Auditors' Report

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TO THE MEMBERS OF BOMBAY STOCK EXCHANGE LIMITED

1. We have audited the attached Balance Sheet of **BOMBAY STOCK EXCHANGE LIMITED** (the "Company") as at 31st March, 2006, the Profit and Loss Account and the Cash Flow Statement of the Company for the period from 8th August, 2005 (date of incorporation) to 31st March, 2006, both 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 the auditing standards generally accepted in India. These 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 the 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 (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order

4. Donations aggregating Rs.625,736 are subject to the approval of the shareholders, as stated in Note 21 of Schedule N.

5. Further to our comments in the Annexure referred to in paragraph 3 above:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.

   (d) *As stated in Notes 5 and 6 of Schedule "N", the Management is of the opinion that the erstwhile BSE will be granted exemption from income-tax. Accordingly, no provision was made in the accounts for the tax amount. However, should such exemption not be granted, there would be an estimated cumulative current tax liability (income tax and fringe benefit tax) of Rs. 4,917,130,065. Deferred Tax Asset/Liability, if any, has not been quantified since the tax assessment is subjudice.*

   (e) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

   (f) 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, *subject to our comments in paragraph 5(d) above*, give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;

      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the period from 8th August, 2005 to 31st March, 2006; and

      (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

6. On the basis of the written representations received from the directors as on 31st March, 2006, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director under Section 274 (1) (g) of the Companies Act, 1956.

For S. B. BILLIMORIA & CO.
Chartered Accountants

Nalin M. Shah
Partner
(Membership No.15810)

MUMBAI, 31st July, 2006

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

(i) The nature of the Company's business/activities during the period is such that clauses (ii), (viii),(x),(xii), (xiii), (xvi), (xix) and (xx) of CARO are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Most of the fixed assets were physically verified during the period by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) According to the information and explanations given to us, the Company has not granted or taken secured or unsecured loans to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. We have not observed any major weakness in such internal controls.

(v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits in terms of the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.

(vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(viii) In respect of statutory dues:

(a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Customs Duty, Wealth Tax, Service Tax, Securities Transaction Tax, Cess and any other material statutory dues with the appropriate authorities during the period.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2006 for a period exceeding six months from the date they became payable.

(c) According to the information and explanations given to us, details of disputed Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, and Cess which have not been deposited as on 31st March, 2006 on account of any dispute are given below:

Name of statute	Nature the dues	Amount of (In Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	4,034,072,349	Financial Years 1990-91 to 2000-01	Income Tax Appellate Tribunal, Mumbai
Finance Act, 1994	Service Tax	3,076,731	Financial Year 2003-04	Customs, Excise and Service Tax Appellate Tribunal, Mumbai
Bombay Sales Tax Act, 1959	Sales Tax	1,017,756	Financial Years 1992-93 to 2000-01	Assistant Commissioner Sales Tax (Appeals)

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.

(x) Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.

(xi) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from a financial institutions, are not *prima facie* prejudicial to the interests of the Company.

(xii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis have, *prima facie*, not been used during the period for long-term investment.

(xiii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xiv) To the best of 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 period.

For S. B. BILLIMORIA & CO.
Chartered Accountants

Nalin M. Shah
Partner
(Membership No.15810)

MUMBAI, 31st July, 2006

BALANCE SHEET AS AT 31ST MARCH, 2006

PARTICULARS	Schedule	Rupees	Rupees
I SOURCES OF FUNDS			
1. Shareholders' funds			
(a) Share Capital	A	6,770,000	
(b) Reserve & Surplus	B	9,265,732,619	9,272,502,619
2. Share Application Money			330,000
3. Secured Loans	C		65,179,590
4. Deposit from Trading Members (Refer Note 19 of Schedule "N")			1,155,000,000
5. Deferred Tax Liability (Refer Note 7 of Schedule "N")			26,100,000
TOTAL			**10,519,112,209**
II APPLICATION OF FUNDS			
1. Fixed Assets	D		
(a) Gross Block		3,332,515,455	
(b) Less: Depreciation		2,692,862,047	
(c) Net Block		639,653,408	
(d) Capital Work in progress (including capital advances)		5,025,000	644,678,408
2. Investments	E		
(a) Long Term		2,230,546,000	
(b) Current Investments		18,942,763,802	21,173,309,802
3. Current Assets, Loans and Advances	F		
(a) Sundry Debtors		50,165,339	
(b) Cash and Bank Balances		3,324,309,581	
(c) Other Current Assets		16,163,727	
(d) Loans and Advances		834,288,009	
		4,224,926,656	
Less: Current Liabilities & Provisions:	G		
(a) Liabilities		15,433,664,024	
(b) Provisions		90,138,633	
		15,523,802,657	
Net Current Assets / (Liabilities)			(11,298,876,001)
TOTAL			**10,519,112,209**
Significant accounting policies and Notes to accounts	N		

For and on behalf of the Board of Directors

Rajnikant Patel
Managing Director & CEO

Jagdish Capoor
Chairman

P. P. Vora
Director

Prakash R. Kacholia
Director

Sandeep Sarawgi
Chief Financial Officer

V. G. Bhagat
Company Secretary

In terms of our report of even date attached.

For S.B.BILLIMORIA & CO.
Chartered Accountants

Nalin M. Shah
Partner

Mumbai, 31st July, 2006

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 8TH AUGUST, 2005 (DATE OF INCORPORATION) TO 31ST MARCH, 2006

PARTICULARS	Schedule	Rupees
INCOME		
Trading Members	H	676,890,470
Investments and Deposits	I	488,046,854
Services to Corporates	J	176,801,178
Training Institute		16,926,723
Other Services / Income	K	95,398,215
TOTAL		**1,454,063,440**
EXPENDITURE		
Computer Maintenance and Service Charges		218,403,727
Staff Costs	L	131,832,397
Administration and Other Expenses	M	165,280,610
Clearing House Expenses		8,215,254
Contribution to SEBI		4,425,098
Provision for diminution in value of investments (Refer Note 20 of Schedule "N")		1,742,405
Depreciation		107,971,507
		637,870,998
Profit before tax		**816,192,442**
Provision for tax		
- Current tax		194,200,000
- Deferred tax (Refer Note 7 of Schedule "N")		26,100,000
- Fringe benefit tax		2,475,000
- Wealth tax		80,000
Profit after tax		**593,337,442**
APPROPRIATIONS		
- General Reserve		59,334,000
- Brokers' Contingency Fund		21,979,267
- Trade Guarantee Fund (Cash & Derivatives)		37,801,233
- Trade Guarantee Fund (G-Sec)		1,629,591
- Proposed Dividend		49,551,207
- Tax on Dividend		6,949,557
- Balance carried to Reserves & Surplus		416,092,587
		593,337,442
Basic / Diluted Earnings per share (face value Re. 1 each) (Refer Note 12 of Schedule "N")		**78.57**
Significant accounting policies and Notes to accounts	**N**	

For and on behalf of the Board of Directors

Rajnikant Patel
Managing Director & CEO

Jagdish Capoor
Chairman

P. P. Vora
Director

Prakash R. Kacholia
Director

Sandeep Sarawgi
Chief Financial Officer

V. G. Bhagat
Company Secretary

In terms of our report of even date attached.

