



**AUDITED ACCOUNTS FOR THE FINANCIAL
YEAR ENDED 31ST MARCH 2004**

Chartered Accountants

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S.B.Billimoria & Co.

**AUDITORS' REPORT
TO THE MEMBERS OF
BSE (FORMERLY, THE STOCK EXCHANGE, MUMBAI)**


- 1 We have audited the attached Balance Sheet of **BSE, (FORMERLY, THE STOCK EXCHANGE, MUMBAI)** as at 31st March, 2004, the Income and Expenditure Account and the Cash Flow Statement of the Exchange 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 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. 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.228.7 million for the year and a cumulative liability of Rs.504.3 million as at 31st March, 2004.



S.B.Billimoria & Co.

- (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, 2004;
 - (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


Mohammed Z. Merchant
Partner
(Membership No.31971)

MUMBAI, 25th August, 2004
MZM/KJM/ADS

BSE
(FORMERLY, THE STOCK EXCHANGE, MUMBAI)
BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule	As at 31.03.2004		As at 31.03.2003	
		Rs.	Rs.	Rs.	Rs.
I SOURCES OF FUNDS					
1. Member's Funds:					
a) Contribution by Members	A		3,296,847,558		3,141,046,426
b) Reserves and Surplus	B		4,119,858,905		3,578,893,613
2. Loans:					
a) Secured	C		117,668,377		893,950,802
b) Unsecured	D		243,000		243,000
TOTAL			7,534,617,840		7,614,133,841
II APPLICATION OF FUNDS					
1. Fixed Assets					
Net Block (Original Cost less Depreciation)	E		385,936,261		458,219,339
2. Investments					
	F		4,366,309,709		2,547,643,086
3. Earmarked Assets					
	G		2,489,563,040		2,235,906,661
4. Current Assets, Loans & Advances					
Less: Current Liabilities & Provisions	H	2,971,653,922		4,388,406,897	
Net Current Assets	I	2,678,845,092	292,808,830	2,078,515,271	2,309,891,626
5. Miscellaneous Expenditure to the extent not written off (Voluntary Retirement Scheme Expenses)					
			-		62,473,129
TOTAL			7,534,617,840		7,614,133,841

(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.

Dr. Manoj Vaish
Executive Director & CEO

Shri Rajnikant Patel
Chief Operating Officer

In terms of our report of even date.

Shri Jagdish Capoor
Director

Shri Bhanubhai Fozdar
Director

For S.B.BILLIMORIA & CO.
Chartered Accountants

Shri S. S. Bolar
General Manager -
Finance & Accounts

Shri V. G. Bhagat
Secretary

Mohammed Z. Merchant
Partner

MUMBAI, 25th August 2004

MUMBAI, 25th August 2004

BSE
(FORMERLY, THE STOCK EXCHANGE, MUMBAI)
INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedule	Rs.	Previous Year Rs.
INCOME			
Listing Fees		100,848,084	104,756,398
Operational Charges and Other Recoveries	J	630,921,862	479,600,588
Rent and Maintenance Charges		38,167,386	67,707,967
Income from Investments and Deposits	K	565,873,561	469,726,822
Income from Data Dissemination		36,222,016	49,100,790
Other Income	L	143,034,084	47,606,109
		1,515,066,993	1,218,498,674
Less: Contribution transferred to Investors' Services Account (Refer Note No. 7 of Schedule "O")		20,057,617	20,840,780
TOTAL		1,495,009,376	1,197,657,894
EXPENDITURE			
Staff Costs	M	241,541,635	184,312,353
Administrative and Other Expenses	N	296,090,147	300,944,371
Contribution to SEBI (Refer Note No.14 of Schedule "O")		5,042,404	5,237,820
Computer Maintenance and Service Charges		213,723,163	200,783,972
Clearing House Expenses		12,000,000	7,845,205
Provision for Doubtful Accounts		16,012,947	8,723,086
Provision for Diminution on Mutual Fund Investments		-	18,418,418
Depreciation		217,237,445	261,355,770
Consumption of Stock		1,094,516	23,343,391
		1,002,742,257	1,010,964,386
Less: Expenses transferred to Investors' Service Account (Refer Note No.7 of Schedule "O")		20,057,617	20,840,780
TOTAL		982,684,640	990,123,606
Surplus for the year before Prior Period Adjustments		512,324,736	207,534,288
Less: Prior Period Adjustments		-	7,281,596
Surplus for the year after Prior Period Adjustments		512,324,736	200,252,692
Add: Surplus brought forward from Previous Year		1,845,825,933	1,695,573,241
Surplus available for Appropriation		2,358,150,669	1,895,825,933
Appropriations : -Initial Contribution to Trade Guarantee Fund (G-Sec)		-	50,000,000
Surplus Transferred to Balance Sheet		2,358,150,669	1,845,825,933
		2,358,150,669	1,895,825,933

(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.

