



ACCOUNTS

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TO THE MEMBERS OF THE STOCK EXCHANGE, MUMBAI

- 1 We have audited the attached Balance Sheet of THE STOCK EXCHANGE, MUMBAI as at 31st March, 2003, the Income and Expenditure Account of the Exchange for the year ended on that date and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Exchange's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. 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 We report as follows:
 - (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 Exchange so far as it appears from our examination of those books.
 - (c) The Balance Sheet and the Income and Expenditure Account dealt with by this report are in agreement with the books of account.
 - (d) As stated in Note 4 of Schedule "O", 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.13.87 crores for the year and a cumulative liability of Rs.115.71 crores as at 31st March, 2003.
 - (e) 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 3(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 Exchange as at 31st March, 2003;
 - (ii) in the case of the Income and Expenditure Account, of the surplus of the Exchange for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Exchange for the year ended on that date.

For S. B. BILLIMORIA & CO.
Chartered Accountants

Nalin M. Shah
Partner

MUMBAI, 19th August, 2003

BALANCE SHEET AS AT 31st MARCH, 2003

	Schedule			As at 31.03.2002	
		Rs.	Rs.	Rs.	Rs.
I SOURCES OF FUNDS					
1. Members Fund					
a) Contribution by Members	A		3,141,046,426		2,921,487,786
b) Reserves and Surplus	B		3,578,893,613		3,388,600,552
2. Loans					
a) Secured	C		893,950,802		1,647,677,815
b) Unsecured	D		243,000		243,000
TOTAL			7,614,133,841		7,958,009,153
II APPLICATION OF FUNDS					
1. Fixed Assets					
Net Block (Original Cost less Depreciation)	E		458,219,339		691,849,354
2. Investments	F		2,547,643,086		906,281,713
3. Earmarked Investments	G		2,235,906,661		2,178,183,418
4. Current Assets, Loans & Advances	H	4,388,406,897		6,752,980,957	
Less: Current Liabilities & Provisions	I	2,078,515,271		2,656,767,427	
Net Current Assets			2,309,891,626		4,096,213,530
5. Miscellaneous Expenditure to the extent not written off (Voluntary Retirement Scheme Expenses)			62,473,129		85,481,138
TOTAL			7,614,133,841		7,958,009,153

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

For and on behalf of the Governing Board.

Schedules "A" to "O" annexed hereto form part of the Balance Sheet and the Income & Expenditure Account.

In terms of our report of even date.

For **S.B.BILLIMORIA & CO.**
Chartered Accountants

Nalin M. Shah
Partner

MUMBAI, 19th August, 2003

Shri S. Jambunathan
Chairman

Dr. Manoj Vaish
Executive Director & CEO

Shri Rajnikant Patel
Chief Operating Officer

Shri S. S. Thakur
Director

Shri Bhanubhai Fozdar
Director

Shri Prakash Kacholia
Director

Shri Kevin Desouza
General Manager -
Finance & Accounts

Shri V. G. Bhagat
Secretary

MUMBAI, 19th August, 2003

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2003

	Schedule	31.03.2002	
		Rs.	Rs.
INCOME			
Listing Fees		104,756,398	114,576,748
Operational Charges and Other Recoveries	J	485,762,459	492,435,671
Rent and Maintenance Charges		67,707,967	241,119,279
Income from Investments and Deposits	K	434,926,624	513,878,934
Income from Data Dissemination		49,100,790	28,184,283
Other Income	L	57,826,018	87,869,938
		1,200,080,256	1,478,064,853
Less: Contribution transferred to Investors' Services Account (Refer Note No. 7 of Schedule "O")		20,840,780	22,834,900
TOTAL		1,179,239,476	1,455,229,953
EXPENDITURE			
Staff Costs	M	183,968,233	183,454,084
Administrative and Other Expenses	N	301,288,491	330,713,208
Contribution to SEBI (Refer Note No.14 of Schedule "O")		5,237,820	5,728,837
Computer Maintenance and Service Charges		200,783,972	147,865,014
Clearing House Expenses		7,845,205	8,509,655
Provision for Bad and Doubtful Debts / Advances		8,723,086	-
Depreciation		261,355,770	552,572,937
Consumption of Stock		23,343,391	(32,141,997)
		992,545,968	1,196,701,738
Less: Expenses transferred to Investors' Service Account (Refer Note No.7 of Schedule "O")		20,840,780	22,834,900
TOTAL		971,705,188	1,173,866,838
Surplus for the year before Prior Period Adjustments		207,534,288	281,363,115
Less: Prior Period Adjustments (Refer Note No.13 of Schedule "O")		7,281,596	20,821,059
Surplus for the year after Prior Period Adjustments		200,252,692	260,542,056
Add: Surplus brought forward from PreviousYear		1,695,573,241	1,589,194,865
Surplus available for Appropriation		1,895,825,933	1,849,736,921
Appropriations :			
-Technology Reserve		-	154,163,680
-Initial Contribution to Trade Guarantee Fund (G-Sec)		50,000,000	-
Surplus Transferred to Balance Sheet		1,845,825,933	1,695,573,241
		1,895,825,933	1,849,736,921