For S.B.BILLIMORIA & CO.
Chartered Accountants

Nalin M. Shah
Partner

Mumbai, 31st July, 2006

CASH FLOW STATEMENT FOR THE PERIOD FROM 8TH AUGUST, 2005 TO 31ST MARCH, 2006

PARTICULARS	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax		816,192,442
Adjustments for:		
Depreciation		107,971,507
Brokers' Contingency Fund		(32,479,267)
Trade Guarantee Fund (Cash & Derivatives)		(53,701,233)
Trade Guarantee Fund (G-Sec)		(1,929,591)
Loss on sale of Fixed Assets		541,660
Interest Expense		262,158
Provision for Disputed Items		1,496,196
Provision for Leave Encashment		937,000
Provision for Dimunation in value of Investments		1,742,405
Operating Income before working capital changes		841,033,277
Adjustments for:		
Current Assets, Loans and Advances		11,620,485
Current Liabilities		4,877,899,144
Taxes Paid		(178,387,771)
Net cash from operating activities		**5,552,165,135**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets including Capital Work in Progress		(153,144,984)
Proceeds from disposal of Fixed Assets		959,313
Decrease in Deposits with Financial Institutions		1,072,212,667
Investments		
(A) Long Term Investments		
Purchase of Investments		
- Own	(950,000,000)	
- Earmarked Funds	(887,500,000)	(1,837,500,000)
(B) Net (Increase) / Decrease in Current Investments		
- Own	(10,396,723,560)	
- Earmarked Funds	(230,858,718)	(10,627,582,278)
Net cash used in investing activities		**(11,545,055,282)**

CONTD...

PARTICULARS	Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital		7,100,000
Brokers' Contingency Fund		21,979,267
Trade Guarantee Fund (Cash & Derivatives)		37,801,233
Trade Guarantee Fund (G-Sec)		1,629,591
Investors' Protection Fund		923,102
Deposits from Companies - 1% of their Public Issue		292,003,915
Withheld Funds		2,415,414
Defaulters' Liabilities		(39,760,480)
Increase / (Decrease) in Short Term Borrowings from Banks		(1,731,538,575)
Interest paid on borrowings		(353,535)
Deposits received Under Deposit Based Membership		671,000,000
Net cash from / (used in) financing activities		**(736,800,068)**
Net (Decrease) / Increase in cash and cash equivalents		**(6,729,690,215)**
Cash and cash equivalents at the end of the period as per Schedule "F"		3,324,309,581
Cash and cash equivalents taken over from BSE		10,053,999,796
Change in cash and cash equivalents		**(6,729,690,215)**

Note 1: Cash and cash equivalents comprise of cash in hand and balances in current and deposit accounts with banks.
Note 2: Increase / Decrease in assets and liabilities represents changes in balances from assets and liabilities taken over from the BSE on 19th August, 2005

In terms of our report of even date attached.

For S.B.BILLIMORIA & CO.
Chartered Accountants

Nalin M. Shah
Partner

Mumbai, 31st July, 2006

For and on behalf of the Board of Directors

Rajnikant Patel
Managing Director & CEO

Jagdish Capoor
Chairman

P. P. Vora
Director

Prakash R. Kacholia
Director

Sandeep Sarawgi
Chief Financial Officer

V. G. Bhagat
Company Secretary

SHARE CAPITAL AS AT 31ST MARCH, 2006 — SCHEDULE "A"

PARTICULARS	Rupees
Authorised	
50,00,00,000 Equity Shares of Re. 1 each	500,000,000
Issued, Subscribed and Paid -up	
67,70,000 Equity Shares of Re. 1 each fully paid-up	6,770,000
(Refer Note 1(b) of Schedule "N")	
TOTAL	**6,770,000**

RESERVE & SURPLUS AS AT 31ST MARCH, 2006 — SCHEDULE "B"

PARTICULARS	Rupees	Rupees	Rupees
Capital Reserve :			
(Refer Note 1(a) of Schedule "N")			
Balances taken over from BSE :			
A) Members' Contribution		2,009,586,407	
B) Forfeiture of Membership Application Money		6,500,000	
C) Surplus of Income & Expenditure Account of BSE		3,332,501,885	
D) Technology Reserve		1,365,866,921	
E) Stock Exchange Building		913,896	
F) Sheth Chunilal Motilal Library	37,050		
Less: Debit balance	5,050	32,000	
G) Charity		16,041	6,715,417,150
Trade Guarantee Fund (Cash & Derivatives) :			
(Refer Note 14.1 of Schedule "N")			
Balance taken over from BSE		1,506,542,958	
Add: Transferred from Profit & Loss Account		37,801,233	1,544,344,191
Trade Guarantee Fund (G-Sec) :			
(Refer Note 14.2 of Schedule "N")			
Balance taken over from BSE		57,073,591	
Add: Transferred from Profit & Loss Account		1,629,591	58,703,182
Brokers' Contingency Fund :			
(Refer Note 14.4 of Schedule "N")			
Balance taken over from BSE		449,862,242	
Add: Transferred from Profit & Loss Account		21,979,267	471,841,509
General Reserve :			
Transferred from Profit & Loss Account			59,334,000
Balance carried forward from Profit & Loss Account			416,092,587
TOTAL			**9,265,732,619**

SECURED LOANS AS AT 31ST MARCH, 2006 — SCHEDULE "C"

PARTICULARS	Rupees	Rupees
SHORT TERM LOAN FROM BANKS:		
Bank Overdraft		65,179,590
(Secured against Fixed Deposit Receipts)		
(Refer Note 22 of Schedule "N")		
TOTAL		**65,179,590**

STATEMENT OF FIXED ASSETS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006 — SCHEDULE "D"

(In Rupees)

Particulars of Assets	(Taken over from BSE) Cost As on 20.08.2005	Additions During the period	Deductions/ Adjustments	Cost As at 31.03.2006	(Taken over from BSE) Depreciation upto 19.08.2005	Depreciation for the period	Deductions/ Adjustments	Total Depreciation upto 31.03.2006	Net Assets 31.03.2006
	A	B	C	D = A +B - C	E	F	G	H = E + F - G	I = D - H
Tangible Assets :									
Freehold Land	2,227,857	-	-	2,227,857	-	-	-	-	2,227,857
Buildings	270,160,699	-	-	270,160,699	204,545,937	2,013,384	-	206,559,321	63,601,378
Plant & Machinery	153,429,215	6,373,293	-	159,802,508	125,486,240	2,466,732	-	127,952,972	31,849,536
Electrical Installations	79,479,671	3,377,365	-	82,857,036	61,312,990	2,293,574	-	63,606,564	19,250,472
Computers	2,639,202,374	135,360,477	343,106,343	2,431,456,508	2,358,988,608	71,820,329	342,816,703	2,087,992,234	343,464,274
Furniture, fixtures and Office Equipments	246,961,892	8,170,929	-	255,132,821	145,962,032	11,413,583	10,143	157,365,472	97,767,349
Motor Vehicles	11,916,527	3,301,165	3,244,549	11,973,143	3,732,829	1,475,862	2,023,073	3,185,618	8,787,525
Sub-Total	**3,403,378,235**	**156,583,229**	**346,350,892**	**3,213,610,572**	**2,900,028,636**	**91,483,464**	**344,849,919**	**2,646,662,181**	**566,948,391**
Intangible Assets :									
Software	93,319,265	25,585,618	-	118,904,883	29,711,823	16,488,043	-	46,199,866	72,705,017
Total	**3,496,697,500**	**182,168,847**	**346,350,892**	**3,332,515,455**	**2,929,740,459**	**107,971,507**	**344,849,919**	**2,692,862,047**	**639,653,408**