Dr. Manoj Vaish
Executive Director & CEO

Shri Rajnikant Patel
Chief Operating Officer

In terms of our report of even date.

Shri Jagdish Capoor
Director

Shri Bhanubhai Fozdar
Director

For S.B.BILLIMORIA & CO.
Chartered Accountants

Shri S. S. Bolar
General Manager -
Finance & Accounts

Shri V. G. Bhagat
Secretary

Mohammed Z. Merchant
Partner

MUMBAI, 25th August 2004

MUMBAI, 25th August 2004

BSE
(FORMERLY, THE STOCK EXCHANGE, MUMBAI)
Cash Flow Statement for the year ended 31st March, 2004

	FOR THE YEAR ENDED 31ST MARCH 2004		FOR THE YEAR ENDED 31ST MARCH 2003	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Surplus for the year after Prior Period Adjustments		512,324,736		200,252,692
<u>Adjustments for:</u>				
Depreciation		217,237,445		261,355,770
Voluntary Retirement Scheme Amortisation		62,473,129		23,008,008
Prior Period Adjustment		-		7,281,596
(Profit)/Loss on sale of Fixed Assets		(4,495,030)		20,302
Interest income considered separately		(312,514,562)		(535,628,544)
Interest Expense considered separately		7,256,236		82,183,189
Profit on sale of Investments		(259,079,996)		(9,831,670)
Provision for Doubtful Accounts		16,012,947		8,723,086
Provision for diminution on mutual fund investments/ Excess provision written back		-		(91,166,458)
Operating Income before working capital changes		239,214,905		(53,802,029)
<u>Adjustments for:</u>				
Current Assets		55,899,430		91,822,187
Current Liabilities		385,579,593		(377,619,916)
Net cash from / (used in) operating activities		680,693,928		(339,599,758)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(184,278,186)		(36,121,681)
Proceeds from sale of Fixed Assets		63,259,484		1,017,256
<u>Investments</u>				
Gross additions		(27,136,017,327)		(9,352,111,704)
Gross redemption/sale		26,707,433,193		9,899,989,069
Interest income on investments		312,514,562		535,628,544
Net cash (used in) / from investing activities		(237,088,274)		1,048,401,484
C. CASH FLOW FROM FINANCING ACTIVITIES				
<u>Change in Funds</u>				
Trade Guarantee Fund	97,851,131		153,908,641	
Brokers' Contingency Fund	28,034,056		36,501,869	
Investors' Protection Fund	321,791		2,425,301	
1% Company Deposit fund	70,193,640		(242,810,652)	
Defaulters' Fund	123,066,156	319,466,774	39,962,692	(10,012,150)
Contribution by members towards capital		57,950,001		15,650,000
Contribution by members towards Technology fund		606,500		3,538,500
Loans and borrowings		(776,282,425)		(753,642,765)
Interest expense on borrowings		(7,256,236)		(82,183,189)
Net cash used in financing activities		(405,515,386)		(826,649,604)
Net Increase / (Decrease) in cash and cash equivalent		38,090,268		(117,847,878)
Cash and cash equivalent at the end of the Year		87,170,220		49,079,952
Cash and cash equivalent at the beginning of the Year		49,079,952		166,927,830
		38,090,268		(117,847,878)

Note: Cash and cash equivalent include cash in hand, balance in current account with banks and own investments with maturity of less than 90 days and exclude balance in clearing house association account

For and on behalf of the Governing Board.

