

AUDITORS' REPORT

TO THE MEMBERS OF THE STOCK EXCHANGE, MUMBAI

We have audited the attached Balance Sheet of **THE STOCK EXCHANGE, MUMBAI** as at 31st March, 2001 and the Income and Expenditure Account of the Exchange for the year ended on that date, annexed thereto, and report thereon as follows:

1. 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.
2. In our opinion, proper books of account have been kept by the Exchange so far as it appears from our examination of those books.
3. The Balance Sheet and the Income and Expenditure Account dealt with by this report are in agreement with the books of account.
4. As stated in Note 3 of Schedule "J", since the Management is of the opinion that the Exchange will be granted exemption from income-tax, no provision has been made in the accounts for income-tax payable. However, should such exemption not be granted, there would be an estimated income-tax liability of Rs. 37.85 crores for the year and a cumulative liability of Rs. 101.73 crores as at 31st March, 2001.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to our comments under paragraph 4 above, give a true and fair view:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Exchange as at 31st March, 2001; and
 - (b) in the case of the Income and Expenditure Account, of the excess of income over expenditure of the Exchange for the year ended on that date.

For S. B. BILLIMORIA & CO.
Chartered Accountants

Nalin M. Shah
Partner

MUMBAI, 14th June, 2001

**THE STOCK
BALANCE SHEET AS AT**

FUNDS AND LIABILITIES	Rs.	As at 31st March, 2000 Rs.
CONTRIBUTION BY MEMBERS		
As per Schedule "E"	283,39,46,963	153,51,55,757
ADVANCE RECEIVED FOR NEW MEMBERSHIP	50,00,000	24,25,00,000
RESERVES AND SURPLUS		
As per Schedule "F"	306,63,31,328	230,29,17,093
SECURED LOANS		
(Secured by pledge of Fixed Deposits)	99,97,27,244	43,65,50,348
UNSECURED LOANS		
As per Schedule "G"	2,43,000	2,43,000
CURRENT LIABILITIES & PROVISIONS		
As per Schedule "H"	673,05,36,320	1567,19,77,636
TOTAL	1363,57,84,855	2018,93,43,834

(For notes forming part of the Accounts see Schedule "J")

In terms of our report of even date.

For S.B.BILLIMORIA & CO.
Chartered Accountants

Nalin M. Shah
Partner

MUMBAI, 14th June, 2001

EXCHANGE, MUMBAI
31st MARCH, 2001

PROPERTY AND ASSETS	Rs.	As at 31st March, 2000 Rs.
FIXED ASSETS		
As per Schedule "A" Net Block (Original Cost less Depreciation)	99,58,55,398	62,60,43,193
INVESTMENTS		
As per Schedule "B"	132,52,19,965	666,83,53,140
EARMARKED INVESTMENTS & OTHER ASSETS		
As per Schedule "C"	138,07,04,786	127,01,71,545
CURRENT ASSETS, LOANS & ADVANCES		
As per Schedule "D"	993,40,04,706	1162,47,75,956
TOTAL	1363,57,84,855	2018,93,43,834

For and on behalf of the Governing Board.