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

For and on behalf of the Governing Board.

Schedules "A" to " O" annexed hereto form part of the Balance Sheet and the Income & Expenditure Account.

In terms of our report of even date.

For S.B.BILLIMORIA & CO.
Chartered Accountants

Nalin M. Shah
Partner

MUMBAI, 19th August, 2003

Shri S. Jambunathan
Chairman

Shri Rajnikant Patel
Chief Operating Officer

Shri Bhanubhai Fozdar
Director

Shri Kevin Desouza
General Manager -
Finance & Accounts

MUMBAI, 19th August, 2003

Dr. Manoj Vaish
Executive Director & CEO

Shri S. S. Thakur
Director

Shri Prakash Kacholia
Director

Shri V. G. Bhagat
Secretary

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2003

			31.03.2002	31.03.2002
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Surplus as per Income & Expenditure Account		200,252,692		106,378,376
<u>Adjustments for:</u>				
Depreciation		261,355,770		552,572,937
Voluntary Retirement Scheme Amortisation		23,008,008		21,370,284
Prior Period Adjustments		7,281,596		20,821,059
Write-off of fixed assets		-		400,000
(Profit)/Loss on sale of Fixed Assets		20,302		(513,672)
Interest income considered separately		(535,628,544)		(739,698,620)
Interest Expense considered separately		82,183,189		239,945,903
Profit on sale of Investments		(9,831,670)		(2,948,562)
Provision for Doubtful Debts / Advances		8,723,086		-
Excess Provision for diminution on mutual fund investments written back		(91,166,458)		(28,061,748)
Operating Cash flow before working capital changes		(53,802,029)		170,265,957
<u>Adjustments for:</u>				
Current Assets		91,822,187		19,546,454
Current Liabilities		(377,619,916)		(3,983,825,018)
Expenditure on Voluntary Retirement Scheme		-		(106,851,421)
Refund of Excess Auction Fees (Prior Period Adjustments)		-		(15,257,718)
Net cash from operating activities		(339,599,758)		(3,916,121,745)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(36,121,681)		(250,913,548)
Proceeds from sale of Fixed Assets		1,017,256		2,460,326
Purchase of Investments		(9,352,111,704)		(4,146,033,802)
Sale Proceeds from Investments		9,899,989,069		6,883,331,681
Interest income on Investments		535,628,544		739,698,620
Net cash from investing activities		1,048,401,484		3,228,543,278
C. CASH FLOW FROM FINANCING ACTIVITIES				
Change in Funds				
Trade Guarantee Fund	153,908,641		97,834,572	
Brokers' Contingency Fund	36,501,869		43,108,040	
Investors' Protection Fund	2,425,301		8,055,909	
1% Company Deposit Fund	(242,810,652)		18,444,451	
Defaulters' Fund	39,962,692	(10,012,150)	(121,923,331)	45,519,642
Contribution by members towards capital		15,650,000		1,300,000
Contribution by members towards Technology Reserve		3,538,500		167,782,809
Loans and borrowings		(753,642,765)		647,866,325
Interest expense on borrowings		(82,183,189)		(239,945,903)
Net cash from financing activities		(826,649,604)		622,522,873
Net Decrease in cash and cash equivalents		(117,847,878)		(65,055,594)
Cash and cash equivalents at the end of the year		49,079,952		166,927,830
Cash and cash equivalents at the beginning of the year		166,927,830		231,983,424
		(117,847,878)		(65,055,594)

Note: Cash and cash equivalents include cash in hand, balance in current account with banks and own investments with maturity of less than 90 days amounting to Rs. NIL (31.03.2002 Rs.162,050,258)

In terms of our report of even date.