Dr. Manoj Vaish
Executive Director & CEO

Shri Rajnikant Patel
Chief Operating Officer

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Director

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Partner

MUMBAI, 25th August 2004

MUMBAI, 25th August 2004

CONTRIBUTION BY MEMBERS AS AT 31ST MARCH, 2004

SCHEDULE " A "

	As at 31st March , 2004		As at 31st March , 2003	
	Rs.	Rs.	Rs.	Rs.
Balance as per Last Balance Sheet		1,751,453,586		1,735,803,586
Add: Fees Received from New Members :				
Admission Fees (Cash)		4,750,000		1,750,000
Admission Fees (Derivatives)		(200,000)		700,000
		1,756,003,586		1,738,253,586
Entrance fees (Corporate)		77,300,001		13,200,000
		1,833,303,587		1,751,453,586
Less: Transferred During the Year (Refer Note No. 16 of Schedule "O")		23,900,000		-
		1,809,403,587		1,751,453,586
Trade Guarantee Fund (Cash and Derivatives) : (Refer Note No. 8 of Schedule "O")				
Balance as per Last Balance Sheet	1,339,592,840		1,185,684,200	
Add :				
Initial Contribution by Members	100,000		1,270,000	
Continuous Contribution by Members	5,151,375		6,659,999	
Income from Investments :				
Long Term	793,726		8,723,514	
Current	29,999,355		10,345,654	
Profit on Sale of Current Investments	47,922,460		102,273,915	
Interest on Income tax Refund	3,172,374			
Interest received on Funding to Defaulter	-		2,638,883	
Transferred from Defaulters' Account	7,263,366		26,575,623	
	1,433,995,496		1,344,171,788	
Less :				
Defaulter Clients Claims Settlement	-		4,578,948	
		1,433,995,496		1,339,592,840
Trade Guarantee Fund (G-Sec) : (Refer Note No. 15 of Schedule "O")				
Balance as per Last Balance Sheet	50,000,000		-	
Transferred from Income & Expenditure Account	-		50,000,000	
Add :				
Income from Investments :				
Profit on Sale of Current Investments	3,448,475		-	
		53,448,475		50,000,000
TOTAL		3,296,847,558		3,141,046,426

RESERVES AND SURPLUS AS AT 31ST MARCH, 2004

SCHEDULE " B "

	As at 31st March , 2004		As at 31st March , 2003	
	Rs.	Rs.	Rs.	Rs.
Stock Exchange Building		913,896		913,896
Sheth Chunilall Motilal Library		37,050		37,050
Charity		16,041		16,041
Forfeiture of Membership Application Money		5,000,000		5,000,000
<u>Technology Reserve :</u>				
Balance as per Last Balance Sheet	1,363,079,421		1,359,540,921	
Add: Contribution During the Year	606,500		3,538,500	
		1,363,685,921		1,363,079,421
<u>Investors' Services Reserve :</u>				
Balance as Per Last Balance Sheet	1		1	
Add: Contribution Received During the Year	20,057,617		20,840,780	
	20,057,618		20,840,781	
Less: Expenses Incurred During the Year	20,057,617		20,840,780	
		1		1
<u>Brokers' Contingency Fund :</u> (Refer Note No. 9 of Schedule " O ")				
Balance as Per Last Balance Sheet	364,021,271		327,519,402	
Add:				
Initial Contribution by Members	4,750,000		2,250,000	
Income from Investments :				
Long Term	2,462,845		10,655,568	
Current	12,205,984		4,178,958	
Profit on Sale of Current Investments	8,159,819		18,790,497	
Interest on Income Tax Refund	404,287		-	
Interest received on Funding to Brokers	5,716		1,088	
Transfer from Assets of Defaulter	47,199		625,758	
	392,057,121		364,021,271	
Less :				
Interest on Bank Overdraft	1,794		-	
		392,055,327		364,021,271
<u>Income & Expenditure Account :</u>				
Surplus transferred from Income & Expenditure Account		2,358,150,669		1,845,825,933
TOTAL		4,119,858,905		3,578,893,613

SECURED LOANS AS AT 31ST MARCH, 2004**SCHEDULE " C "**

	As at 31st March, 2004 Rs.	As at 31st March, 2003 Rs.
Overdraft from Banks	117,668,377	138,950,802
Term Loans from Banks	-	755,000,000
TOTAL	117,668,377	893,950,802