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INVESTMENTS AS AT 31ST MARCH, 2006 — SCHEDULE "E"

PARTICULARS		Rupees	Rupees	Rupees
A. Long Term Investments				
Trade Investments				
In Equity Shares (Unquoted)				
Own Funds				
98,000	BOI Shareholding Ltd. of Rs. 100 fully paid-up	9,800,000		
38,254,600	Central Depository Services (India) Ltd. of Rs. 10 fully paid-up	382,546,000	392,346,000	
In Bonds (Quoted)				
Brokers' Contingency Fund				
140	10% ICICI Bank Ltd. of Rs. 5,000 each fully paid-up (Market Value Rs. 729,890/-)		700,000	
Non-Trade Investments				
In Mutual Fund (Unquoted)				
Own Funds				
5,000,000.000	Birla Fixed Maturity Plan - Series D	50,000,000		
36,000,000.000	Birla Fixed Term Plan - Series H	360,000,000		
10,000,000.000	Deutsche Fixed Term Series 5	100,000,000		
4,000,000.000	DSP ML Fixed Term Plan - Series 1	40,000,000		
5,000,000.000	Grindlays Fixed Maturity Plan - 16 Plan	50,000,000		
5,000,000.000	Grindlays Fixed Maturity 20th Plan	50,000,000		
5,000,000.000	HSBC Fixed Term Plan Series 13	50,000,000		
5,000,000.000	JM Fixed Maturity Plan - Series II	50,000,000		
5,000,000.000	Kotak Fixed Maturity Plan - Series 13	50,000,000		
5,000,000.000	Kotak Fixed Maturity Plan - Series XIV	50,000,000		
5,000,000.000	Prudential ICICI Fixed Maturiyt Plan - Series 28	50,000,000		
5,000,000.000	UTI Fixed Term Income Fund- Series I – Plan 18 – Q3	50,000,000	950,000,000	
1% Company Deposit				
10,000,000.000	Grindlays Fixed Maturity - 15 Plan - Plan B		100,000,000	
Brokers' Contingency Fund				
6,000,000.000	DSP ML Fixed Term Plan - Series 1	60,000,000		
5,000,000.000	Kotak Fixed Maturity Plan - Series - 25	50,000,000		
5,000,000.000	UTI Fixed Maturity Plan - YFMP (0905)	50,000,000	160,000,000	
Defaulters' Account				
5,000,000.000	Chola Fixed Maturity Plan - Series 1 (Annual Plan)	50,000,000		
5,000,000.000	Principal Deposit Fund - Fixed Maturity Plan 371 Days	50,000,000		
10,000,000.000	UTI Fixed Maturity Plan - YFMP (0905)	100,000,000	200,000,000	
Trade Guarantee Fund (Cash & Derivatives)				
5,000,000.000	Chola Fixed Maturity Plan - Series 1 (Annual Plan)	50,000,000		
3,250,000.000	Grindlays Fixed Maturity - 15 Plan - Plan B	32,500,000		
5,000,000.000	HSBC Fixed Term Plan - Series 13	50,000,000		
10,000,000.000	Kotak Fixed Maturity Plan - Series 25	100,000,000		
4,500,000.000	Principal Deposit Fund - Fixed Maturity Plan 371 Days	45,000,000		
4,664,483.688	Prudential ICICI Fixed Maturity Plan - Series 25 - IP	50,000,000		
10,000,000.000	UTI Fixed Maturity Plan - YFMP (0905)	100,000,000	427,500,000	2,230,546,000

INVESTMENTS AS AT 31ST MARCH, 2006 — SCHEDULE "E" CONTD...

PARTICULARS		Rupees	Rupees	Rupees
B. Current Investments				
(Refer Note 15 of Schedule "N")				
In Mutual Fund (Unquoted)				
Own Funds				
4,971,062.327	JM Equity & Derivative Fund - Quarterly Dividend	50,873,564		
5,113,212.913	Prudential ICICI Blended Fund - Plan B - IP - Dividend	51,711,769		
21,053,981.572	Principal Floating Rate Fund - Short Term - IP - Daily Dividend	210,554,554		
65,668,270.072	Prudential ICICI Floating Rate Fund - Plan D - Daily Dividend	656,682,701		
5,000,000.000	Birla Fixed Term Plan – Quarterly Series 1	50,000,000		
4,992,012.779	Birla Fixed Maturity Plan - Quarterly Series 2 - Dividend	50,000,000		
5,000,000.000	Chola Fixed Maturity Plan - Series 2 - Quarterly Plan	50,000,000		
5,020,773.985	HSBC Fixed Term Plan Series III - Dividend	50,207,740		
10,000,000.000	Kotak Fixed Maturity Plan - Series 22 - Dividend	100,000,000		
5,000,000.000	Kotak Fixed Maturity Plan Series XVII - Dividend	50,000,000		
10,134,800.000	Prudential ICICI Fixed Maturity Plan - Series 25 (111 Days)	101,348,000		
5,000,000.000	Prudential ICICI Fixed Maturity Plan - Series 27 Monthly Plan - Dividend	50,000,000		
5,017,936.548	Prudential ICICI Fixed Maturity Plan Series 24 - Yearly	50,179,500		
5,019,250.000	Standard Chartered Fixed Maturity Plan 4 - Dividend	50,192,500		
5,000,000.000	Sundaram Fixed Term Plan - Series 1 - Dividend	50,000,000		
5,036,519.689	UTI Quarterly Fixed Maturity Plan - 0106 - Dividend	50,365,500		
145,056,435.114	ABN AMRO Cash Fund - Institutional Plus - Daily Dividend	1,450,564,351		
68,539,225.426	Birla Cash Plus - Institutional Premium - Daily Dividend	686,728,769		
23,176,966.855	Birla Sunlife Cash Manager - Daily Dividend	231,816,022		
113,086,412.664	Chola Liquid Fund - IP - Daily Dividend	1,134,261,432		
131,934,589.834	Deutsche Insta Cash Plus Fund - IP - Daily Dividend	1,321,918,623		
1,056,220.205	DSP ML Liquidity Fund - IP - Daily Dividend	1,056,430,505		
24,471,417.326	HDFC Liquid Fund - Premuim Plan - Daily Dividend	300,014,682		
114,980,700.146	HBSC Cash Fund - Institutional Plus - Daily Dividend	1,150,450,893		
60,011,569.149	ING Vysya Liquid Fund - Super IP - Daily Dividend	600,259,719		
74,003,090.538	JM High Liquidity Fund - Premium Plan - Daily Dividend	740,030,905		
75,964,917.736	Kotak Liquid - Institutional Premium - Daily Dividend	928,906,611		

INVESTMENTS AS AT 31ST MARCH, 2006 — SCHEDULE "E" CONTD...