For **S.B.BILLIMORIA & CO.**
Chartered Accountants

Nalin M. Shah
Partner

MUMBAI, 19th August, 2003

For and on behalf of the Governing Board.

Shri S. Jambunathan
Chairman

Shri Rajnikant Patel
Chief Operating Officer

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Director

Shri Prakash Kacholia
Director

Shri V. G. Bhagat
Secretary

MUMBAI, 19th August, 2003

CONTRIBUTION BY MEMBERS AS AT 31st MARCH, 2003		SCHEDULE " A "		
			As at 31st March , 2002	
	Rs.	Rs.	Rs.	Rs.
Balance as per Last Balance Sheet		1,735,803,586		1,734,503,586
<u>Add:</u> Fees Received from New Members :				
Admission Fees (Corporate)		1,750,000		2,000,000
Admission Fees (Derivatives)		700,000		4,300,000
		1,738,253,586		1,740,803,586
Entrance fees (Corporate)		13,200,000		5,000,000
		1,751,453,586		1,745,803,586
<u>Less:</u> Refunded During the Year		-		10,000,000
		1,751,453,586		1,735,803,586
<u>Trade Guarantee Fund (Cash and Derivatives)</u>				
(Refer Note No. 8 of Schedule "O")				
Balance as per Last Balance Sheet	1,185,684,200		1,099,443,377	
<u>Add :</u>				
Initial Contribution by Members	1,270,000		4,040,000	
Continuous Contribution by Members	6,659,999		15,388,167	
Income from Investments :				
Long Term	8,723,514		8,691,785	
Current	10,345,654		6,801,158	
Others	102,273,915		102,364,174	
Interest received on Funding to Defaulter	2,638,883		-	
Transferred from Defaulters' Account	26,575,623		-	
	1,344,171,788		1,236,728,661	
<u>Less :</u>				
Administration Charges Paid	-		11,450,711	
Insurance Cover for Trade Guarantee Fund	-		11,593,750	
Defaulter Clients Claims Settlement	4,578,948		-	
Transfer to Deposit in Lieu of Bank Guarantee of Earlier Years	-	1,339,592,840	28,000,000	1,185,684,200
<u>Trade Guarantee Fund (G-Sec) :</u>				
(Refer Note No. 16 of Schedule "O")				
Transferred from Income & Expenditure Account		50,000,000		-
TOTAL		3,141,046,426		2,921,487,786

RESERVES AND SURPLUS AS AT 31ST MARCH, 2003

SCHEDULE " B "

			As at 31st March , 2002	
	Rs.	Rs.	Rs.	Rs.
Stock Exchange Building		913,896		913,896
Sheth Chunilal Motilal Library		37,050		37,050
Charity		16,041		16,041
Forfeiture of Membership Application Money		5,000,000		5,000,000
Technology Reserve : (Refer Note No. 12 of Schedule " O ")				
Balance as per Last Balance Sheet	1,359,540,921		1,191,758,112	
Add: Contribution During the Year	3,538,500		13,619,129	
Add: Transferred from Income & Expenditure Account	-		154,163,680	
		1,363,079,421		1,359,540,921
Investors' Services Reserve :				
Balance as Per Last Balance Sheet	1		1	
Add: Contribution Received During the Year	20,840,780		22,834,900	
	20,840,781		22,834,901	
Less: Expenses Incurred During the Year	20,840,780		22,834,900	
		1		1
Brokers' Contingency Fund : (Refer Note No. 9 of Schedule " O ")				
Balance as Per Last Balance Sheet	327,519,402		284,411,363	
Add:				
Initial Contribution by Members	2,250,000		2,000,000	
Continuous Contribution by Members	-		5,901,651	
Income from Investments :				
Long Term	10,655,568		12,031,209	
Current	4,178,958		-	
Others	18,790,497		21,416,126	
Interest received on Funding to Brokers	1,088		-	
Transfer from Assets of Defaulter	625,758		4,892,480	
	364,021,271		330,652,829	
Less :				
Asset Management Fees Paid	-		3,133,427	
		364,021,271		327,519,402
Income & Expenditure Account :				
Surplus transferred from Income & Expenditure Account		1,845,825,933		1,695,573,241
TOTAL		3,578,893,613		3,388,600,552