SHRI A. N. JOSHI
 Executive Director

JUSTICE D. R. DHANUKA (Retd.)
 Director

SHRI S. S. THAKUR
 Director

SHRI N. P. SARDA
 Director

SHRI KEVIN DESOUZA
 General Manager - Finance & Accounts

SHRI S. S. VYAS
 General Manager - Legal & Secretarial

MUMBAI, 13th June, 2001

THE STOCK INCOME & EXPENDITURE ACCOUNT

EXPENDITURE	Rs.	Previous Year Rs.
Salaries, Wages and Bonus	13,27,68,561	11,18,19,722
Contribution to Provident and Gratuity Funds	1,61,23,522	1,65,92,621
Staff Welfare Expenses	4,71,57,114	2,89,90,715
Printing and Stationery	1,18,31,268	1,57,39,597
Postage and Telephone Expenses	1,46,76,192	74,06,538
Electricity Charges	5,44,42,245	4,74,99,120
Building Repairs & Maintenance Expenses	3,66,10,843	2,50,37,451
Repairs to Other Assets	1,20,21,251	92,90,331
Ground Rent & Property Taxes	75,85,199	69,73,178
Auditors' Remuneration	4,72,500	3,15,000
Professional & Legal fees	2,56,92,257	2,23,15,111
Governing Board Directors' Fees & Other Committees Fees (Public Representatives)	3,97,200	2,93,000
Contribution to SEBI	60,10,001	59,50,731
Contribution to Customers' Protection Fund	30,05,001	29,75,366
Charity & Donations	22,14,000	2,02,00,000
Travelling Expenses	1,66,22,746	89,99,069
Computer Maintenance and Service Charges	17,88,71,500	8,73,54,113
Derivative Segment Expenses (Excluding Overheads)	3,45,62,099	--
Clearing House Expenses	1,19,60,415	94,19,149
Insurance Premium	61,05,075	1,55,60,057
Miscellaneous Expenses	5,59,85,252	2,37,87,584
Depreciation	63,18,28,133	31,15,91,695
Internet Trading System Expenses	2,73,93,203	--
Loss on Sale of Fixed Assets	1,33,831	--
TOTAL EXPENSES	133,44,69,408	77,81,10,148
Less: Expenses transferred to Investors' Service Account	2,36,69,805	2,37,56,425
	131,07,99,603	75,43,53,723
Excess of Income over Expenditure transferred to Balance Sheet	5,60,05,254	52,26,81,573
TOTAL	136,68,04,857	127,70,35,296

(For notes forming part of the Accounts see Schedule "J")

In terms of our report of even date.

For S.B. BILLIMORIA & CO.
Chartered Accountants

Nalin M. Shah
Partner

MUMBAI, 14th June, 2001

**EXCHANGE, MUMBAI
FOR THE YEAR ENDED 31st MARCH, 2001**

INCOME	Rs.	Previous Year Rs.
Listing Fees	12,02,00,026	11,90,14,626
Membership Annual Subscription	1,06,32,000	45,35,000
Penalties and Fines	3,80,63,495	4,01,99,824
Charges Recovered from Members	65,40,09,889	58,11,55,432
Rent and Maintenance Service Charges	1,57,13,390	1,93,75,090
Income from Investments and Deposits (Schedule "I")	47,11,85,100	48,27,99,757
Miscellaneous Income	3,77,39,347	3,69,10,583
Income from Data Dissemination	3,54,15,744	1,68,01,409
Income from Derivatives Segment	75,15,671	
TOTAL INCOME	139,04,74,662	130,07,91,721
Less: Contribution transferred to Investors' Services Account	2,36,69,805	2,37,56,425
TOTAL	136,68,04,857	127,70,35,296

For and on behalf of the Governing Board.

SHRI A. N. JOSHI

Executive Director

JUSTICE D. R. DHANUKA (Retd.)

Director

SHRI S. S. THAKUR

Director

SHRI N. P. SARDA

Director

SHRI KEVIN DESOUZA

General Manager - Finance & Accounts

SHRI S. S. VYAS

General Manager - Legal & Secretarial

MUMBAI, 13th June, 2001

THE STOCK STATEMENT OF FIXED ASSETS FORMING

SR. NO.	PARTICULARS OF ASSETS	GROSS BLOCK			
		COST AS AT 01.04.2000 Rs.	ADDITIONS DURING THE YEAR Rs.	DEDUCTIONS/ ADJUSTMENTS Rs.	COST AS AT 31.03.2001 Rs.
1	FREEHOLD LAND	22,27,857	—	—	22,27,857
2	BUILDINGS	32,89,93,474	2,02,732	—	(*) 32,91,96,206
3	PLANT & MACHINERY	11,49,34,187	35,40,035	—	11,84,74,222
4	ELECTRICAL INSTALLATIONS	4,55,83,432	1,30,37,080	—	5,86,20,512
5	COMPUTERS	112,15,08,982	(#) 95,96,98,134	2,54,50,234	205,57,56,882
6	FURNITURE, FIXTURES AND OFFICE EQUIPMENTS	16,63,86,007	3,26,40,477	3,22,500	19,87,03,984
7	MOTOR VEHICLES	52,63,096	50,28,646	9,24,009	93,67,733
AS AT 31st MARCH, 2001		178,48,97,035	101,41,47,104	2,66,96,743	277,23,47,396
AS AT 31st MARCH, 2000		129,77,35,586	49,98,20,240	1,26,58,791	178,48,97,035