PARTICULARS		Rupees	Rupees	Rupees
108,637,036.764	Principal Cash Management Fund - LO - Institutional Premium - Daily Dividend	1,086,446,415		
10,016,612.870	Prudential ICICI Sweep Plan - Cash Option - Daily Dividend	100,166,129		
139,142,688.127	Reliance Liquidity Fund - Daily Dividend	1,391,858,224		
30,925,179.606	SBI Magnum Institutional Income - Saving Plan - Daily Dividend	310,256,864		
700,071.247	Standard Chartered Liquidity Manager Plus - Daily Dividend	700,141,254		
109,992,477.416	Sundarma Money Fund - Super IP - Daily Dividend	1,110,407,057		
600,017.831	Templeton India Treasury Management Account - Super IP - Daily Dividend	600,167,834		
43,462,531.252	UTI Money Market Fund - Daily Dividend	757,341,330		
4,687,044.151	DSP ML Savings Plus - Moderate Fund - Monthly Dividend	51,539,520		
4,708,899.655	Kotak Income Plus - Monthly Dividend	50,938,484		
4,709,819.009	Reliance MIP - Monthly Dividend	51,063,429		
4,814,549.577	Birla Bond Plus - IP - Fortnightly Dividend	50,511,127		
5,027,377.784	Deutsche Short Maturity Fund - Monthly Dividend	51,214,507		
10,163,774.902	Grindlays SSSIF - Short Term - Monthly Dividend	102,001,340		
10,122,863.125	Principal Income Fund - Short Term Plan - IP - Monthly Dividend	101,921,116		
4,650,041.033	Prudential ICICI Short Term Plan - IP - Monthly Dividend	51,217,708	17,840,690,678	
1% Company Deposit				
604,125.691	Chola Short Term Floating Rate Fund - Monthly Dividend	6,091,110		
2,353,407.631	JM Floater - Short Term Plan - Fortnightly Dividend	23,709,846		
5,968,633.656	Prudential ICICI Floating Rate Fund - Plan D - Fortnightly Dividend	59,759,218		
3,877,479.744	Prudential ICICI Sweep Plan - Cash Option - Weekly Dividend	38,857,950		
3,917,228.952	SBI Magnum Insta Cash Fund - Liquid Floater Plan - Weekly Dividend	40,000,000		
10,078,896.274	Standard Chartered Liquidity Manager - Weekly Dividend	100,884,947		
94,287.551	UTI Liquid Cash Fund - IP - Monthly Dividend	96,111,534	365,414,605	
Brokers' Contingency Fund				
69,813.690	DSP ML Liquidity Fund - IP - Weekly Dividend	69,825,564		
125,079.992	Prudential ICICI Sweep Plan - Cash Option - Weekly Dividend	1,253,482		
399,824.077	Prudential ICICI Floating Rate Fund - Plan D - Fortnightly Dividend	4,000,000		
96,407.338	Standard Chartered Liquidity Manager - Weekly Dividend	964,878	76,043,924	

INVESTMENTS AS AT 31ST MARCH, 2006 — SCHEDULE "E" CONTD...

PARTICULARS		Rupees	Rupees	Rupees
Defaulters' Account				
5,291,096.913	Kotak Floater - Short Term - Monthly Dividend	53,100,205		
5,372,793.427	Prudential ICICI Long Term Floating Rate Plan B - Monthly Dividend	53,939,324		
269,006.716	UTI Floating Rate Fund - Short Term	2,900,000		
67,489.961	UTI Floating Rate Fund - Short Term	744,583		
585,374.361	Prudential ICICI Sweep Plan - Cash Option - Weekly Dividend	5,866,297		
1,144,817.635	Standard Chartered Liquidity Manager - Weekly Dividend	11,455,704	128,006,113	
Withheld Account				
33,755.879	DSP ML Floating Rate Fund	378,144		
714,604.442	Prudential ICICI Floating Rate Fund - Plan C	7,500,000	7,878,144	
Trade Guarantee Fund (Cash & Derivatives)				
14,595,818.302	Prudential ICICI Floating Rate Fund - Plan D - Fortnightly Dividend	146,272,393		
5,015,845.563	Kotak Fixed Maturity Plan - Series 20	50,158,500		
114,790.324	DSP ML Liquidity Fund - IP - Weekly Dividend	114,790,720		
11,319,508.637	Standard Chartered Liquidity Manager - Weekly Dividend	113,293,387	424,515,000	
Trade Guarantee Fund (G-Sec)				
58,566.492	DSP ML Liquidity Fund - IP - Weekly Dividend		58,566,694	
Investors' Protection Account - Derivatives				
4,267,030.270	SBI Magnum Insta Cash Fund - Liquid Floater Plan - Weekly Dividend		43,596,248	
			18,944,711,406	
	Less: Provision for Diminution (Refer Note 20 of Schedule "N")		1,947,604	18,942,763,802
TOTAL				**21,173,309,802**

CURRENT ASSETS, LOANS & ADVANCES AS AT 31ST MARCH, 2006		SCHEDULE "F"
PARTICULARS		
	Rupees	**Rupees**
Sundry Debtors (Secured and Considered Good)		
Outstanding for a period exceeding six months	10,804,285	
Other Debts	36,960,999	47,765,284
Sundry Debtors (Unsecured and Considered Good)		
Outstanding for a period exceeding six months		2,400,055
Sundry Debtors (Unsecured and Considered Doubtful)		
Outstanding for a period exceeding six months	24,659,767	
Less: Provision for Doubtful Debts	24,659,767	-
Total (A)		**50,165,339**
Cash and Bank Balances		
Cash on hand		206,249
Balance with Scheduled Banks (Includes Balances for Earmarked Funds)		
In Current Accounts	335,945,673	
In Deposit Accounts	2,988,157,659	3,324,103,332
Total (B)		**3,324,309,581**
Other Current Assets		
Interest Accrued on Deposits (Includes Balances for Earmarked Funds)		16,163,727
Total (C)		**16,163,727**
Loans and Advances (Unsecured and Considered Good)		
Advances to Staff		33,219,882
Advances Recoverable in Cash or in Kind or for value to be received		327,300,445
Deposit with Companies / Financial Institutions		425,000,000
Deposit with Public Bodies and Others		18,065,811
Income Taxes Paid in Advance (Net of Provisions)		60,563,786
		864,149,924
Less: Provision for Doubtful Advances		29,861,915
Total (D)		**834,288,009**
TOTAL (A + B + C + D)		**4,224,926,656**

CURRENT LIABILITIES & PROVISIONS AS AT 31ST MARCH, 2006 — SCHEDULE "G"

PARTICULARS	Rupees	Rupees	Rupees
Current Liabilities :			
Trading Members			
Deposits and Margins Received		11,787,325,275	
Withheld Liabilities **(*)**		50,106,608	
Income Received in Advance		184,073	
Other Liabilities		91,782,403	11,929,398,359
Others :			
1. Deposits :			
(a) Deposits from Companies - 1% of their Public Issue **(*)**	806,692,168		
(b) Other Deposits Received	830,233,708	1,636,925,876	
2. Income Received in Advance		12,886,938	
3. Defaulters' Liabilities **(*)**	340,937,045		
Less: Receivable from Defaulters	21,765,614	319,171,431	
4. Other Liabilities (Refer Note 14.3 & 17 of Schedule "N")		1,343,847,202	
5. Investors' Protection Fund - Derivatives **(*)**		43,596,626	
6. Sundry Creditors		147,837,592	3,504,265,665
Total (A)			**15,433,664,024**
Provisions :			
Leave Encashment			28,640,000
Provision for Wealth Tax			80,000
Provision for Fringe Benefit Tax (Net of Advance)			50,245
Others (Refer Note 18 of Schedule "N")			4,867,624
Proposed Dividend		49,551,207	
Tax on Dividend		6,949,557	56,500,764
Total (B)			**90,138,633**
TOTAL (A + B)			**15,523,802,657**

(*) Investments in Schedule "E" & "F" have been earmarked against these liabilities.