SECURED LOANS AS AT 31st MARCH, 2003		SCHEDULE " C "
		As at 31st March, 2002
	Rs.	Rs.
Term Loans from Banks	138,950,802	1,064,320,281
Overdraft from Banks	755,000,000	583,357,534
TOTAL	893,950,802	1,647,677,815

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

UNSECURED LOANS AS AT 31st MARCH, 2003		SCHEDULE " D "
		As at 31st March, 2002
	Rs.	Rs.
Fixed Deposits (Unclaimed) :		
From Members	50,000	50,000
From Public	193,000	193,000
TOTAL	243,000	243,000

STATEMENT OF FIXED ASSETS FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2003

STATEMENT OF FIXED ASSETS FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2003										SCHEDULE "E"	
Sr. no.	Particulars of Assets	Cost As at 1.4.2002 (Rs.)	Additions During the Year (Rs.)	Deductions / Adjustments (Rs.)	Cost As at 31.3.2003 (Rs.)	Depreciation Upto 31.3.2002 (Rs.)	Depreciation for the Year (Rs.)	Deductions/ Adjustments (Rs.)	Total Depreciation Upto 31.03.2003 (Rs.)	Net Assets 31.3.2003 (Rs.)	Net Assets 31.3.2002 (Rs.)
1	Freehold Land	2,227,857	-	-	2,227,857	-	-	-	-	2,227,857	2,227,857
2	Buildings (*)	329,196,206	-	-	329,196,206	193,858,465	11,276,359	-	205,134,824	124,061,382	135,337,741
3	Plant and Machinery	138,866,789	660,539	-	139,527,328	93,187,014	11,550,029	-	104,737,043	34,790,285	45,679,775
4	Electrical Installations	68,270,458	146,576	-	68,417,033	42,589,436	6,445,182	-	49,034,618	19,382,415	25,681,022
5	Computers (#)	2,247,840,815	12,271,260	33,598,025	2,226,514,050	1,889,407,084	215,940,562	26,137,406	2,079,210,240	147,303,810	358,433,731
6	Furniture, Fixtures and Office Equipments	212,359,589	4,351,241	2,853,348	213,857,482	93,668,950	14,855,255	2,295,296	106,228,909	107,628,573	118,690,639
7	Motor Vehicles	8,759,157	826,388	1,070,247	8,515,298	2,960,568	1,288,383	692,993	3,555,958	4,959,340	5,798,589
	Capital-Work-In-Progress	3,007,520,871	18,256,004	37,521,620	2,988,255,254	2,315,671,517	261,355,770	29,125,695	2,547,901,592	440,353,662	691,849,354
	As at 31st March, 2003	3,007,520,871	18,256,004	37,521,620	2,988,255,254	2,315,671,517	261,355,770	29,125,695	2,547,901,592	458,219,339	691,849,354
	As at 31st March, 2002	2,772,347,396	250,913,548	15,740,073	3,007,520,871	1,776,491,998	552,572,937	13,393,418	2,315,671,517	691,849,354	995,855,398

(*) Buildings Include Cost of Shares in Co-Operative Societies amounting to Rs.1,750/- (Previous Year Rs.1,750/-)

(#) Additions During the Year Financed Out of Technology Reserve is Rs.12,271,260/- (Previous Year Rs.192,083,933/-)

INVESTMENTS AS AT 31st MARCH, 2003
SCHEDULE " F "

	As at 31st March, 2002			
	Rs.	Rs.	Rs.	Rs.
<u>Long-Term :</u>				
(At Cost)				
<u>Equity Shares :</u>				
98,000 BOI Shareholding Ltd. of Rs.100/-	9,800,000		9,800,000	
44,999,200 Central Depository Services (India) Ltd. of Rs.10/-	449,992,000		469,992,000	
<u>Bonds :</u>				
1,850 16.12% IDBI Deep Discount of RS.2,700/-	-		4,995,000	
100 11.10% ICICI Bank of Rs.100,000/- (#)	10,000,000	469,792,000	10,000,000	494,787,000
<u>Current :</u>				
(At Lower of Cost and Market Value)				
<u>Bonds :</u>				
47 12.00% IDBI Ltd. of Rs.100,000/-	-		4,700,000	
500 12.25%PSIDC of Rs.100,000/-	50,000,000		50,000,000	
50 7.40% HUDCO Ltd. of Rs.1,000,000/-	50,000,000		-	
50 7.60% HUDCO Ltd. of Rs.1,000,000/-	50,000,000	150,000,000	-	54,700,000
<u>Mutual Funds :</u>				
Balanced Schemes	202,841,653		259,723,094	
Income Schemes	436,810,470		-	
Equity Schemes	135,888,657		97,071,619	
Short Term Fund	980,755,406		-	
Short Term Fund (#)	22,511,139		-	
Fixed Maturity Plan	110,000,000		-	
Liquid Scheme	35,000,000		-	
Liquid Scheme (#)	4,043,761	1,927,851,086	-	356,794,713
TOTAL		2,547,643,086		906,281,713

(#) Represents Investments made out of Derivative segment funds.