(*) Buildings include cost of shares in Co-operative Housing Societies amounting to Rs. 1,750/- (Previous year Rs. 1,750/-)

(#) Additions during the year financed out of Technology Reserve to the extent of Rs. 35,82,62,384/- (Previous Year Rs.41,83,19,887/-)

EXCHANGE, MUMBAI
PART OF THE BALANCE SHEET AS AT 31st MARCH, 2001

SCHEDULE "A"

DEPRECIATION				NET BLOCK	
DEPRECIATION UPTO 31.3.2000 Rs.	DEPRECIATION FOR THE YEAR Rs.	DEDUCTIONS/ ADJUSTMENTS Rs.	TOTAL DEPRECIATION UPTO 31.03.2001 Rs.	NET ASSETS 31.03.2001 Rs.	NET ASSETS 31.03.2000 Rs.
—	—	—	—	22,27,857	22,27,857
16,78,25,396	1,36,35,792	—	18,14,61,188	14,77,35,018	16,11,68,078
8,74,07,315	75,74,755	—	9,49,82,070	2,34,92,152	2,75,26,872
2,84,66,631	61,64,165	—	3,46,30,796	2,39,89,716	1,71,16,801
81,09,55,529	58,61,88,006	1,34,44,799	138,36,98,736	67,20,58,146	31,05,53,453
6,16,52,575	1,58,98,276	2,15,853	7,73,34,998	12,13,68,986	10,47,33,432
25,46,396	23,67,139	5,29,325	43,84,210	49,83,523	27,16,700
115,88,53,842	63,18,28,133	1,41,89,977	177,64,91,998	99,58,55,398	62,60,43,193
84,72,68,132	31,15,91,695	5,985	115,88,53,842	62,60,43,193	45,04,67,454

**THE STOCK EXCHANGE, MUMBAI
INVESTMENTS AS AT 31st MARCH, 2001**

SCHEDULE "B"

	Rs.		AS AT 31ST MARCH, 2000 Rs.	
INVESTMENTS :				
LONG-TERM :				
IDBI DEEP DISCOUNT BONDS	49,95,000		49,95,000	
98,000 SHARES OF BOI SHAREHOLDING LTD. OF RS.100/- EACH	98,00,000		98,00,000	
6,59,99,200 SHARES OF CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED OF RS. 10/- EACH	65,99,92,000		65,99,92,000	
	-----	67,47,87,000	-----	67,47,87,000
CURRENT :				
IDBI BONDS	11,92,00,000		56,84,00,000	
RSRTC BONDS	4,00,00,000		7,00,00,000	
PSIDC BONDS	5,00,00,000		5,00,00,000	
	-----	20,92,00,000	-----	68,84,00,000
MUTUAL FUND INVESTMENTS : (AT LOWER OF COST AND MARKET VALUE)				
BALANCED SCHEMES	23,67,34,213		63,90,67,904	
DEBT SCHEMES	11,25,00,000		451,25,28,236	
EQUITY SCHEMES	9,19,98,752		15,35,70,000	
	-----	44,12,32,965	-----	530,51,66,140
TOTAL		132,52,19,965		666,83,53,140

**THE STOCK EXCHANGE, MUMBAI
EARMARKED INVESTMENTS AND OTHER ASSETS
AS AT 31st MARCH, 2001**

SCHEDULE "C"

				AS AT 31ST MARCH, 2000		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INVESTMENTS :						
TRADE GUARANTEE FUND :						
LONG-TERM :						
IDBI BONDS	—			6,87,00,000		
RSRTC BONDS	—			4,00,00,000		
HDFC NON-CONVERTIBLE DEBENTURE	5,00,00,000			—		
	-----	5,00,00,000		-----	10,87,00,000	
CURRENT :						
DEPOSIT WITH BANKS IN CD/TDR	82,32,33,029			56,05,05,804		
DEPOSIT WITH HDFC LIMITED	16,68,74,075			33,46,31,529		
DEPOSIT WITH ICICI LIMITED	75,00,000			—		
	-----	99,76,07,104		-----	89,51,37,333	
		-----	104,76,07,104	-----		100,38,37,333
BROKERS' CONTINGENCY FUND :						
LONG-TERM :						
IDBI BONDS		—			2,10,00,000	
CURRENT :						
DEPOSIT WITH BANKS IN CD/TDR	25,52,89,078			13,17,07,764		
DEPOSIT WITH HDFC LIMITED	44,00,000			4,89,61,000		
DEPOSIT WITH ICICI LIMITED	2,25,00,000			—		
	-----	28,21,89,078		-----	18,06,68,764	
		-----	28,21,89,078	-----		20,16,68,764
OTHER ASSETS (*)						
TRADE GUARANTEE FUND :						
ACCRUED INTEREST ON INVESTMENTS	52,08,877			3,91,32,624		
TDS ON INTEREST ON INVESTMENTS	3,21,13,284			2,08,44,795		
PREPAID EXPENSES	1,15,93,750			—		
	-----	4,89,15,911		-----	5,99,77,419	
BROKERS' CONTINGENCY FUND : (@)						
ACCRUED INTEREST ON INVESTMENTS		19,92,693			46,88,029	
		-----	5,09,08,604	-----		6,46,65,448
TOTAL			138,07,04,786			127,01,71,545