INCOME FROM TRADING MEMBERS	SCHEDULE "H"
PARTICULARS	
	Rupees
Transaction Charges	392,819,484
Operational Charges Recovered (Refer Note 23 of Schedule "N")	249,866,198
Penalties and Fines	27,160,613
Membership Annual Subscription	4,024,175
Membership Application Processing Fees	3,020,000
TOTAL	**676,890,470**

INCOME FROM INVESTMENTS AND DEPOSITS	SCHEDULE "I"
PARTICULARS	
	Rupees
Own Funds	
Income from Long Term Investments	
Dividend Income	3,920,000
Income from Current Investments	
Profit from Sale of Mutual Fund Investments	12,467,314
Dividend from Mutual Fund Investments	150,833,086
Interest on Fixed Deposits and Term Deposits (Tax deducted at source Rs. 68,186,747/-)	252,359,241
	419,579,641
Less: Income transferred to Defaulters' Liabilities	239,827
Total (A)	**419,339,814**
Trade Guarantee Fund (Cash & Derivaitves) (Refer Note 23 of Schedule "N")	
Income from Current Investments	
Profit from Sale of Mutual Fund Investments	2,605,258
Dividend from Mutual Fund Investments	6,923,312
Interest on Fixed Deposits and Term Deposits (Tax deducted at source Rs. 11,235,044/-)	42,267,233
Total (B)	**51,795,803**
Trade Guarantee Fund (G-Sec) (Refer Note 23 of Schedule "N")	
Income from Current Investments	
Profit from Sale of Mutual Fund Investments	966
Dividend from Mutual Fund Investments	1,065,728
Interest on Fixed Deposits and Term Deposits (Tax deducted at source Rs. 232,893/-)	862,897
Total (C)	**1,929,591**

INCOME FROM INVESTMENTS AND DEPOSITS	SCHEDULE "I" CONTD...
PARTICULARS	
	Rupees
Brokers' Contingency Fund (Refer Note 23 of Schedule "N")	
Income From Long Term Investments	
Interest on Bonds (Tax deducted at source Rs. 7,854/-)	42,959
Income from Current Investments	
Profit from Sale of Mutual Fund Investments	979,276
Dividend from Mutual Fund Investments	1,195,263
Interest on Fixed Deposits and Term Deposits (Tax deducted at source Rs. 3,499,090/-)	12,764,148
Total (D)	**14,981,646**
TOTAL (A + B + C + D)	**488,046,854**

INCOME FROM SERVICES TO CORPORATES	SCHEDULE "J"
PARTICULARS	
	Rupees
Listing Fees	109,582,512
Book Building Software Charges	61,372,126
Other Fees	5,846,540
TOTAL	**176,801,178**

INCOME FROM OTHER SERVICES / INCOME	SCHEDULE "K"
PARTICULARS	
	Rupees
Rent & Maintenance Charges	44,421,830
Data Dissemination fees	35,578,234
Other Income	15,398,151
TOTAL	**95,398,215**

STAFF COSTS	SCHEDULE "L"
PARTICULARS	
	Rupees
Salaries and Bonus	97,104,534
Contribution to Provident and Other Funds	14,919,680
Staff Welfare Expenses	17,355,218
Provision for Leave Encashment	2,452,965
TOTAL	**131,832,397**

ADMINISTRATION AND OTHER EXPENSES	SCHEDULE "M"
PARTICULARS	
	Rupees
Printing and Stationery	4,809,011
Postage and Telephone Expenses	7,183,515
Electricity Charges	34,618,321
Building Repairs & Maintenance Expenses	8,222,091
Repairs to Other Assets	9,451,890
Interest on Overdraft	262,158
Rent	4,197,973
Property Taxes	6,051,683
Auditors' Remuneration (Refer Note 9 of Schedule "N")	1,590,180
Legal & Professional Fees	25,080,880
Directors' Fees	2,055,500
Contribution to Investors' Protection Fund	885,020
Advertising & Marketing Expenses	26,721,821
Travelling Expenses	9,449,553
Insurance	3,153,271
Charity and Donations (Refer Note 21 of Schedule "N")	625,736
Miscellaneous Expenses	18,884,151
Provision for Disputed Items (Refer Note 18 of Schedule "N")	1,496,196
Loss on Sale of Fixed Assets	541,660
TOTAL	**165,280,610**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS — Schedule "N"

1. Under the BSE (Corporatisation & Demutualisation) Scheme, 2005 ('the Scheme') notified by Securities and Exchange Board of India ('SEBI') vide its Order No. SEBI/MRD/40967/2005 dated 20th May, 2005, the erstwhile BSE was converted into Bombay Stock Exchange Limited ("the Exchange"), a company incorporated under the Companies Act, 1956 on 8th August, 2005 to take over the assets and liabilities of the erstwhile BSE at the close of the business hours on 19th August, 2005. On that date BSE stands dissolved. Accordingly, the financial statements of the Exchange have been drawn up for the period 8th August, 2005 (date of incorporation) to 31st March, 2006.

   Pursuant to the Scheme, all assets, liabilities and operations of the erstwhile BSE were transferred to the Exchange on the 'due date' of 19th August, 2005.

   (a) Pursuant to the Scheme, the balances in Contribution by Members, Forfeiture of Members Application Money, Technology Reserve, Stock Exchange Building, Sheth Chunilal Motilal Library, Charity, Income & Expenditure Account as at 19th August, 2005 as appearing in BSE are transferred to Capital Reserve under 'Reserves & Surplus' being reserve which shall not be used for purposes other than the operations of the Exchange.

   (b) Pursuant to the Scheme, the Exchange has from time to time allotted 10,000 equity shares of Re.1/- each to each of those card based Members of the erstwhile BSE whose names appeared on the Register of Members under Rule 64 of the erstwhile BSE – Rules, Bye-laws and Regulations, on the Record Date, i.e. 31st July, 2005 fixed for the purpose. As on 22nd March, 2006, out of the total 735 Membership rights, the Exchange has allotted 10,000 equity shares of Re.1/- each to the Trading Members having 677 Membership rights. The allotment of shares to the balance 56 trading members having 58 Membership rights were kept in abeyance for specific reasons. Further, in respect of 5 membership rights vesting with the Exchange as a trustee of the defaulter member as on the record date, the Exchange would consider the matter of allotment of equity shares, in consultation with SEBI and legal advice. Shareholder benefits will accrue to 677 Membership rights.

2. Significant Accounting Policies

   2.1 Basis of preparation of financial statements

   The accompanying financial statements are prepared under the historical cost convention on accrual basis. Accounting policies are consistently applied, except where a newly issued accounting standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

   2.2 Use of Estimates

   The preparation of financial statements requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

   2.3 Revenue Recognition

   Revenue in respect of services rendered is recognised when the service is rendered and there is a reasonable certainty of ultimate realisation.

   2.4 Fixed Assets

   Fixed Assets are stated at cost, less accumulated depreciation. Cost includes cost of acquisition and other incidental expenses incurred until the asset is ready for its intended use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the Balance Sheet date.

   2.5 Depreciation

   2.5.1 Tangible Assets

   Depreciation on fixed assets is provided on the 'Written Down Value' basis at the rates prescribed under the Companies Act, 1956 for the number of days the assets have been ready to put to use by the Exchange.