EARMARKED INVESTMENTS AS AT 31ST MARCH, 2003
SCHEDULE "G"

	As at 31st March, 2002			
	Rs.	Rs.	Rs.	Rs.
<u>Trade Guarantee Fund :</u>				
<u>Long-Term :</u>				
(At Cost)				
50 11.30% HDFC Non-Convertible Debentures of Rs.1,000,000/-	50,000,000		50,000,000	
75 11.10% ICICI Bank Bonds of Rs.100,000/-	7,500,000	57,500,000	7,500,000	57,500,000
<u>Current :</u>				
(At Lower of Cost and Market Value)				
<u>Mutual Funds :</u>				
Income Schemes	49,858,993		-	
Short Term Fund	399,733,787		-	
Liquid Scheme	195,000,000		-	
Deposit with HDFC Ltd.	-	644,592,780	40,981,145	40,981,145
<u>Brokers' Contingency Fund :</u>				
<u>Long-Term :</u>				
(At Cost)				
<u>Bonds :</u>				
400 12.50% RSRTC of Rs.50,000/-	-		20,000,000	
250 10.50% IDBI Ltd. of Rs.100,000/-	25,000,000		25,000,000	
140 10.00% ICICI Bank of Rs.5,000/-	700,000		700,000	
225 11.10% ICICI Bank of Rs.100,000/-	22,500,000	48,200,000	-	45,700,000
<u>Current :</u>				
(At Lower of Cost and Market Value)				
<u>Mutual Funds :</u>				
Liquid Scheme	3,675,000		-	
Short Term Fund	59,696,291	63,371,291	-	-
<u>Deposits from Companies - 1% of their Public Issue :</u>				
<u>Current :</u>				
(At Lower of Cost and Market Value)				
<u>Mutual Funds :</u>				
Short Term Fund	93,525,347		-	
Liquid Scheme	1,500,000	95,025,347		

SCHEDULE "G" CONTD..

	As at 31st March, 2002			
	Rs.	Rs.	Rs.	Rs.
<u>Defaulters' Accounts :</u>				
<u>Current :</u>				
(At Lower of Cost and Market Value)				
Mutual Funds :				
Short Term Fund	156,225,000		-	
Liquid Scheme	65,675,000	221,900,000	-	-
<u>Other Assets (*)</u>				
<u>Trade Guarantee Fund:</u>				
Deposit with Banks	572,572,813		1,037,041,647	
Accrued Interest on Investments	2,298,548		2,375,719	
Tax Deducted at Source on Interest on Investments	57,544,035		45,727,487	
Advance Towards Investments	50,000,000	682,415,396	-	1,085,144,853
<u>Brokers' Contingency Fund :</u>				
Deposit with Banks	239,056,503		277,357,398	
Accrued Interest on Investments	3,582,301		4,791,985	
Tax Deducted at Source on Interest on Investments	9,800,055	252,438,859	5,433,970	287,583,353
<u>Withheld Funds :</u>				
Deposit with Banks		12,195,486		-
<u>Deposits from Companies - 1% of their Public Issue :</u>				
Deposit with Banks	90,000,000		417,770,382	
Accrued Interest on Investments	1,117,685		20,685,144	
Tax Deducted at Source on Interest on Investments	2,006,386		-	
Advance Towards Investments	50,000,000	143,124,071	-	438,455,526
<u>Defaulters' Accounts :</u>				
Deposit with Banks	13,077,672		209,510,338	
Accrued Interest on Investments	404,225		13,308,203	
Tax Deducted at Source on Interest on Investments	1,661,534	15,143,431	-	222,818,541
TOTAL		2,235,906,661		2,178,183,418

(*) Excluding Bank Balances in Current Account

CURRENT ASSETS, LOANS & ADVANCES AS AT 31st MARCH, 2003

SCHEDULE " H "