(*) Excluding Bank Balances in Current Account

(@) TDS on Interest on Brokers Contingency Fund Investments is included in Schedule "D"

**THE STOCK EXCHANGE, MUMBAI
CURRENT ASSETS, LOANS & ADVANCES
AS AT 31st MARCH, 2001**

SCHEDULE "D"

	Rs.		AS AT 31st MARCH, 2000 Rs.	
	Rs.	Rs.	Rs.	Rs.
INTEREST ACCRUED ON INVESTMENTS / DEPOSITS		6,23,73,328		41,85,69,161
CASH AND BANK BALANCES :				
CASH ON HAND	1,75,113		80,416	
BALANCE WITH SCHEDULED BANKS :				
IN CURRENT ACCOUNT (INCLUDES BALANCES OF TGF & BCF)	79,38,147		73,89,483	
IN DEPOSIT ACCOUNT	832,76,68,697		924,94,41,387	
		833,57,81,957		925,69,11,286
		839,81,55,285		967,54,80,447
DEPOSIT WITH ICICI LIMITED		19,00,00,000		56,60,00,000
DEPOSIT WITH HDFC LIMITED		68,64,22,956		64,95,00,000
DEPOSIT WITH EXIM BANK		—		21,98,19,820
ADVANCES RECOVERABLE IN CASH OR IN KIND :				
SUNDRY ADVANCES	24,80,83,301		26,65,39,917	
LESS : PROVISION FOR DOUBTFUL ADVANCES	9,04,140		9,04,140	
		24,71,79,161		26,56,35,777
DEPOSIT WITH PUBLIC BODIES & OTHERS		1,00,02,508		1,00,59,428
ADVANCES TO STAFF		6,58,27,435		5,65,91,053
TAX DEDUCTED AT SOURCE		29,88,87,447		12,12,10,946
SHETH CHUNILAL MOTILAL LIBRARY		5,050		5,050
INCOME RECEIVABLE		3,72,39,920		5,66,24,940
STOCK ON HAND		2,84,944		38,48,495
TOTAL		993,40,04,706		1162,47,75,956

**THE STOCK EXCHANGE, MUMBAI
CONTRIBUTION BY MEMBERS
AS AT 31st MARCH, 2001**

SCHEDULE "E"

	Rs.	Rs.	AS AT 31st MARCH, 2000 Rs.
BALANCE AS PER LAST BALANCE SHEET		46,91,73,051	12,08,34,651
ADD: FEES RECEIVED FROM NEW MEMBERS :			
ADMISSION FEES(CORPORATE)		1,85,00,000	1,67,50,000
ADMISSION FEES(INDIVIDUAL)		—	2,50,000
ADMISSION FEES(DERIVATIVES)		3,59,00,000	—
		52,35,73,051	13,78,34,651
ENTRANCE FEE(CORPORATE)		126,09,30,535	33,15,88,400
		178,45,03,586	46,94,23,051
LESS: REFUNDED DURING THE YEAR		5,00,00,000	2,50,000
		173,45,03,586	46,91,73,051
TRADE GUARANTEE FUND :			
BALANCE AS PER LAST BALANCE SHEET	106,59,82,706		85,70,46,635
ADDITIONS :			
INITIAL CONTRIBUTION BY MEMBERS	6,00,000		4,70,000
INITIAL CONTRIBUTION BY MEMBERS (DERIVATIVES)	1,56,00,000		—
CONTINUOUS CONTRIBUTION BY MEMBERS	6,40,68,575		8,12,16,640
CONTINUOUS CONTRIBUTION BY MEMBERS (DERIVATIVES)	1,66,184		—
INTEREST ON CD/TDR INVESTMENTS	10,31,22,203		11,92,49,431
DEPOSIT IN LIEU OF BANK GUARANTEE	1,00,00,000		80,00,000
	125,95,39,668		106,59,82,706
LESS :			
(1) UTILISED FOR DEFAULTER MEMBERS' PAY-IN	1,55,21,000		—
(2) ADVANCE GIVEN FOR MEETING LIABILITIES TO THE CLEARING HOUSE	14,22,56,541		—
(3) INSURANCE COVER FOR TRADE GUARANTEE FUND	23,18,750		—
	—	109,94,43,377	106,59,82,706
TOTAL	283,39,46,963		153,51,55,757

