364	22,109,146
Total	64,367,364	48,609,146

Schedule 3 : Secured Loans

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
From Banks (Overdraft facility secured by bank fixed deposit receipts.) Refer Note 7 of Schedule 17 Part C	-	-
Total	-	-

Schedule 4 : Fixed Assets

Particulars	Gross Block (At Cost)				Depreciation/Amortisation				Net Block	
	As at 01-04-2010	Additions	Deductions	As at 31-03-2011	Upto 31-3-2010	For the Year 2010-11	Deductions	As at 31-03-2011	As at 31-03-2011	As at 31-03-2010
Tangible Assets :										
Computers Equipment	18,459,843	2,750,896	-	21,210,739	17,246,511	1,611,861	-	18,858,372	2,352,367	1,213,332
Mobile phones	184,388	32,329	-	216,717	184,388	32,329	-	216,717	-	-
Office Equipment	2,246,369	458,070	-	2,704,439	465,615	111,874	-	577,489	2,126,950	1,780,754
Networking Equipment	12,244,780	-	-	12,244,780	8,720,046	1,984,879	-	10,704,925	1,539,855	3,524,733
Central Equipment	9,521,408	-	-	9,521,408	5,560,535	3,960,873	-	9,521,408	-	3,960,873
Plant & Machinery	1,218,811	-	-	1,218,811	167,364	57,894	-	225,258	993,553	1,051,447
Power Equipment	1,019,053	-	-	1,019,053	219,613	48,405	-	268,018	751,035	799,440
Furniture & Fixtures	328,878	214,575	-	543,453	56,082	29,423	-	85,505	457,948	272,796
Intangible Assets										
Computer Software	21,759,913	3,582,473	-	25,342,386	20,810,189	1,710,365	-	22,520,554	2,821,832	949,724
Assets Retired from Active use - computers	21,001	-	-	21,001	21,001	-	-	21,001	-	-
Total	67,004,444	7,038,343	-	74,042,787	53,451,344	9,547,903	-	62,999,247	11,043,540	13,553,099
Capital Work-in-Progress	-	-	-	-	-	-	-	-	-	1,323,600
Total	67,004,444	7,038,343	-	74,042,787	53,451,344	9,547,903	-	62,999,247	11,043,540	14,876,699
Previous Year Figures	63,161,059	3,984,184	140,800	67,004,443	38,366,315	15,225,829	140,800	53,451,344	14,876,699	

ISE Securities & Services Limited

Schedules forming part of the Balance Sheet

Schedule 5 : Investments

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Long term trade investments (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

Schedule 6 : Deferred Tax Liability

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Deferred Tax Asset	4,125,506	3,555,641
Less : Deferred Tax Liability	713,762	2,412,208
Net Deferred Tax Asset (Net)	3,411,744	1,143,433

Schedule 7 : Sundry Debtors (Unsecured)

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Debts outstanding for a period exceeding six months		
Considered good	390,034	968,992
Considered doubtful	6,614,579	5,790,830
Other Debts		
Considered doubtful	2,225,160	1,621,746
Considered good	92,894,397	155,185,983
	102,124,169	163,567,551
Less : Provision for Doubtful Debts	8,900,310	7,412,576
Total	93,223,859	156,154,975

Schedule 8 : Cash and Bank balances

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Cash-on-hand	-	-
Balances with Scheduled Banks		
- in Current Accounts		
Client Designated	138,135,218	51,821,754
Others	10,365,570	6,338,142
- in Deposit Accounts	778,915,426	552,182,493
Total	927,416,214	610,342,389

ISE Securities & Services Limited

Schedules forming part of the Balance Sheet

Schedule 9 : Other Current Assets

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Interest Accrued on Fixed Deposit with bank	11,309,977	12,205,898
Deposits/ Advances with Stock Exchanges/Clearing House	52,191,690	48,447,411
Other Deposits (including Rs.25,00,000/- to ISE, Holding Company)	5,076,615	5,056,615
Total	68,578,282	65,709,924

Schedule 10 : Loans & Advances (Unsecured and considered good unless otherwise stated)

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Advances recoverable in cash or kind for value to be received		
Considered good	6,959,267	8,783,341
Considered doubtful	636,797	-
	7,596,064	8,783,341
Less Provisions for Bad & Doubtful Advances	(636,797)	-
	6,959,267	8,783,341
Advance to employees	78,557	81,289
Income tax refund receivable/Advance tax/Fringe Benefit Tax paid (net of provision for taxation)	4,701,148	4,875,638
Total	11,738,972	13,740,268