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

UNSECURED LOANS AS AT 31ST MARCH, 2004**SCHEDULE " D "**

	As at 31st March, 2004 Rs.	As at 31st March, 2003 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, 2004

SCHEDULE "E"

Sr. No.	Particulars of Assets	Cost As on 1.4.2003	Additions During the year	Deductions / Adjustments	Cost As at 31.3.2004	Depreciation upto 31.3.2003	Depreciation for the year	Deductions / Adjustments	Total Depreciation upto 31.03.2004	Net Assets 31.03.2004	Net Assets 31.03.2003
		A	B	C	D = A + B - C	E	F	G	H = E + F - G	I = D - H	J
1	FREEHOLD LAND	2,227,857	-	-	2,227,857	-	-	-	-	2,227,857	2,227,857
2	BUILDINGS (*)	329,196,206	-	61,731,033	267,465,173	205,134,824	9,299,983	20,023,106	194,411,701	73,053,472	124,061,382
3	PLANT & MACHINERY	139,527,328	10,507,443	-	150,034,771	104,737,043	10,027,465	-	114,764,508	35,270,263	34,790,285
4	ELECTRICAL INSTALLATIONS	68,417,033	3,541,571	-	71,958,604	49,034,618	5,664,839	-	54,699,457	17,259,147	19,382,415
5	COMPUTERS (#)										
	(A) HARDWARE AND NETWORKING EQUIPMENT	2,204,495,922	167,925,497	2,355,310	2,370,066,109	2,063,224,950	167,742,230	2,346,266	2,228,620,914	141,445,195	141,270,972
	(B) SOFTWARE (Refer Note No. 13 of Schedule "O")	22,018,128	3,045,042	-	25,063,170	15,985,290	4,784,302	-	20,769,592	4,293,578	6,032,838
6	FURNITURE, FIXTURES AND OFFICE EQUIPMENTS	213,857,482	11,784,656	1,524,680	224,117,458	106,228,909	18,489,941	734,679	123,984,171	100,133,287	107,628,573
7	MOTOR VEHICLES	8,515,298	2,368,170	-	10,883,468	3,555,958	1,228,685	-	4,784,643	6,098,825	4,959,340
		2,988,255,254	199,172,379	65,611,023	3,121,816,610	2,547,901,592	217,237,445	23,104,051	2,742,034,986	379,781,624	440,353,662
8	CAPITAL WORK IN PROGRESS									6,154,637	17,865,677
		2,988,255,254	199,172,379	65,611,023	3,121,816,610	2,547,901,592	217,237,445	23,104,051	2,742,034,986	385,936,261	458,219,339
	PREVIOUS YEAR	3,007,520,871	18,256,003	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

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

(#) Additions During the Year Financed Out of Technology Reserve is Rs. 170,970,539/- (Previous Year Rs.12,271,260/-

	As at 31st March, 2004		As at 31st March, 2003	
	Rs.	Rs.	Rs.	Rs.
Long-Term :				
(At Cost)				
Equity Shares :				
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		449,992,000	
Bonds :				
100 11.10% ICICI Bank of Rs.100,000/- (#)	-		10,000,000	
		459,792,000		469,792,000
Current :				
(At Lower of Cost and Fair Value)				
Bonds :				
500 12.25%PSIDC of Rs.100,000/-	-		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
Mutual Funds :				
Balanced Schemes	-		202,841,653	
Floating Rate Schemes	353,200,000		-	
Income Schemes	1,471,296,429		436,810,470	
Income Schemes (#)	54,084,202		-	
Equity Schemes	89,538,000		135,888,657	
MIP Schemes	297,996,535		-	
Short Term Fund	1,029,033,961		980,755,406	
Short Term Fund (#)	7,055,794		22,511,139	
Fixed Maturity Plan	-		110,000,000	
Liquid Schemes	548,670,785		35,000,000	
Liquid Schemes (#)	55,642,003		4,043,761	
		3,906,517,709		1,927,851,086
TOTAL		4,366,309,709		2,547,643,086

(#) Represents investments made out of Derivative Segment Funds.