   2.5.2 Intangible Assets

   Intangible assets consisting of computer software is being depreciated at 40 % on the 'Written Down Value' basis.

   2.6 Investments

   Long-term investments are stated at cost less provision for other than temporary diminution in value. Current investments are valued at the lower of cost and fair value.

Investment income in respect of Brokers' Contingency Fund and Trade Guarantee Fund is credited to the Profit & Loss Account and then appropriated to the respective fund account net of applicable taxes. However, with respect to other earmarked funds, the income on investments is credited to the respective funds.

2.7 Employee Benefits

2.7.1 Gratuity

In accordance with the provisions of The Payment of Gratuity Act, 1972, the Exchange provides for gratuity, a defined benefit plan, in respect of eligible employees. The gratuity plan provides a lump sum payment to vested employees at the time of retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of his employment. Liabilities with regard to Gratuity are determined by an actuarial valuation as of the Balance Sheet date, based on which, the Exchange makes contribution to The Stock Exchange Staff Gratuity Fund, a trust set up and administered by the Exchange. This contribution is charged to Profit and Loss Account.

2.7.2 Provident Fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon is paid at retirement, death, incapacitation or termination of employment. Both the employee and the Exchange make monthly contribution to Bombay Stock Exchange Employees' Provident Fund, a trust set up and administered by the Exchange.

2.7.3 Leave Encashment

Provision for leave encashment is made on the basis of an actuarial valuation at the Balance Sheet date.

2.8 Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. All foreign currency current asset/liabilities are translated into rupees at the rates prevailing on the date of the Balance Sheet. Foreign Exchange rate differences arising on settlement(s)/conversion(s) are recognised in the Profit and Loss Account.

3. Contingent Liabilities Not Provided for:

(Rupees)

Sr.No.	Particulars	As at 31st March, 2006
a)	Claims against the Exchange not acknowledged as debts in respect of	
	i) Income Tax matters	4,034,072,349*
	ii) Sales Tax matters	776,440
	iii) Service Tax matters	5,403,454
	iv) Other matters	2,398,528
b)	Guarantees given by the Exchange. Aggregate loans outstanding from employees of the Stock Exchange were Rs 48,778,677 as on 31st March, 2006. The employees have mortgaged their flats/ properties with the loan provider.	104,000,000
c)	The Exchange has procured corporate credit card for its Senior Executives. The total amount outstanding is	48,977

* The Figure pertains to the orders received from the Department for the Assessment years 1991-92 to 2001-02 (Excluding Interest & Penalty).

4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 74,453,711 /- as on 31st March, 2006.

5. The Management is of the opinion that appeals before the Income Tax Appellate Tribunal in respect of pending disputed assessments of erstwhile BSE will be disposed off in the Exchange's favour and it will be granted exemption under Sections 11 & 10 (23C)(iv) of The Income-Tax Act, 1961. However, in the event that such exemption is not granted, there would be cumulative liability not provided for to the extent of approximately Rs.881,400,000 for Assessment Years 2002-03 to 2006-07 (excluding the amounts referred to in Note 2(a) above).

6. No provision for Fringe Benefit Tax (FBT) was made for the period from 1st April to 19th August, 2005 in the books of account as the Management is of the opinion that it will be granted exemption under Section 11 & 10(23C)(iv) of the Income-Tax Act, 1961. However, in the event that such exemption is not granted, there would be estimated tax liability of Rs.1,657,716. However, Fringe Benefit Tax has been provided/ paid for the subsequent period from 20th August, 2005 to 31st March, 2006.

7. In Accordance with the Accounting Standard – 22 relating to "Accounting for Taxes on Income", the break up of Deferred tax assets/liabilities is as follows:

(Rupees)

	As at 31st March, 2006
Deferred Tax Liabilities	
Depreciation	37,284,984
Total (A)	37,284,984
Deferred Tax Assets	
Preliminary Expenses	1,000,698
Disallowance U/s 43(b)	2,213,097
Others	7,971,189
Total (B)	11,184,984
Net Deferred Tax Liability (A-B)	**26,100,000**

The deferred tax recognition is subject to tax assessment of BSE upto the date of corporatisation.

8. Managerial Remuneration:

Managing Director & Chief Executive Officer

(Rupees)

Salaries	2,273,801
Contribution to Provident Fund	127,700
Perquisites	32,884
Total	**2,434,385**

Note:

The above does not include Contribution to Gratuity fund and Provision for Leave encashment as these amounts are actuarially determined for the Exchange as a whole and employee-wise details are not available.

9. Remuneration to the Auditors:

(Rupees)

Audit Fees	1,000,000
Tax Audit Fees	250,000
Company Law Matters	145,000
Other Services	12,000
Out of Pocket expenses	12,126
Service Tax	169,014
Total	**1,588,140**

10. As per the definitions of 'business segment' and 'geographical segment', contained in (AS-17) "Segment Reporting", Management is of the opinion that there is neither more than one reportable business segment nor more than one reportable geographical segment, hence segment information as per AS-17 is not required to be disclosed.

11. As per the Accounting Standard on "Related Party Disclosures" (AS-18) issued by the Institute of Chartered Accountants of India, the related parties of the Exchange are as follows:

a) Entities under common control:

Name
The Stock Exchange Investors' Protection Fund
The Stock Exchange Education & Research Services
The Stock Exchange Foundation
The Stock Exchange Charities
Seth K. R. P. Shroff Stock Exchange Sarvajanik Fund
Shri Phiroze Jeejeebhoy Memorial Trust

Transactions with the entities under common control:

(Rupees)

Name	Particulars	
EXPENDITURE		
The Stock Exchange Investors' Protection Fund	Contribution to IPF	885,020

b) Associates:

Name
BOI Shareholding Ltd.
Central Depository Services (India) Ltd.

Transactions with the Associates:

(Rupees)

Name	Particulars	
INCOME		
Central Depository Services (India) Ltd.	Vsat Recoveries	8,535,461
	Lease Line Equipment Charges	115,850
	Rent	3,825,022
EXPENDITURE		
BOI Shareholding Ltd.	Clearing House Expenses	8,092,514
ASSETS		
Central Depository Services (India) Ltd.	Investments	382,546,000
BOI Shareholding Ltd.	Investments	9,800,000
LIABILITIES		
Central Depository Services (India) Ltd.	Deposit for Premises	63,827,478

c) Key Management Personnel :

Name	Relation
Shri Rajnikant Patel	Managing Director & Chief Executive Officer

Transactions with Key Management Personnel:

(Rupees)

Particulars	
INCOME	
Housing Loan Interest	21,480
EXPENDITURE	
Remuneration	2,434,385
ASSETS	
Housing Loan	**616,636**

12. Earnings Per Share:

Number of Equity Shares (Refer Note 1(b))	:	6,770,000
Profit After Tax	:	593,337,442
Less : Appropriation to Earmarked Funds (Refer Note 14.1, 14.2 and 14.4)	:	61,410,091
Profit After Tax for EPS Purposes	:	531,927,351
Basic & Diluted EPS	:	78.57

13. As required by Accounting Standard (AS-28) "Impairment of Assets", issued by the Institute of Chartered Accountants of India, the Exchange has carried out the assessment of impairment of assets. There has been no impairment loss during the period.