Schedule 11 : Current Liabilities & Provisions

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Total Outstanding dues to micro, small and medium enterprises	-	-
Others :		
Settlement Obligations		
Settlement Obligations to Sub-Brokers/Clients/Authorised person	786,223,691	532,214,354
Margin, Base and Additional Capital Deposits		
Margin Deposits - Cash Segment deposits	189,976,607	208,856,830
VSAT deposit	1,278,562	1,278,562
Creditors for Expenses	11,119,074	10,900,918
Other Liabilities	5,206,848	4,873,609
Total (A)	993,804,782	758,124,273
Provisions		
Provision for Employee Benefits	3,178,275	3,299,366
Proposed Dividend	4,950,000	3,850,000
Tax on Proposed Dividend	822,195	654,308
Total (B)	8,950,470	7,803,674
Total (A + B)	1,002,755,252	765,927,947

ISE Securities & Services Limited

Schedules forming part of the Balance Sheet

Schedule 12 : Other Income

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Technology Fees for F&O segment	100,000	250,000
Admission Fees for F&O segment	40,000	100,000
Mini Admin Charges	-	75,000
Penalty for delayed payin	3,395,218	1,757,507
Recovery of DP Charges (NET)	693,384	1,314,762
Sundry balances write back	928	580,283
Auction Charges	416,322	714,618
Pradnya Software Charges	54,000	120,000
Excess recovery of Sebi turnover	27,210	366,079
Excess Recovery Of Transaction Charges	697,393	412,780
Compensation in Lieu of Notice Period	29,884	27,788
Miscellaneous Income	914,739	644,700
Excess Provision Written Back (PLB)	591,712	820,321
Income from sale of CRD Form (Net)	429,141	607,197
Bad Debt Recovery	128,840	-
Dividend Received.	520,000	520,000
Total	8,038,771	8,311,035

Schedule 13 : Employee Cost

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Salary & Other Allowances	20,744,348	15,136,977
Leave Encashment	126,785	904,697
Gratuity	362,556	160,538
Total	21,233,689	16,202,212

Schedule 14 : Communication & Networking Expenses

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
VSAT, VPN and other Communication expenses	8,825,848	10,793,554
Annual Maintenance Charges for Networking Equipment	2,254,414	3,066,897
Total	11,080,262	13,860,451



ISE Securities & Services Limited

Schedules forming part of the Balance Sheet

Schedule 15 : Administration and Operational Expenses

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Annual Maintenance charges	2,023,312	2,162,726
Board Meeting Expenses	528,069	597,576
Brokerage for the rented premises	15,700	20,000
Sitting Fees	204,500	283,500
Reimbursement of actual Expenses (Refer Note 9 of schedule 17 part C)	3,416,398	3,474,115
Management Fees to ISE	3,000,000	3,000,000
Electricity Charges	538,826	640,518
Telephone Expenses	657,099	761,686
Security Charges	595,966	643,203
Bad Debts	-	9,227,364
Less :- Earlier Provision written back	-	(9,227,364)
Provision for Doubtful Debts	1,487,734	4,143,531
Provision for Doubtful Debts - others	636,797	-
Courier Charges	289,255	241,075
Custody Charges	-	11,613
Insurance	455,088	488,677
Legal, Professional Charges and Contract charges	4,533,113	5,393,233
Miscellaneous Expenses	1,571,853	1,197,392
MemberShip charges	198,108	379,166
Printing & Stationery	660,817	406,095
Rates & Taxes	70,150	8,220
Remuneration to Auditors (Refer Note 3 (ii) of schedule 17 Part C)	615,607	547,782
Rent (includes ₹ 18,00,000/- paid to ISE Previous Year ₹ 18,00,000/-)	6,387,405	5,732,694
Repairs & Maintenance-Others	158,970	275,753
Travelling charges	146,487	235,636
Fines & Penalties to Stock Exchanges	229,342	569,769
License Fees	-	19,356
Advertisement	1,800	93,280
Interest on delayed Service Tax payment	15,784	-
Sundry Balances write off	14,652	987,820
Loss On Sale of Securities	94,632	-
Total	28,547,464	32,314,416

Schedule 16 : Finance Costs

Particulars	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Bank Charges	36,547	164,797
Interest - Other than Fixed Loans	23,213	189,288
Total	59,760	354,085

Notes to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date.

A. 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, 2011, 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 to Accounts

B. 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 includes net transaction charges received from sub-brokers, net of service tax and stamp duty.
- 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 recently 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.