EARMARKED ASSETS AS AT 31ST MARCH, 2004
(Excluding Bank Balances in Current Account)

SCHEDULE " G "

	As at 31st March, 2004		As at 31st March, 2003	
	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	
75 11.10% ICICI Bank Bonds of Rs.100,000/-	-		7,500,000	
		-		57,500,000
<u>Current :</u>				
(At Lower of Cost and Fair Value)				
<u>Mutual Funds :</u>				
Income Schemes	988,785,766		49,858,993	
Short Term Fund	76,870,000		399,733,787	
Medium Term Plan	39,400,000		-	
Liquid Schemes	1,302,548		195,000,000	
		1,106,358,314		644,592,780
<u>Brokers' Contingency Fund :</u>				
<u>Long-Term :</u>				
(At Cost)				
<u>Bonds :</u>				
250 10.50% IDBI of Rs.100,000/-	25,000,000		25,000,000	
140 10.00% ICICI Bank Ltd. of Rs.5,000/-	700,000		700,000	
225 11.10% ICICI Bank Ltd. of Rs.100,000/-	-		22,500,000	
		25,700,000		48,200,000
<u>Current :</u>				
(At Lower of Cost and Fair Value)				
<u>Mutual Funds :</u>				
Liquid Schemes	37,150,000		3,675,000	
Medium Term Fund	35,372,609		-	
Income Schemes	194,120,632		-	
Short Term Fund	-		59,696,291	
		266,643,241		63,371,291
<u>Deposits from Companies - 1% of their Public Issue :</u>				
<u>Current :</u>				
(At Lower of Cost and Fair Value)				
<u>Mutual Funds :</u>				
Floating Schemes	5,600,378		-	
Income Schemes	99,393,867		-	
Medium Term Fund	4,437,998		-	
Short Term Fund	-		93,525,347	
Liquid Schemes	63,357,261		1,500,000	
		172,789,504		95,025,347

	As at 31st March, 2004		As at 31st March, 2003	
	Rs.	Rs.	Rs.	Rs.
<u>Defaulters' Accounts :</u>				
<u>Current :</u>				
(At Lower of Cost and Fair Value)				
Mutual Funds :				
Short Term Fund	35,000,000		156,225,000	
Income Schemes	287,890,778		-	
Liquid Schemes	5,751,825		65,675,000	
		328,642,603		221,900,000
<u>Other Assets</u>				
<u>Trade Guarantee Fund:</u>				
Deposit with Banks	314,774,665		572,572,813	
Accrued Interest on Bank Deposits	-		2,298,548	
Tax Deducted at Source on Interest	35,172,860		57,544,035	
Advance Towards Investments	-		50,000,000	
		349,947,525		682,415,396
<u>Brokers' Contingency Fund :</u>				
Deposit with Banks	85,427,494		239,056,503	
Accrued Interest on Bank Deposits	1,980,417		3,582,301	
Tax Deducted at Source on Interest	6,384,649		9,800,055	
		93,792,560		252,438,859
<u>Withheld Funds :</u>				
Deposit with Banks	27,568,776		12,195,486	
Accrued Interest on Bank Deposits	27,863		-	
Tax Deducted at Source on Interest	73,635		-	
		27,670,274		12,195,486
<u>Deposits from Companies - 1% of their Public Issue :</u>				
Deposit with Banks	90,000,000		90,000,000	
Accrued Interest on Bank Deposits	2,473,660		1,117,685	
Tax Deducted at Source on Interest	2,572,081		2,006,386	
Advance Towards Investments	-		50,000,000	
		95,045,741		143,124,071
<u>Defaulters' Accounts :</u>				
Deposit with Banks	21,158,659		13,077,672	
Accrued Interest on Bank Deposits	41,743		404,225	
Tax Deducted at Source on Interest	1,772,876		1,661,534	
		22,973,278		15,143,431
TOTAL		2,489,563,040		2,235,906,661

CURRENT ASSETS, LOANS & ADVANCES AS AT 31ST MARCH, 2004

SCHEDULE " H "