14. Various Funds / Reserves setup and administered by the Exchange.

14.1 Trade Guarantee Fund (TGF)

In the year 1997, BSE set up the Trade Guarantee Fund to guarantee the settlement of bonafide transactions of members of the Exchange inter-se which form part of the Stock Exchange settlement system so as to ensure timely completion of settlement of trades and thereby protect the interest of investors and the members of the Exchange. The constitution of the Fund and its rules and bye laws were approved by the Securities and Exchange Board of India (SEBI). BSE had contributed a sum of Rs. 600,000,000 from the accumulated contribution from its members in the year 1997-98. Every member contributes Rs 10,000 /- at the time of commencement of business and there after a percentage of the gross turnover as prescribed from time to time (Presently 0.01 Rupee per Lac of Gross Turnover).

The Fund is represented by the earmarked investments and the income earned on these investments is credited to the Profit & Loss Account and then appropriated to the Fund net of tax.

14.2 Trade Guarantee Fund - G-Sec Segment

In the year 2003, BSE set up a distinct Trade Guarantee Fund known as GSEC Trade Guarantee Fund for trading in Central Government Securities and such fund was created with an initial contribution of Rs. 50,000,000 by transferring the said amount from the free reserves of BSE.

The Fund is represented by the earmarked investments and the income earned on these investments is credited to the Profit & Loss Account and then appropriated to the Fund net of tax.

14.3 Investors' Services Account

As per SEBI directive, from 1996-97, BSE decided to set aside 20% of the listing fees received to an Investors' Services Account. The Exchange has charged all direct expenses incurred towards Investors Services to the Account and has also charged on a pro-rata basis other revenue expenses. The balance in the Account as on 31st March, 2006 is Re 1 /- which is shown under the other liabilities in Schedule "G"

Annual Listing Fees for the Period	:	87,381,964 /-
20% of the above (Amount to be contributed)	:	17,476,393 /-
Expenses incurred on behalf of ISF	:	18,522,471 /-
Expenses recoverable (Subject to maximum of the contribution)	:	17,476,393 /-

14.4 Brokers' Contingency Fund (BCF)

In the year 1997 BSE had set up the Brokers' Contingency Fund with a view to make temporary refundable advance(s) to the members facing temporary financial mis-match so as to protect the interests of the investors dealing through members of BSE by ensuring timely completion of settlement. The initial contribution of BSE to the corpus of the fund was Rs 95,126,433. Every member contributes Rs 250,000 /- at the time of admission.

The Fund is represented by the earmarked investments and the income earned on these investments is credited to the Profit & Loss Account and then appropriated to the Fund net of tax.

15. Investments purchased and sold / redeemed during the period

	Face Value (Rs.)	No. of Units
Brokers' Contingency Fund		
DSP ML Liquidity Fund - Weekly Dividend	10	5,968,394.518
DSP ML Liquidity Fund - IP - Daily Dividend	1,000	3,046.209
DSP ML Liquidity Fund - IP - Weekly Dividend	1,000	61,983.657
JM Floater - Short Term Plan - Fortnightly Dividend	10	252,255.651
Prudential ICICI Long Term Floating Rate Fund - Plan B - Monthly Dividend	10	4,276,367.948
Standard Chartered Liquidity Manager - Weekly Dividend	10	109,930.744
Sundaram Floater - Short Term - IP - Monthly Dividend	10	92,967.997
1% Company Deposit		
Chola Short Term Floating Rate Fund - Monthly Dividend	10	1,483,849.652
DSP ML Floating Rate Fund - Weekly Dividend	10	998,501.352
JM Floater - Short Term Plan - Fortnightly Dividend	10	1,489,939.871
Kotak Floater - Short Term - Weekly Dividend	10	549,194.732
Prudential ICICI Floating Rate Fund - Plan C - Daily Dividend	10	488,159.850
Prudential ICICI Floating Rate Fund - Plan D - Daily Dividend	10	3,206,239.297
Standard Chartered Liquidity Manager - Weekly Dividend	10	2,271,184.969
Sundaram Floater - Short Term - IP - Monthly Dividend	10	601,010.879
Defaulters' Fund		
Grindlays Floating Rate Fund - Institutional Plan B - Monthly Dividend	10	5,383,978.369
Kotak Floater - Short Term - Monthly Dividend	10	6,018,074.285
Tata Liquid - SHIP - Monthly Dividend	1,000	10,366.883
Templeton Floating Rate Fund - Weekly Dividend	10	608,140.673
Investor Protection Fund - Derivatives		
HDFC Cash Management Fund - Savings Plan - Weekly Dividend	10	4,099,125.407
Own Funds		
Birla Floating Rate Fund - Short Term - Daily Dividend	10	67,055,087.275
Birla Cash Plus - Institutional Premium - Daily Dividend	10	303,710,884.118
Birla Sunlife Cash Manager - Daily Dividend	10	80,072,188.921
Chola Liquid Fund – IP - Daily Dividend	10	192,534,103.079
Chola Short Term Floating Rate Fund - Daily Dividend	10	20,839,846.074
Deutsche Fixed Term Fund - Series 7 - Dividend	10	5,065,954.133
Deutsche Insta Cash Plus Fund - IP - Daily Dividend	10	177,319,206.802
DSP ML Floating Rate Fund - Daily Dividend	10	157,646,248.614
DSP ML Floating Rate Fund - IP - Daily Dividend	1000	323,895.126
DSP ML Liquidity Fund - Daily Dividend	10	57,513,811.016
DSP ML Liquidity Fund - IP - Daily Dividend	1,000	1,889,622.075
DSP ML Fixed Term Plan - Series 1A	10	20,256,408.411
Grindlays Cash Fund Plan C - Super IP - Daily Dividend	10	47,139,322.861
Grindlays Fixed Maturity - Plan 17 - Dividend	10	5,059,3000
HDFC Floating Rate Fund - Short Term Plan - Weekly Dividend	10	53,169,619.752
HDFC Liquid Fund - Premium Plan - Daily Dividend	10	97,909,157.219
HDFC Liquid Fund - Premium Plan - Weekly Dividend	10	8,190,457.528
HSBC Cash Fund - Institutional Plus - Daily Dividend	10	226,471,373.222
HSBC Floating Rate Fund - Institutional Plus - Daily Dividend	10	127,512,577.551
JM Floater - Short Term Plan - Fortnightly Dividend	10	205,544,316.436
JM High Liquidity Fund - Premium Plan - Daily Dividend	10	136,500,0000
JM High Liquidity Fund - Super IP - Daily Dividend	10	64,022,722.263
Kotak Floater - Short Term - Weekly Dividend	10	43,785,277.556
Kotak Liquid - Institutional Premium - Daily Dividend	10	163,851,023.390