	Rs.	Rs.	As at 31st March, 2002	
			Rs.	Rs.
Interest Accrued on Investments / Deposits (Refer Note No. 6 of Schedule "O")		6,719,188		8,279,999
<u>Cash and Bank Balances :</u>				
Cash on Hand	153,430		112,032	
Balance with Scheduled Banks (Includes Balances Earmarked for Funds)				
In Current Account	48,926,522		4,765,540	
In Deposit Account	2,281,466,045		5,205,337,988	
		2,330,545,997		5,210,215,560
		2,337,265,185		5,218,495,559
<u>Advances Recoverable in Cash Or in Kind :</u>				
Sundry Advances (Refer Note No. 15 of Schedule "O")	110,948,455		91,507,243	
Income Receivable	52,416,853		118,533,473	
	163,365,308		210,040,716	
<u>Less:</u> Provision for Doubtful Debts /Advances	9,631,425		904,140	
		153,733,883		209,136,576
Deposit with Companies / Financial Institutions		1,456,369,886		840,512,061
Deposit with Public Bodies and Others		22,993,599		22,968,173
Advances to Staff		46,721,867		47,183,991
Tax Deducted at Source		362,518,821		382,537,550
Sheth Chunilal Motilal Library		5,050		5,050
Stock on Hand		8,798,606		32,141,997
TOTAL		4,388,406,897		6,752,980,957

CURRENT LIABILITIES & PROVISION AS AT 31st MARCH, 2003				SCHEDULE " I "		
				As at 31st March, 2002		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Current Liabilities :						
Members :						
Deposits and Margins Received		938,089,857			1,317,659,023	
Withheld Funds (*)		12,386,713				-
Income Received in Advance		38,569,571			68,610,228	
Other Liabilities		2,857,649			15,143,047	
			991,903,790			1,401,412,298
Others :						
1. Deposits :						
(a) Deposits from Companies - 1% of their Public Issue (*)	197,674,508			440,485,161		
(b) Other Deposits Received	367,362,528			267,195,750		
		565,037,036			707,680,911	
2. Income Received in Advance		14,296,796			14,181,129	
3. Advance Received for Disinvestment of Shareholding in Central Depository Services (India) Ltd.		75,000,000			95,000,000	
4. Defaulters Liabilities (*)		205,403,242			165,440,550	
5. Other Liabilities		152,739,201			174,775,114	
6. Sundry Creditors		58,839,206			85,945,425	
			1,071,315,481			1,243,023,129
Provisions :						
Leave Encashment			15,296,000			12,332,000
TOTAL			2,078,515,271			2,656,767,427

(*) Investments in Schedule "G" have been earmarked against these liabilities.

OPERATIONAL CHARGES AND OTHER RECOVERIES		SCHEDULE "J"	
		Current Year Ended 31.03.2003 Rs.	Previous Year Ended 31.03.2002 Rs.
1	Membership Annual Subscription	4,676,100	11,616,000
2	Penalties and Fines	17,027,208	44,649,287
3	Charges Recovered from Members	454,803,540	433,161,342
4	Income from Internet Trading System	9,255,611	3,009,042
		485,762,459	492,435,671

INCOME FROM INVESTMENTS & DEPOSITS		SCHEDULE "K"	
		Current Year Ended 31.03.2003 Rs.	Previous Year Ended 31.03.2002 Rs.
1	<u>Income From Long Term Investments</u>		
	a. Interest On Bonds	576,362	26,640,206
	b. Profit on Redemption of Bonds	-	527,381
2	<u>Income from Current Investments</u>		
	a. Interest on Bonds	164,384	-
	b. Incentive on Mutual Fund Investments	2,769,979	1,785,385
	c. Profit from Sale of Mutual Fund Investments	8,786,632	2,309,176
	d. Provision for Diminution on Mutual Fund Investments	(18,418,418)	28,061,748
3	<u>Other Income</u>		
	a. Interest on Fixed Deposits and Term Deposits	519,551,056	694,019,241
	b. Incentive on Bonds / Fixed Deposits	3,625,000	-
	c. Interest on Other Deposits	150,788	180,385
		517,205,783	753,523,522
	<u>Less:</u>		
	Interest on Loans / Overdraft / Arbitration Deposit	82,279,159	239,644,588
	Net Income from Investments	434,926,624	513,878,934

Note: Income from Investments of the Derivative Segment is included in Income from Derivatives Segment.