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 before retirement (if the unutilized leave exceeds 75 days) or at the time of resignation 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.

C. Notes to Accounts

1. i) The Company has migrated to SPARC from Back office on 19/11/2010. Prior to migration the brokerage income was accounted on gross basis. After migration the income is accounted on own brokerage & shared brokerage separately. However this change has not affected the financial statement. The figure in Profit and Loss account has been shown at net value. Previous years figures are regrouped accordingly.
- ii) 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.

2. Capital Commitment and Contingent Liability not provided for :

- i) The company has received demands from the Income Tax Department for an amount of ₹ 87,59,067/- (Previous year : ₹70,40,567/-) relating to the various assessment years which have been disputed by the Company and for which the company has filed an appeals before higher authorities against the orders. Out of total demand of ₹ 87,59,067 company has filed appeal against IT Dept. amount of ₹ 67,84,847 & Dept. has filed appeal against the company amount of ₹ 19,74,220 In view of the management this demands are not tenable & accordingly no provision has been made.
- ii) The company has received a show cause notices from the Service tax department in which service tax is demanded to the extent ₹ 87,82,696/-(Previous year ₹ 77,20,062/-). The Company has contested the same .As per the legal opinion taken by the company, no provision is required.
- iii) The company has received a notice of Demand for the year financial year 2000-01 from the NMMC (Navi Mumbai Municipal Corporation) department in which Cess tax along with interest/penalty is demanded to the extent ₹ 8,19,179/-. Against the notice, we have paid ₹. 63,340/- i.e Cess Tax. The Company has filed Appeal to the Dy. Commissioner of Cess, Navi Mumbai stating that the company is not liable for interest/penalty as the order pertains to the period which is not within three years from the end year in which such period occurs.
- iv) Claim against the company not acknowledge as debts amounting to ₹ 6,51,581/-(Estimated) (Previous Year ₹ 7,53,581/-).
- v) Bank guarantee issued by bank on behalf of the company ₹ Nil (Previous year ₹ 30,00,000/-).
- vi) Estimated amount of contract remaining unexecuted on capital account and not provided for ₹ Nil (Previous year ₹13,23,600/-).
- vii) The company has issued perpetual indemnity in favor of Indusind Bank to the extent of ₹ 30,00,000/-.

3. i) Managerial Remuneration: (Paid to Director & Officiating Director)

Particulars	Year ended 31-3-2011 (₹)	Year ended 31-3-2010 (₹)
Salaries & Allowances	15,81,143	5,81,810
Contribution to Provident Fund and other Funds	1,26,952	54,401
Monetary Value of Perquisites	NIL	NIL
Commission	NIL	NIL
Total	17,08,095	*6,36,211

* Shri. Rohit Kumar Mangla was CEO from 15th April 2009 to 13th July 2009.

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

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

Particulars	Year ended 31-3-2011 (₹)	Year ended 31-3-2010 (₹)
Audit fees	3,80,000	3,20,000
For tax audit	75,000	60,000
For other services in respect of:		
- Management Services/Others	15,000	25,500
Reimbursement of expenses	6,107	3,834
To Associate Firm		
Taxation related services	1,39,500	1,38,448
Total	6,15,607	5,47,782

4. The value of securities in hand as on March, 31, 2011 is NIL (Previous year ₹ 8,59,400/-)

5. Long Term Investments

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.

6. Sundry Debtors

- i) Sundry debtors 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, 2011. The debtors are secured by way of base and additional trading deposits, bank guarantees, fixed deposits and securities withheld. On the basis of the same Sundry Debtors has been classified as good debts and doubtful debts. Out of Total Sundry debtors of ₹ 10,21,23,949/- the company has classified an amount of ₹ 89,00,311/- as doubtful and provision has been made against the same.
- ii) 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.

7. The Company has obtained bank overdraft facilities as follows:

The maximum overdraft facility availed by company in current year is ₹ 3,25,61,272/- from HDFC Bank is taken against the collateral of fixed deposits of ₹ 16,09,91,385/-.