**THE STOCK EXCHANGE, MUMBAI
RESERVES AND SURPLUS
AS AT 31st MARCH, 2001**

SCHEDULE “F”

	Rs.	Rs.	AS AT 31st MARCH, 2000 Rs.
STOCK EXCHANGE BUILDING A/C		9,13,896	9,13,896
SHETH CHUNILAL MOTILAL LIBRARY A/C		37,050	37,050
CHARITY A/C		16,041	16,041
STOCK EXCHANGE TECHNOLOGY RESERVE :			
BALANCE AS PER LAST BALANCE SHEET	56,17,59,042		1,74,93,111
ADD: ACCRETION DURING THE YEAR	15,88,11,496		6,14,66,174
ADD: TRANSFERRED FROM INCOME ON INVESTMENTS	47,11,85,100		48,27,99,757
TECHNOLOGY FUND (DERIVATIVES)	2,474		—
	-----	119,17,58,112	-----
			56,17,59,042
INVESTORS' SERVICE ACCOUNT :			
BALANCE AS PER LAST BALANCE SHEET	1		1
ADD: CONTRIBUTION RECEIVED DURING THE YEAR	2,36,69,805		2,37,56,425
	-----		-----
	2,36,69,806		2,37,56,426
LESS: EXPENSES INCURRED DURING THE YEAR	2,36,69,805		2,37,56,425
	-----	1	-----
			1
BROKERS' CONTINGENCY FUND :			
BALANCE AS PER LAST BALANCE SHEET	20,70,01,452		16,24,47,214
ADDITIONS :			
INITIAL CONTRIBUTION BY MEMBERS	1,82,50,000		1,62,57,000
CONTINUOUS CONTRIBUTION BY MEMBERS	3,04,75,714		83,20,700
INTEREST ON CD/TDR INVESTMENTS	2,76,78,761		1,89,22,608
TRANSFER FROM ASSETS OF DEFAULTER	10,05,436		10,53,930
	-----	28,44,11,363	-----
			20,70,01,452
INCOME & EXPENDITURE ACCOUNT :			
BALANCE AS PER LAST BALANCE SHEET	153,31,89,611		101,05,08,038
ADD: EXCESS OF INCOME OVER EXPENDITURE	5,60,05,254		52,26,81,573
	-----	158,91,94,865	-----
			153,31,89,611
TOTAL		306,63,31,328	230,29,17,093

**THE STOCK EXCHANGE, MUMBAI
UNSECURED LOANS AS AT 31st MARCH, 2001**

SCHEDULE “G”

	Rs.	AS AT 31st MARCH, 2000 Rs.
FIXED DEPOSITS :		
FROM MEMBERS	50,000	50,000
FROM PUBLIC (UNCLAIMED)	1,93,000	1,93,000
TOTAL	2,43,000	2,43,000

**THE STOCK EXCHANGE, MUMBAI
CURRENT LIABILITIES & PROVISIONS
AS AT 31st MARCH, 2001**

SCHEDULE "H"