OTHER INCOME		SCHEDULE "L"	
		Current Year Ended 31.03.2003 Rs.	Previous Year Ended 31.03.2002 Rs.
1	Income From Derivatives Segment	16,580,535	21,348,881
2	Sale of Networking Equipments	1,933,283	-
3	Miscellaneous Income	32,177,826	30,082,844
4	Gain on Exchange Difference	-	39,787
5	Interest on Income Tax Refund	7,134,374	21,300,616
6	Fees for Administering Earmarked Funds	-	14,584,138
7	Net profit on Sale of Fixed Assets	-	513,672
		57,826,018	87,869,938

STAFF COSTS		SCHEDULE "M"	
		Current Year Ended 31.03.2003 Rs.	Previous Year Ended 31.03.2002 Rs.
1	Salaries, Wages and Bonus	116,664,633	107,035,896
2	Contribution to Provident and Other Funds	12,225,151	18,142,627
3	Staff Welfare Expenses	32,070,441	36,905,277
4	Staff Voluntary Retirement Scheme Expenses Amortised	23,008,008	21,370,284
		183,968,233	183,454,084

ADMINISTRATIVE AND OTHER EXPENSES		SCHEDULE "N"	
		Current Year Ended 31.03.2003 Rs.	Previous Year Ended 31.03.2002 Rs.
1	Printing and Stationery	10,319,452	10,662,219
2	Postage and Telephone Expenses	11,553,358	10,128,875
3	Electricity Charges	66,736,604	74,744,141
4	Building Repairs & Maintenance Expenses	24,369,309	21,517,247
5	Repairs to Other Assets	15,305,100	9,842,179
6	Rent & Property Taxes	17,651,928	20,346,588
7	Auditors' Remuneration(Refer Note No.5 of Schedule"0")	491,250	472,500
8	Professional & Legal Fees	21,525,484	19,856,668
9	Governing Board Directors' Fees & Other Committees Fees (Public Representatives)	852,000	635,500
10	Contribution to Investors' Protection Fund (Refer Note No.14 of Schedule "0")	2,618,909	2,864,419
11	Advertising & Marketing Expenses	18,267,818	3,117,161
12	Travelling Expenses	10,850,466	5,334,733
13	Derivative Segment Expenses (Excluding Overheads)	34,987,212	42,065,007
14	Insurance Premium	10,087,756	28,391,029
15	Miscellaneous Expenses	26,697,096	20,705,554
16	Internet Trading & Website Expenses	28,923,131	31,163,388
17	Compensation For Vacation of Premises	-	28,866,000
18	Loss on Sale of Fixed Assets	20,302	-
19	Loss on Exchange Difference	31,316	-
		301,288,491	330,713,208

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.

In the year of acquisition the depreciation is charged for the full year in case the asset is capitalised for a period of more than 180 days and depreciation is charged for half year in case the asset is capitalised for a period of less than 180 days during the financial year. In the year of disposal the charge for depreciation is taken for the period upto the expiry of the month prior to the date of disposal.

- (c) Inventories: Inventories are stated at lower of cost and net realisable value.
- (d) Investments: Long-term investments are stated at cost. Provision is made for other than temporary diminution in value of such investments. Current investments are valued at lower of cost and market value.
- (e) 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 the Income & Expenditure Account. Provisions for gratuity and leave encashment are accounted based on actuarial valuation at the end of the year. Gratuity liability is funded.
- (f) 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 balance sheet. Exchange difference arising on settlement/conversion is adjusted to the Income & Expenditure Account.
- (g) Miscellaneous Expenditure : Expenditure incurred on Voluntary Retirement Scheme (VRS) offered to the employees in 2001-02 is amortised over a period of the lower of five years and the period for which the benefit is accrued.

2. Contingent Liabilities Not Provided for :

	31/03/2003	31/03/2002
	(Rs. in crores)	(Rs. in crores)

- | | | |
|---|--------|--------|
| a) Claims against the Exchange not acknowledged as debts in respect of Income-Tax matters | 173.89 | 173.89 |
| b) Claims against the Exchange not acknowledged as debt in respect of Sales-Tax matters | 0.68 | 1.74 |
| c) Outstanding guarantees furnished to Banks and Financial Institutions including in respect of Letters of Credit | 0.05 | - |
| d) Guarantees given by the Exchange to HDFC Ltd., aggregating to Rs. 6.50 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. 61,980,633/- as on 31 st March, 2003 (31/3/2002 Rs. 54,730,814/-). The Employees have mortgaged their flats / properties with HDFC Ltd. | | |
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 11.78 crores (31/03/2002 – Rs. 1.21 crores).