15. Investments purchased and sold / redeemed during the period (Contd.)

	Face Value (Rs.)	No. of Units
Principal Floating Fund - Short Term - IP - Daily Dividend	10	38,436,283.738
Principal Cash Management Fund - LO - Institutional Premium - Daily Dividend	10	201,407,666.993
Prudential ICICI Floating Rate Fund - Plan C - Daily Dividend	10	27,033,450.438
Prudential ICICI Floating Rate Fund - Plan D - Daily Dividend	10	91,092,047.796
Prudential ICICI Liquid Plan - Institutional Plus - Daily Dividend	10	17,743,658.147
Reliance Fixed Maturity Plan - Series II - Quarterly Plan II	10	5,059,580.200
Reliance Liquid Fund - Cash Plan - Daily Dividend	10	31,914,647.647
Reliance Liquid Fund - Treasury Plan - Retail - Monthly Dividend	10	3,142,497.233
Reliance Liquidity Fund - Daily Dividend	10	218,800,810.127
Standard Chartered Liquidity Manager - Daily Dividend	10	294,486,705.937
Sundaram Floater - Short Term - IP - Daily Dividend	10	237,405,912.741
Sundaram Money Fund - Super IP - Daily Dividend	10	198,607,272.697
Templeton Floating Fund - Short Term - IP - Weekly Dividend	10	89,995,905.111
Templeton Floating Fund - Short Term - Weekly Dividend	10	39,936,301.442
Templeton India Treasury Management Account - Super IP - Daily Dividend	1,000	1,950,572.682
UTI Floating Rate Fund - Short Term Plan - Weekly Dividend	10	98,322,705.570
UTI Liquid Cash Fund - IP - Daily Dividend	1,000	2,314,329.653
Trade Guaratnee Fund (Cash & Derivatives)		
Chola Short Term Floating Rate Fund - Weekly Dividend	10	8,248,969.336
DSP ML Floating Rate Fund - IP - Weekly Dividend	1,000	50,699.618
DSP ML Liquidity Fund - Weekly Dividend	10	9,089,703.544
DSP ML Liquidity Fund - IP - Daily Dividend	1,000	685.501
Grindlays Cash Fund Plan C - Super IP - Weekly Dividend	10	10,087,536.482
Prudential ICICI Floating Rate Fund - Plan C - Daily Dividend	10	943,913.581
Prudential ICICI Long Term Floating Rate Fund - Plan B - Monthly Dividend	10	12,212,736.502
Prudential ICICI Sweep Plan - Cash Option - Weekly Dividend	10	220,140.785
Standard Chartered Liquidity Manager - Weekly Dividend	10	4,137,227.177
Sundaram Floater - Short Term - IP - Monthly Dividend	10	4,745,607.920
UTI Liquid Cash Fund - IP - Daily Dividend	1,000	23,161.827
Trade Guaratnee Fund (G-Sec)		
DSP ML Liquidity Fund - Weekly Dividend	10	4,637,603.848

16. Earnings / Expenses in Foreign Currency (on cash basis) :

a) Earnings:

Particulars	Rupees
Training Institute Receipts	1,802,887
Data feed	29,797,913
Total	**31,600,800**

b) Expenses:

Particulars	Rupees
Computer Software Expenses	11,091
Professional Fees	500,971
Books	6,099
Annual Subscription Charges	442,700
Advertisement	308,693
Total	**1,269,554**

17. BSE had issued Fixed Deposits / Debentures in the early 1980's of which an amount of Rs. 696,301 (including Interest) are unclaimed and have been shown under other liabilities in schedule "G". The Exchange is in the process of getting a clarification from the Department of Company Affairs on the applicability of Sec. 205C on the above mentioned amounts. Based on the clarification, appropriate action will be taken by the Exchange.

18. The Exchange has made provision of Rs. 1,496,196 being the additional property tax demanded by Brihanmumbai Municipal Corporation for the period ended 31st March, 2006. Cummulative provision as at 31st March, 2006 is Rs. 4,867,624.

19. The amount of Rs. 1,155,000,000 appearing as "Deposit from trading members" in the Balance Sheet represents refundable deposits received from deposit based trading members. These deposits have a lock in of 3 years with an additional notice period of one year.

20. The diminution in the value of current investments as shown in the Profit & Loss Account amounting to Rs. 1,742,405 does not include the diminution in the value of earmarked current investments of 1% Company Deposit & Defaulters' Account amounting to Rs. 205,199 which are shown as a deduction from the respective liability accounts.

21. The Exchange has contributed a sum of Rs. 625,736 for the rehabilitation of the victims of the 2001 Gujarat earthquake. This amount exceeds the limit for donation U/s 293(1)(e) of the Companies Act, 1956, and is subject to Shareholders approval.

22. The Exchange has an Overdraft Facility with certain banks, however as on the balance sheet date the Exchange has not overdrawn funds from any of the banks as per their records. The Secured loan shown under the Schedule "C", therefore, represents only book overdraft and not overdrawn bank balances.

23. The following amounts have been appropriated to the BCF & TGF during the period;

(Rupees)

Particulars	BCF	TGF (Cash and Derivative)	TGF (G-Sec)
Contribution by Trading Members	17,500,000	1,928,588	-
Income from Investments	14,981,646	51,795,803	1,929,591
Claim Settlement	-	277,500	-
Less: Provision for Tax	10,500,000	15,900,000	300,000
Less: Provision for Diminution	2,379	300,658	-
Amount Appropriated	**21,979,267**	**37,801,233**	**1,629,591**

24. This being the first period of reporting no previous year amounts are given.

For and on behalf of the Board of Directors

Rajnikant Patel
Managing Director & CEO

Jagdish Capoor
Chairman

P. P. Vora
Director

Prakash R. Kacholia
Director

Sandeep Sarawgi
Chief Financial Officer

V. G. Bhagat
Company Secretary

Mumbai, 31st July, 2006

The edge is efficiency

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No. 155188 State Code 11

Balance Sheet Date 31 (Date) 03 (Month) 2006 (Year)

II Capital raised during the year (Amount in Rs. Thousands) #

Public Issue	Rights Issue
NIL	***NIL***
Bonus Issue	**Private Placement**
NIL	***NIL***

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

Total Liabilities	Total Assets
*2604291 5	*2604291 5

Sources of Funds

Paid-up Capital	Reserves & Surplus
*****6770	**926573 2
Secured Loans	**Unsecured Loans/Deposits # #**
*****65180	**1155330
Deferred Tax Liabilities	
*****26100	

Application of Funds

Net Fixed Assets	Investments
***644678	*2113310
Net Current Assets	**Misc. Expenditure**
(-)1129876	***NIL***
Accumulated Losses	
NIL	

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

Turnover	Total Expenditure
**1454063	***637871

+ -	Profit / Loss before tax	+ -	Profit / Loss after tax
✓	***816192	✓	***593337

(Please tick Appropriate box + for Profit, - for Loss)

Earning per Share in Rs.	Dividend rate %
**78.57	132

V Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code) ****NA****

Product Description: FACILITATING TRADING IN SECURITIES

\# Pursuant to The BSE (Corporatisation & Demutualisation) Scheme, 2005 notified by SEBI vide its order No. SEBI/MRD/40967/2005 dated 20th May, 2005, each of the card based member whose name appeared on the Register of members under Rule 64 of the erstwhile BSE – Rules, Bye-laws and Regulations, on the record date was entitled to 10,000 equity shares of Re. 1/- each for cash at par of Bombay Stock Exchange Limited. Accordingly, the Exchange as on 31st March, 2006 has allotted 67,70,000 equity shares against 677 Membership Rights, which has not been shown under the capital raised during the year.

\# # This amount includes an amount of Rs. 3,30,000 /- received towards Share Application money.

For and on behalf of the Board of Directors

Rajnikant Patel
Managing Director & CEO

Jagdish Capoor
Chairman

P. P. Vora
Director

Prakash R. Kacholia
Director

Sandeep Sarawgi
Chief Financial Officer

V. G. Bhagat
Company Secretary

Mumbai, 31st July, 2006