	Rs.	Rs.	Rs.	Rs.	AS AT 31st MARCH, 2000	
					Rs.	Rs.
CURRENT LIABILITIES :						
MEMBERS :						
DEPOSITS & MARGINS RECEIVED		527,84,57,748			1465,55,29,057	
OTHER LIABILITIES		26,75,311			26,75,311	
		-----	528,11,33,059		-----	1465,82,04,368
OTHERS :						
1. DEPOSITS :						
(a) DEPOSITS FROM COMPANIES - 1% OF THEIR PUBLIC ISSUE	42,20,40,710			33,74,20,994		
(b) OTHER DEPOSITS RECEIVED	26,26,53,550			6,44,76,517		
	-----	68,46,94,260		-----	40,18,97,511	
2. INCOME RECEIVED IN ADVANCE		1,08,77,132			63,51,839	
3. ADVANCE RECEIVED FOR DISINVESTMENT OF SHAREHOLDING IN CDSIL	28,50,00,000			24,50,00,000		
4. OTHER LIABILITIES	37,47,46,868			29,46,12,124		
	-----	65,97,46,868		-----	53,96,12,124	
5. SUNDRY CREDITORS		6,63,99,586			3,93,88,657	
		-----	142,17,17,846		-----	98,72,50,131
PROVISIONS :						
LEAVE ENCASHMENT		1,51,27,000			1,00,33,000	
INTEREST ACCRUED BUT NOT DUE ON LOANS		1,25,58,415			1,64,90,137	
		-----	144,94,03,261		-----	101,37,73,268
TOTAL			673,05,36,320			1567,19,77,636

**THE STOCK EXCHANGE, MUMBAI
SECURED LOANS AS AT 31st MARCH, 2001**

	Rs.	AS AT 31st MARCH, 2000 Rs.
(1) STATE BANK OF MYSORE	27,73,88,906	13,79,91,722
(2) CORPORATION BANK	32,39,88,596	23,80,36,204
(3) BANK OF INDIA	14,65,65,283	6,05,22,422
(4) ORIENTAL BANK OF COMMERCE	25,00,00,000	—
(5) CENTURION BANK	17,32,563	—
(6) STANDARD CHARTERED BANK	51,896	—
TOTAL	99,97,27,244	43,65,50,348

(The Loans from Banks are fully secured against the Term Deposits kept with them)

THE STOCK EXCHANGE, MUMBAI

INCOME FROM INVESTMENTS & DEPOSITS

SCHEDULE "I"

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	ENDED 31.03.2001	ENDED 31.03.2000
	Rs.	Rs.
INTEREST ON BONDS/DEPOSITS WITH FINANCIAL INSTITUTIONS	11,61,71,253	4,21,97,832
INTEREST ON CERTIFICATE OF DEPOSITS WITH BANKS	1,59,04,410	1,16,49,095
INTEREST ON FIXED DEPOSITS & TERM DEPOSITS INVESTMENTS	100,74,21,585	75,27,58,940
PROFIT FROM MUTUAL FUND INVESTMENTS	10,33,53,552	18,95,25,680
INCENTIVE ON MUTUAL FUND INVESTMENTS	2,68,52,657	2,00,10,544
PROFIT ON REDEMPTION OF BONDS	18,16,385	50,000
INTEREST ON B.E.S.T. DEPOSIT	6,89,866	97,563
DIVIDEND ON MUTUAL FUNDS EQUITY SCHEMES	2,20,15,179	—
	-----	-----
	129,42,24,887	101,62,89,654
LESS : (1) PROVISION FOR DIMINUTION ON MUTUAL FUND INVESTMENTS	24,59,73,905	2,82,33,861
(2) INTEREST ON OVERDRAFT	10,58,80,782	2,24,56,279
	-----	-----
	94,23,70,200	96,55,99,514
LESS : 50% TRANSFERRED TO TECHNOLOGY RESERVE	47,11,85,100	48,27,99,757
NET INCOME FROM INVESTMENTS	47,11,85,100	48,27,99,757

NOTES FORMING PART OF THE ACCOUNTS

1. Significant Accounting Policies:

- (a) The Exchange maintains its books of account on accrual basis.
- (b) Fixed Assets are stated at cost and depreciation thereon is provided for on the 'Written Down Value' basis at the rates prescribed under the Income-Tax Act, 1961.
- (c) Investments: Long term investments are stated at cost. Provision is made for permanent diminution in value of such investments. Current investments are valued at lower of cost and market value. Incentives received in respect of investments made are recognised as income.
- (d) Retirement benefits: Retirement benefits to employees are provided for by way of provident fund, gratuity and leave encashment. The monthly contributions to provident fund are charged to revenue account. Provision for gratuity is made on the basis of an actuarial valuation. Provision for Leave encashment is based on actuarial valuation.