4. No provision for Taxation for the year ended 31st March, 2003 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. 13.87 crores for the year (31/3/2002 – Rs. 13.69 crores). The total cumulative income tax liability not provided for is estimated at Rs. 115.71 crores (excluding the amounts referred to in Note 2(a) above) (31/3/2002 – Rs. 101.84 crores). However, the estimated tax liability does not include interest, if any.

5. **Remuneration to the Auditors :**

	31/03/2003	31/03/2002
Audit Fees	Rs. 300,000	Rs. 300,000
Tax Audit Fees	Rs. 75,000	Rs. 75,000
Other Capacity	Rs. 75,000	Rs. 75,000
Other Services	Rs. 5,000	-
Service Tax	Rs. 36,250	Rs. 22,500
	Rs. 491,250	Rs. 472,500

6. Current Assets include interest accrued on Investments / Bank Deposits of Own funds and Derivative Funds Rs. 8,005,438 (31/3/2002 — Rs. 8,279,999), Defaulters Deposits Rs. 404,225 (31/3/2002 – Rs. 13,321,507) and 1% Public Issue Deposit Rs. 1,117,685 (31/3/2002 – Rs. 19,591,718). No accrual has been made on Arbitration Deposit.

7. 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 on a pro-rata basis 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 Investor Service Cell to the extent of the balance available in the said Account.

8. 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.

9. 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.

10. The Exchange has consolidated in its Balance Sheet as at 31st March, 2003, various accounts operated and maintained by the Clearing House (through BOI Shareholding Ltd). Arising out of this, a provision of Rs. 0.37 crores has been made for amounts doubtful of recovery from the members. The net assets of the Clearing House aggregating Rs. 72.64 crores which were not consolidated as at 31st March, 2002 have been regrouped during the year.

11. As per the Accounting Standard on Related Party Disclosures (AS18) issued by the Institute of Chartered Accountants of India, the related parties of the Exchange are as follows :

- a) Associates
BOI Shareholding Ltd.
Central Depository Services (India) Ltd.
- b) Key Management Personnel
Dr. Manoj Vaish
Shri A.N. Joshi

The nature and volume of transactions of the Exchange during the year with the above related parties were as follows:

	Particulars	Associates (Rs.)	Key Management Personnel (Rs.)
I	INCOME		
	- VSAT Recovery	15,750,000	
	- Lease line Equipment charges	622,700	
	- Housing Loan Interest		25,140
	- Rent	2,610,039	
II	EXPENDITURE		
	- Clearing House Expenses	7,845,205	
	- Remuneration		4,393,895
III	ASSETS		
	- Investments	459,792,000	
	- Housing Loan		777,760
V	LIABILITIES		
	- Deposit for premises	63,827,478	

12. In accordance with the Governing Board Resolutions, 50% of the net income earned on Investments had been transferred to the Technology Reserve for the years 1999-2000 and 2000-01 and 30% for 2001-02. However, the Governing Board in its meeting held on 19th August, 2003 decided not to transfer any amount to the Technology Reserve for the year 2002-03.
13. Prior period adjustment comprises of charge created for rectifying the excess valuation of inventories in the previous year – Rs. 7,381,596, with respect to networking equipment.
14. Contribution paid to SEBI and Investors' Protection Fund is 5% and 2.50% of the listing fees received during the year, respectively, as per the SEBI guidelines.
15. The Exchange had filed a complaint on 29th May, 2003 against an employee with the Mumbai Police in respect of several irregularities including financial misappropriation. The Mumbai Police has registered a case in the matter. The Exchange has made all necessary adjustments in the books to give effect to the said financial irregularities amounting to Rs.5,009,000, to the extent identified.
16. The Governing Board in its meeting held on 13th January, 2003 decided to set up a distinct Trade Guarantee Fund to be known as GSEC Trade Guarantee Fund for trading in Central Government Securities and such fund be created with an initial contribution of Rs. 5 crores by transferring the said amount from the free reserves of the Exchange.
17. The figures of the previous year have been regrouped and re-arranged wherever necessary.