	As at 31st March , 2004		As at 31st March , 2003	
	Rs.	Rs.	Rs.	Rs.
Interest Accrued on Investments / Deposits (Refer Note No. 6 of Schedule "O")		6,818,040		6,719,188
<u>Cash and Bank Balances :</u>				
Cash on Hand	129,248		153,430	
Balance with Scheduled Banks (Includes Balances for Earmarked Funds)				
In Current Account	87,040,972		48,926,522	
In Deposit Account	846,181,377		2,281,466,045	
		933,351,597		2,330,545,997
		940,169,637		2,337,265,185
<u>Advances Recoverable in Cash or in Kind :</u>				
Sundry Advances (Refer Note No. 10 of Schedule "O")	133,022,004		110,948,455	
Income Receivable	87,142,574		52,416,853	
	220,164,578		163,365,308	
Less: Provision for Doubtful Accounts	38,863,930		9,631,425	
		181,300,648		153,733,883
Deposit with Companies / Financial Institutions		1,654,034,518		1,456,369,886
Deposit with Public Bodies and Others		17,593,599		22,993,599
Advances to Staff		44,766,964		46,721,867
Tax Deducted at Source		126,079,417		362,518,821
Sheth Chunilal Motilal Library		5,050		5,050
Stock on Hand		7,704,089		8,798,606
TOTAL		2,971,653,922		4,388,406,897

	AS AT 31st March , 2004			AS AT 31st March , 2003		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Current Liabilities :						
<u>Members :</u>						
Deposits and Margins Received		1,343,265,647			938,089,857	
Witheld Funds (*)		29,253,253			12,386,713	
Income Received in Advance		169,905			38,569,571	
Other Liabilities		98,220,991	1,470,909,796		22,857,649	1,011,903,790
<u>Others :</u>						
1. Deposits :						
(a) Deposits from Companies - 1% of their Public Issue (*)	267,868,148			197,674,508		
(b) Other Deposits Received	367,015,628			367,362,528		
		634,883,776			565,037,036	
2. Income Received in Advance		16,064,150			14,296,796	
3. Advance Received for Disinvestment of Shareholding in Central Depository Services (India) Ltd.		75,000,000			75,000,000	
4. Defaulters' Liabilities (*)		328,469,398			205,403,242	
5. Other Liabilities		52,836,060			132,739,201	
6. Sundry Creditors		80,131,912	1,187,385,296		58,839,206	1,051,315,481
<u>Provisions :</u>						
Leave Encashment			20,550,000			15,296,000
TOTAL			2,678,845,092			2,078,515,271

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

OPERATIONAL CHARGES AND OTHER RECOVERIES

SCHEDULE "J"

SR. NO.	PARTICULARS		PREVIOUS YEAR
1	Membership Annual Subscription	4,762,970	4,676,100
2	Penalties and Fines	24,727,450	17,027,208
3	Charges Recovered from Members	601,360,856	448,641,669
4	Income from Internet Trading System	70,586	9,255,611
		630,921,862	479,600,588

INCOME FROM INVESTMENTS & DEPOSITS

SCHEDULE "K"

SR. NO.	PARTICULARS		PREVIOUS YEAR
1	<u>Income From Long Term Investments</u>		
	a. Interest On Bonds	1,058,301	1,686,362
	b. Divided Income	490,000	-
	c. Profit on Redemption of Bonds	660,000	-
2	<u>Income from Current Investments</u>		
	a. Interest on Bonds	1,947,521	164,384
	b. Incentive on Mutual Fund Investments	215,083	2,769,979
	c. Profit from Mutual Fund Investments	259,079,996	9,831,670
3	<u>Other Income</u>		
	a. Interest on Fixed Deposits and Term Deposits	309,508,740	533,777,798
	b. Incentive on Bonds / Fixed Deposits	50,000	3,625,000
	c. Interest on B.E.S.T. Deposit	110,237	150,788
		573,119,878	552,005,981
	<u>Less:</u>		
	Interest on Loans	6,128,676	58,412,262
	Interest on Overdraft / Arbitration Deposits	1,117,641	23,866,897
	Net Income from Investments	565,873,561	469,726,822

OTHER INCOME

SCHEDULE "L"

SR. NO.	PARTICULARS		PREVIOUS YEAR
1	Income From Derivatives Segment	1,024,930	198,755
2	Sale of Networking Equipments	2,551,608	1,933,283
3	Miscellaneous Income	97,657,961	38,339,697
4	Interest on Income Tax Refund	37,304,555	7,134,374
5	Net profit on Sale of Fixed Assets	4,495,030	-
		143,034,084	47,606,109

STAFF COSTS

SCHEDULE 'M'