8. The Company has obtained bank guarantees favoring NSE and BSE for an amount of ₹ 25,00,000/- (Previous year ₹ 1,38,00,000/-) towards base capital and margin requirements as of March 31, 2011. These bank guarantees are obtained against the collaterals received from sub-brokers favoring the Company towards the same ₹ 25,00,000/- (Previous year: ₹ 1,38,00,000/-)
9. 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 ₹. 61,62,106/- (Previous year: ₹. 55,25,031/-). The detailed breakup for the same is as follows:

Particulars	2010-11 (₹)	2009-10 (₹)
Annual Maintenance	67,924	2,07,266
CIDCO Maintenance	1,79,430	1,51,547
Cleaning Charges	81,260	85,239
Conveyance	27,620	24,218
Courier & Postage	99,914	93,836
Electricity Expenses	10,94,073	10,75,245
Meeting Travelling Expenses	60,355	64,048
Miscellaneous Expenses	41,780	20,016
Staff Welfare	11,503	-
Office Refreshment Expenses	88,541	65,354
Office Stationery	31,912	28,661
Photocopy Charges	9,138	5,059
Professional Fees	1,37,904	1,29,885
Rent	9,44,209	9,84,206
Repair & Maintenance	39,973	49,189
Retainers	1,96,009	2,08,245
Stamp duty	-	8,300

Particulars	2010-11 (₹)	2009-10 (₹)
Telephone & Fax Expenses	1,97,536	2,06,388
Travelling Expenses	3,635	485
Water Consumption Charges	1,03,682	66,958
Total Reimbursement of Expenses (Schedule 15)	34,16,398	34,74,145
Other Reimbursements		
Salary	15,22,295	8,89,952
Reimbursement To Employees	1,35,602	2,96,535
Accident Insurance Premium	-	6,119
Medicclaim Insurance Premium	3,42,622	3,15,524
Performance Link Bonus	2,22,463	62,711
Service Tax	5,22,726	480,045
Total	27,45,708	20,50,886
Grand Total	61,62,106	55,25,031

10. The Bank fixed deposits and bank guarantees of the Company and of sub brokers amounting to ₹ 8,97,00,000/- (Previous year: ₹10,15,00,000/-) are utilized as collaterals for various trading facilities at NSE as follows:

(Amount in ₹)

(i) Fixed deposits discharged and deposited with NSE towards additional base capital (excluding interest accrued).	8,97,00,000
(ii) Collaterals for bank guarantees issued to NSE for margin adjustable base capital (Refer Note 8 above)	NIL
Total	8,97,00,000

11. The Bank fixed deposits and bank guarantees of the Company and of sub brokers amounting to ₹ 6,60,00,000/- (Previous year ₹10,22,00,000/-), are utilized as collaterals for various trading facilities at BSE as follows:

(Amount in ₹)

(i) Fixed deposits discharged and deposited with BSE towards additional base capital	6,50,00,000
(ii) Collaterals for bank guarantees issued to BSE for margin adjustable base capital (Refer Note 8 above)	1,00,00,000
Total	6,60,00,000

12. The Bank fixed deposits and bank guarantees of the Company and of sub brokers amounting to ₹ 23,15,00,000/- (Previous year: ₹15,49,00,000/-) are utilized as collaterals for various trading facilities at NSE F&O as follows:

(Amount in ₹)

(i) Fixed deposits discharged and deposited with NSE towards additional base capital (excluding interest accrued).	23,00,00,000
(ii) Collaterals for bank guarantees issued to NSE for margin adjustable base capital (Refer Note 8 above)	15,00,000
Total	23,15,00,000

13. The Bank fixed deposits and bank guarantees of the Company and of sub brokers amounting to ₹ 10,00,000/- (Previous year: ₹ NIL) are utilized as collaterals for various trading facilities at IL & FS Clearing Member Currency Derivatives as follows:

(Amount in ₹)

(i) Fixed deposits discharged and deposited with IL & FS towards clearing & Settlement of Currency Derivatives (excluding interest accrued).	10,00,000
(ii) Collaterals for bank guarantees issued to IL & FS towards clearing & Settlement of Currency Derivatives	NIL
Total	10,00,000

14. Earnings per share:

Particulars	Year ended 31-3-2011	Year ended 31-3-2010
Net Profit/(Loss) after taxation attributable to equity shareholders	₹ 2,15,30,413	₹ 1,81,29,375
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 Rs. 10/- each	3.91	3.30

15. Deferred Taxation :

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

(Amount in ₹)

Deferred Tax Assets	As at 31-03-2010	Adjustment during period	As at 31-03-2011
Provision for doubtful debts	25,19,535	3,68,171	28,87,706
Provision for doubtful debts - others	-	2,06,609	2,06,609
Provision for Employee Benefits	10,36,106	(4,915)	10,31,191
Total	35,55,641	5,69,865	41,25,506
Deferred Tax Liabilities			
Depreciation	(24,12,208)	16,98,446	(7,13,762)
Total	(24,12,208)	16,98,446	(7,13,762)
Net Deferred Tax (Liability) /Asset	11,43,433	22,68,311	34,11,744

16. Sundry Debtors balances, unadjusted items in bank reconciliation, 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.
17. 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
18. 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, 2011 with the Exchanges as follows: (As certified by the management)

Particulars	Amount in ₹
NSE Cash Segment	9,71,79,341
BSE Cash Segment	5,56,98,602
NSE F&O Segment	8,53,74,234

19. 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.