2. Contingent Liabilities Not Provided for:

	31/03/2001 (Rs. in Crores)	31/03/2000 (Rs. in Crores)
a) Claims against the Exchange not acknowledged as debts in respect of Income-Tax matters	—	6.92
b) Claims against the Exchange not acknowledged as debt in respect of Sales-Tax matters	1.40	—
c) Guarantees given by the Exchange to HDFC Ltd., aggregating to Rs. 7.50 crores for their line of credit scheme for providing loans to employees of the Stock Exchange for housing. Aggregate loans outstanding from employees of Stock Exchange were Rs. 5,48,05,350/- as on 31st March, 2001 (31/3/2000 Rs. 4,14,10,968/-). The Employees have mortgaged their flats/properties with HDFC Ltd.		
3. No provision for Taxation for the year ended 31st March, 2001 has been made in the accounts as the Management is of the opinion that appeals will be disposed off in the Exchange's favour and the Exchange will be granted exemption under Sections 11 & 10 (23C)(iv) of Income-Tax, 1961. However, in the event that such exemption is not granted, there would be estimated tax liability of Rs.37.85 crores for the year (31/3/2000 — Rs. 51 crores). The total cumulative income tax liability unprovided for is estimated at Rs.101.73 crores (excluding the amounts referred to in Note 2(a) above) (31/3/2000 — Rs. 66.14 crores).		

4. Remuneration to the Auditors:

	31/3/2001	31/3/2000
Audit Fees	Rs. 3,00,000/-	Rs. 2,00,000/-
Tax Audit Fees	Rs. 75,000/-	Rs. 50,000/-
Other Capacity	Rs. 75,000/-	Rs. 50,000/-
Service Tax	Rs. 22,500/-	Rs. 15,000/-
	Rs. 4,72,500/-	Rs. 3,15,000/-

5. Current Assets include interest accrued on Investments /Bank Deposits of Rs. 6,23,73,328/- (31/3/2000 — Rs. 41,85,69,161/-) which is provided only on own funds. Interest accrued amounting to Rs. 44,59,672/- (31/3/2000 — Rs. 3,68,39,721/-) is not provided on defaulter's deposits and 1% Public Issue deposit as interest therefrom belongs to the respective beneficiaries.
6. From 1996-97, the Exchange 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 pro-rata other revenue expenses, including premium paid for members' comprehensive insurance policy but excluding depreciation to the Account, on the basis of number of employees in the Investors Service Cell to the extent of the balance available in the said Account.
7. The Governing Board in its meeting held on 11th February, 1997 decided to set up a Trade Guarantee Fund for guaranteeing the trades executed in the Exchange. The constitution of the Fund and its rules and bye laws were approved by the Securities and Exchange Board of India on 9th May, 1997 and the Fund became operational on 12th May, 1997. The Exchange contributed a sum of Rs. 60 crores from accumulated contribution from its members for the year 1997-98. The members of the Exchange also contributed to the Fund through the initial contribution of Rs. 10,000/- and a levy based on turnover. The income of the investment of the Fund accrues to the credit of the Fund.
8. The Governing Board in its meeting held on 7th July, 1997 decided to set up a Brokers Contingency Fund for meeting temporary mismatch of fund requirements of its members. The initial corpus of the Fund was Rs. 9.51 crores. The members contribute to the Fund through a levy based on turnover. Contributions are also collected from new members. The income on the investment of the Fund accrues to the credit of the Fund.
9. BOI Shareholding Ltd. (acting as the Clearing House) operates a Settlement Account with Bank of India, Global Trust Bank Ltd., HDFC Bank Ltd., Standard Chartered Bank, Centurion Bank Ltd., UTI Bank Ltd., and ICICI Bank Ltd., through which the pay-in and pay-out obligations of all members are routed. The general ledger balance of this account had a credit balance of Rs. 181.69 crores as on 31st March, 2001 (31/3/2000 — CR. Rs. 150.06 crores) which has not been reflected in the Balance Sheet.
10. In accordance with the Governing Board Resolution dated 17th March, 2000, 50% of the net income earned on Investments have been transferred to the Technology Reserve.
11. The figures of the previous year have been regrouped and re-arranged wherever necessary.