SR. NO.	PARTICULARS		PREVIOUS YEAR
1	Salaries, Wages and Bonus (Refer Note No.18 of Sch."O")	129,530,395	116,664,633
2	Contribution to Provident and Other Funds	17,739,437	12,225,151
3	Staff Welfare Expenses	31,798,674	32,414,561
4	Staff Voluntary Retirement Scheme Expenses Amortised (See Note No. 1 (g) of Schedule "O")	62,473,129	23,008,008
		241,541,635	184,312,353

ADMINISTRATION AND OTHER EXPENSES

SCHEDULE 'N'

SR. NO.	PARTICULARS		PREVIOUS YEAR
1	Printing and Stationery	6,057,176	10,319,452
2	Postage and Telephone Expenses	9,904,862	11,209,238
3	Electricity Charges	64,260,011	66,736,604
4	Building Repairs & Maintenance Expenses	13,553,084	24,369,309
5	Repairs to Other Assets	9,211,900	15,305,100
6	Rent & Property Taxes (Refer Note No.17 of Sch."O")	20,974,503	17,651,928
7	Auditors' Remuneration (Refer Note No.5 of Sch."O")	653,400	491,250
8	Professional & Legal fees	23,849,477	21,525,484
9	Governing Board Directors' Fees & Other Committees Fees (Public Representatives)	1,264,500	852,000
10	Contribution to Investors' Protection Fund (Refer Note No.14 of Sch."O")	2,521,202	2,618,909
11	Advertising & Marketing Expenses	10,920,182	18,267,818
12	Travelling Expenses	14,278,522	10,850,466
13	Derivative Segment Expenses (Excluding Overheads)	54,362,678	34,987,212
14	Insurance Premium	4,235,907	10,087,756
15	Corporate Social Responsibility	1,023,970	-
16	Charity and Donations	1,130,275	-
17	Miscellaneous Expenses	29,635,396	26,697,096
18	Sundry Balance Written Off	392,000	-
19	Internet Trading & Website Expenses	27,861,102	28,923,131
20	Loss on Sale of Fixed Assets	-	20,302
21	Loss on Exchange Difference	-	31,316
		296,090,147	300,944,371

NOTES FORMING PART OF THE ACCOUNTS

1. Significant Accounting Policies:
 - (a) Basis of Accounting:

The Exchange maintains its books of account on accrual basis.
 - (b) Revenue Recognition:

Revenue is being recognised as and when there is reasonable certainty of ultimate realisation.
 - (c) Fixed Assets:

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.
 - (d) Inventories:

Inventories are stated at the lower of cost and net realisable value.
 - (e) Investments:

Long-term investments are stated at cost. Provision is made for other than temporary diminution in the value of such investments. Current investments are valued at the lower of cost and market value. Investment income in respect of earmarked funds and withheld funds is credited to the respective funds and liability account respectively.
 - (f) 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 valuations at the end of the year. The Gratuity liability is funded through a Fund administered by The Exchange.
 - (g) 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. Exchange difference arising on settlement/conversion is adjusted to the Income & Expenditure Account.

- (h) Till the last year, the Exchange had been following the accounting policy under which expenditure incurred on Voluntary Retirement Scheme (VRS) offered to employees was being amortised over a period of the lower of five years and the period for which the benefit is accrued.

During the year, the Exchange decided to charge off the balance unamortised portion to revenue. Had the Exchange not changed the accounting policy, the surplus for the year would have been higher by Rs. 41.7 Million.

2. Contingent Liabilities Not Provided for:

Sr. No	Particulars	31/03/2004	31/03/2003
		(Rs. in Million)	(Rs. in Million)
a)	Claims against the Exchange not acknowledged as debts in respect of Income-Tax matters	3911.27*	1738.90
b)	Claims against the Exchange not acknowledged as debt in respect of Sales-Tax matters	3.41	6.80
c)	Outstanding guarantees furnished to Banks and Financial Institutions including in respect of Letters of Credit	-	0.50
d)	Claims against the Exchange not acknowledged as debt in respect of Service-Tax matters	1.03*	-

*Excluding Interest.