20. Accounting Standard AS15 (Revised) Employee Benefits

- i) The following table sets out the status of the defined benefit Gratuity Plan as required under AS 15

(Amount in ₹)

Particulars	Period ended 31 March 2011	Period ended 31 March 2010
Present Value of Funded Obligations	11,60,549	7,52,376
Fair Value of Plan Assets	(7,89,474)	(6,06,175)
Present Value of Unfunded Obligations	0	0
Unrecognized Past Service Cost	0	0
Net Liability	3,71,075	146,201
Amount in Balance Sheet		
Liability	3,71,075	146,201
Assets		
Net Liability	3,71,075	146,201

(Amount in ₹)

Particulars	Period ended 31 March 2011	Period ended 31 March 2010
Current Service Cost	2,42,945	1,78,095
Interest on Defined Benefit Obligation	81,684	53,861
Expected Return on Plan Assets	(55,875)	(45,071)
Net Actuarial Losses / (Gains) Recognized in Year	75,040	(7,612)
Past Service Cost	-	18,461
Total, Included in "Employee Benefit Expense"	3,43,794	1,97,734
Actual Return on Plan Assets	64,379	50,051

(Amount in ₹)

Particulars	Period ended 31 March 2011	Period ended 31 March 2010
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	7,52,376	5,04,591
Current Service Cost	2,42,945	1,78,095
Interest Cost	81,684	53,861
Actuarial Losses / (Gain)	83,544	(2,632)
Past Service Cost	-	18,461
Closing Defined Benefit Obligation	11,60,549	7,52,376
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	6,06,175	5,56,124
Expected Return on Plan Assets	55,875	45,071
Actuarial Gain/ (Losses)	8,504	4,980
Contributions by Employer	1,18,920	-
Closing Fair Value of Plan Assets	7,89,474	6,06,175
Expected Employer Contribution next year	7,00,000	3,00,000

Category of Assets (% Allocation)	(Amount ₹)	%	%
	Period ended 31 March 2011	Period ended 31 March 2011	Period ended 31 March 2010
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	7,89,474	100%	100%
Others	0	0%	0%
Grand Total	7,89,474	100%	100%



(Amount in ₹)

Particulars	Period ended 31 March 2011	Period ended 31 March 2010
Discount Rate (p.a.)	8.35%	8.30%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
Salary Escalation Rate (p.a.)	7.00%	7.00%

- (ii) Other Long term Employee Benefits(net of write back) : Amount of ₹ 8,07,200/- (Previous Year : ₹ 8,40,101/-) is recognized as an expense towards Other Long term Employee Benefits-Compensated Absences (Leave Encashment) included under the Schedule-13: 'Employee Cost' in profit and loss account.

21. 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, 2011	Total as on March 31, 2010
1	Rendering of Services (inclusive of Service Tax)	33,09,000	-	33,09,000	33,09,000
2	Reimbursement of Expenses (inclusive of service tax) – Refer Note 10	61,62,107	-	61,62,107	55,25,031
3	DP Charges (inclusive of Service tax)	51,58,626	-	51,58,626	60,72,768
4	Rent (inclusive of Service tax)	19,85,400	-	19,85,400	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	Interest Expense	-	-	-	-
7	Managerial Remuneration	-	17,08,095	17,08,095	6,36,211
8	Amt Outstanding as at March 31, 2011				
	Loans (incl. interest)	Nil	-	Nil	Nil
	(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	Nil	Nil
	Reimbursement of expenses	30,10,561	-	30,10,561	20,66,379
	Deposit from subsidiary	25,00,000	-	25,00,000	25,00,000



22. Operating Lease:

(a) Total of minimum lease payments

(₹ in lakh)

Particulars	As at 31-Mar-11	As at 31-Mar-10
(i) Total of minimum lease payments	163.32	227.19
The total of future minimum lease payments under non-Cancelable Operating leases for period:		
Not later than one year	67.37	63.87
Later than one year and not later than five years	95.95	163.32
Later than five years	-	-

(₹ in lakh)

Particulars	As at 31-Mar-11	As at 31-Mar-10
(b) Lease payments recognised in the statement of profit & loss for the year	63.87	57.33

(c) Details of lease Deposit

Place	Deposit (₹)	Period
Print & Packaging	18,72,000/-	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.

23. Previous year figures are regrouped and rearranged wherever necessary. The amounts in the Balance Sheet and Profit and Loss account are rounded off to the nearest Rupee.

As per our attached Report of even date

For and on behalf of the Board of Directors

For A. J. Shah & Co.,
Chartered Accountants
Firm Registration No: 109476W

sd/-
P J Mathew
Director

sd/-
Sivaraman K M
Chief Executive Officer

s/d
(Hiren Shah)
Partner
Membership No. 100052

sd/-
Mayank Mehta
Company Secretary

Place: Mumbai
Date: June 16, 2011

Place: Vashi, Navi Mumbai
Date: June 16, 2011



ISE Securities & Services Limited

Cash Flow Statement for the year ended MARCH 31, 2011

(Amount in ₹)

Particulars	As at 31.03.2011		As at 31.03.2010	
I. Cash Flow from Operating Activities:				
Net profit before tax & extra ordinary items		32,562,101		27,816,926
Adjustments for:				
Depreciation	9,547,903		15,225,829	
Reduction in the value of securities	-		192,504	
Interest paid	23,213		189,288	
Dividend received	(520,000)		(520,000)	
Provision for Bad & Doubtful debts- Others	636,797			
Provision for Bad & Doubtful debts	1,487,734		4,143,531	
Profit on sale of Fixed Assets	-		(19,200)	
		11,175,647		19,211,952
Operating profit before working capital changes		43,737,748		47,028,878
Adjustments for:				
(Increase) / Decrease in Trade & Other receivable	61,443,382		(103,927,935)	
(Increase) / Decrease in Loans & Advances	(1,678,349)		33,248,946	
(Increase) / Decrease in Securities in hand	859,400		(1,051,904)	
Increase / (Decrease) in Trade & Other Payable	232,323,872		200,393,749	
		292,948,305		128,662,856
Cash generated from operations before tax & extra ordinary items		336,686,053		175,691,734
Less: Direct Tax Paid (net of refunds)		(13,125,509)		(11,760,042)
		323,560,544		163,931,692
Net Cash From Operating Activities (A)		323,560,544		163,931,692
II. Cash Flow From Investing Activities:				
Purchase of Fixed Assets	(5,714,744)		(4,921,616)	
Sale of Fixed Assets	-		19,200	
Dividend Income	520,000		520,000	
		(5,194,744)		(4,382,416)
Net Cash (Used in) / from investing activities (B)		(5,194,744)		(4,382,416)
III. Cash Flow From Financing Activities:				
Dividend Distribution tax Paid	(654,308)		(467,363)	
Final dividend Paid	(3,850,000)		(550,000)	
Interest Paid	(23,213)		(189,288)	
Net Cash (Used in) / from Financing activities (C)		(4,527,521)		(1,206,651)
Net Increase / decrease in cash & cash equivalents (A+B+C)		313,838,279		158,342,625
Cash & Cash equivalents at the beginning of the year		613,577,935		455,235,310
Cash & Cash equivalents at the end of the year		927,416,214		613,577,935
Refer Schedule - 17 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.

As per our attached Report of even date

For and on behalf of the Board of Directors

For A. J. Shah & Co.,
Chartered Accountants
Firm Registration No: 109476W

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

sd/-
P J Mathew
Director

sd/-
Sivaraman K M
Chief Executive Officer

sd/-
Mayank Mehta
Company Secretary

Place: Mumbai
Date: June 16, 2011

Place: Vashi, Navi Mumbai
Date: June 16, 2011



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:	3/31/2011		

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	11,22,123	Total Assets	11,18,711
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Sources of Funds

Paid up Capital	55,000	Reserves & Surplus	64,367
Secured Loans	Nil	Unsecured Loans	-
Deferred Tax			

Application of Funds

Net Fixed Assets	11,044	Investments	6,710
Deferred Tax	3,412	Net Current Assets	98,202
Accumulated Losses	Nil		

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

Turnover	103,031	Total expenditure	70,469
Profit before Tax	32,562	Profit after Tax	21,530
Earnings per share	3.91	Dividend Rate	

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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Inter-connected Stock Exchange of India Limited

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