- e) Guarantees given by the Exchange to HDFC Ltd., aggregating to Rs. 105 Million 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. 66,197,064/- as at 31st March, 2004 (31/3/2003 Rs. 61,980,633/-). 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. 86.4 Million (31.03.2003 – Rs. 117.8 Million).
4. No provision for Taxation for the year ended 31st March, 2004 has been made in the accounts as the Management is of the opinion that the appeals before the Income Tax Appellate Tribunal 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. 228.7 Million for the year (31/3/2003 – Rs. 138.7 Million). The total cumulative income tax liability not provided for is estimated at Rs. 504.3 Million (excluding the amounts referred to in Note 2(a) above) (31/3/2003 – Rs. 1157.1 Million)

5. Remuneration to the Auditors:

		31/03/2004		31/03/2003
Audit Fees	Rs	400,000	Rs.	300,000
Tax Audit Fees	Rs	100,000	Rs	75,000
Other Capacity	Rs	100,000	Rs	75,000
Other Services	Rs	5,000	Rs	5,000
Service Tax	Rs	48,400	Rs	36,250
		653,400		491,250

In addition to the above Rs. 648,000/- (including Rs. 48,000/- Service Tax) (31/3/2003 Rs. Nil) has been paid to a firm during the year in which some partners of the auditors are also partners. This amount is included in Professional and Legal Fees in schedule "N".

- Current Assets include interest accrued on Investments / Bank Deposits of Own funds and Derivative Funds Rs. 6,818,040/- (31/3/2003- Rs. 8,005,438/-), Defaulters Deposits Rs. 41,744/- (31/3/2003 – Rs. 404,225/-) and 1% Public Issue Deposit Rs. 2,473,660/- (31/3/2003 – Rs. 1,117,685/-).
- 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.
- 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. 600 Million 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.
- 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. 95.1 Million. Contributions are also collected from new members. The income on the investment of the Fund accrues to the credit of the Fund.
- The Exchange has consolidated in its Balance Sheet since March 2003, various accounts operated and maintained by the Clearing House (through BOI Shareholding Ltd). Arising out of this, a provision of Rs. 16 Million (31-3-2003 – Rs. 3.7 Million) has been made for amounts doubtful of recovery from the members.
- In the opinion of the Management, as the Exchange's operations comprises of only facilitating trading in securities and the activities incidental thereto within India, the disclosure required in terms of Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India are not applicable.

12. 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 Rajnikant Patel

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

		(Rs. In Millions)	
Name of the Related party	Particulars	Current Year	Previous Year
INCOME			
Central Depository Services (India) Ltd.	Vsat Recoveries	14.80	15.75
	Lease Line Equipment Charges	0.43	0.62
	Rent	2.61	2.61
Key Management Personnel	Housing Loan Interest	0.05	0.03
EXPENDITURE			
BOI Shareholding Ltd.	Clearing House Expenses	12.00	7.85
Key Management Personnel	Remuneration	3.84	4.39
ASSETS			
Central Depository Services (India) Ltd.	Investments	449.99	449.99
BOI Shareholding Ltd.	Investments	9.80	9.80
Key Management Personnel	Housing Loan	1.51	0.78
LIABILITIES			
Central Depository Services (India) Ltd.	Deposit for Premises	63.83	63.83

13. In accordance with Accounting Standard on “Intangible Assets” (AS 26) issued by The Institute of Chartered Accountants of India, Computer Software has been disclosed as a separate line item under Schedule “E”. The cost and depreciation therein have been worked out on the basis of data available from the year 2001-02 onwards.

14. Contribution paid to SEBI is 5% of the listing fees received during the year, as per the SEBI guidelines. Contribution to Investor’s Protection Fund is calculated at 2.5% of the listing fees received during the year.

15. 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. 50 Million by transferring the said amount from the free reserves of the Exchange. The income of the investment of the Fund accrues to the credit of the Fund.
16. As per the consent terms, filed in the Hon. High Court of Mumbai, with the legal heirs of Late Shri Navalchand T. Shah, the sale proceeds of his membership card being Rs. 23.9 Million has been transferred to the legal heirs and to a separate earmarked account with the exchange.
17. The Exchange has made a provision for property tax paid under protest to BMC amounting to Rs. 14,127,896/-.
18. No provision for wage settlement for the period 1st April 2003 to 31st March, 2004 has been made as negotiations are on with the Staff Union and the Officers' Association. The amount for the same cannot be quantified presently.
19. The figures of the previous year have been regrouped and re-arranged wherever necessary.