

# The Calcutta Stock Exchange Association Ltd.

## ADMINISTRATOR

Shri Tushar Kanti Das, IAS Retd.) till 21st September 2007)  
Sunil Mitra w.e.f. 25th September 2007)

## CHIEF EXECUTIVE OFFICER

Shri T. V. Rangaswami w.e.f. 25th September 2007)

## SECRETARY

Shri P. K. Ray

## BANKERS

United Bank of India  
HDFC Bank Limited  
American Express Bank Limited  
Standard Chartered Grindlays Bank

## ADVOCATES

Sandersons & Morgans  
Khaitan & Co.

## AUDITORS

S. S. KOTHARI & ASSOCIATES  
Chartered Accountants)

## Report of the Administrator to the members for the year ended 31<sup>st</sup> March, 2007

The Administrator has pleasure in placing before you 84<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2007.

### 1. YEAR IN RETROSPECT

I take pleasure in announcing that the Calcutta Stock Exchange Association Limited has achieved Demutualisation on the Twenty Eighth day of August, 2007 and in the process accomplished a major structural change i.e., separation of trading rights and ownership in pursuance to The Calcutta Stock Exchange Association Limited (Demutualisation) Scheme, 2005 within the deadline stipulated by the regulatory authority. It is indeed a matter of privilege and satisfaction for all of us to remain as witness to this historic change in the organization pattern of this century old institution. As a matter of fact the afternoon of 28<sup>th</sup> of August 2007 will go down in history as a watershed in the eventful existence of this Exchange. In terms of the Demutualisation Scheme and relevant SEBI regulations the Exchange had been able to issue on Private Placement basis 52% of its expanded capital base to twenty-five persons/entities other than trading members of the Exchange as per SEBI's Notification of Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006 dated 13<sup>th</sup> November, 2006. In the wake of this transformation several renowned industrial houses promoted and operated by eminent names of the Indian sub-continent have taken up stakes in the Exchange. As we welcome this noteworthy development, I wish to put on record my sincere appreciation and hearty congratulations to all members, the managerial personnel and staff of the Exchange for their unstinted efforts for making this transition possible within the stipulated time. This process of conversion in the Exchange's structure could be termed as a new birth of the Exchange not a mere organizational change. The constructive approach of the members in making this change over a reality in a most transparent and fully compliant fashion with the regulatory dispositions shall always occupy prime mention in the annals of this historic institution.

The year 2006-07 has been spectacular for the Indian Capital Markets at large. The positive sentiments of global markets have cast its beneficial impact on the Indian Stock Markets as well reflecting a structured macro-economic fundamental growth of the industrial sector combined with the encouraging policies enunciated by the central government. The successful completion of the Demutualisation process has encouraged us to take up further challenges like enhancement/augmentation of business diversification in offering new products to investors and becoming more investors friendly. Members are aware that as a step towards increasing the business volume on the Exchange, a dialogue was initiated in the recent past with Bombay Stock Exchange Limited (BSE) who apart from taking a stake in the Exchange has offered its trading platform to enable members of this Exchange to have a national foothold. It is expected that the BSE-CSE combination would present a good business opportunity for members of both the venerable institutions. In this regard, a Memorandum of Understanding (MOU) had already been signed with BSE for sharing its trading platform to enable members of this Exchange trade in the entire universe of eligible securities in Cash and Future & Options Segments. I am happy to report that SEBI has accorded its in-principle no objection to the MOU. This indeed is an encouraging development, which will pave the way for opening up viable opportunities to members for lucrative trading pursuits.

## ***The Calcutta Stock Exchange Association Ltd.***

I wish to take this opportunity to refresh the members' memory that in pursuance to SEBI's notification No. SEBI/LE/104533/2007 dated 21<sup>st</sup> September, 2007 I have assumed charge of the office of the Administrator with effect from 25<sup>th</sup> September, 2007. I would be failing in my duty if I do not record my appreciation of the impeccable contribution of Shri Tushar Kanti Das, IAS (Retd.), the former Administrator of the Exchange for his steering the Exchange in successfully implementing the Demutualisation/Divestment programme of the Exchange at a time when the fortunes of this illustrious institution were at a very low ebb. With his superb administrative expertise he was able to bring back the Exchange to its present status.

### **2. FINANCIAL RESULTS**

	<u>Rupees in Lacs</u>	
	<u>2007</u>	<u>2006</u>
a) Surplus/ Deficit) before Depreciation	164.24	87.69
b) Depreciation	71.56	103.75
c) Surplus / Deficit) before Tax	92.68	16.06)
<b>Add</b>		
d) Investors' Service Fund written back	21.63	21.19
e) Settlement Guarantee Fund written back	25.64	5.09
<b>Appropriated to</b>	<u>139.95</u>	<u>10.22</u>
i) Investors' Service Fund	48.77	55.87
ii) Reserve for Establishment of Center for Training, Statistical Information and Setting up a Library	91.50	60.00
iii) Settlement Guarantee Fund Expenses	25.64	5.09
iv) Retained Surplus/ Deficit) carried forward to General Reserve A/c.	25.96)	110.74)
	<u>139.95</u>	<u>10.22</u>

### **3. CUSTOMER PROTECTION FUND & INVESTORS SERVICE CELL**

During the year the Exchange has contributed a sum of Rs.8,33,707 to the Customer Protection Fund comprising Rs.2,43,888 being 1% of the listing fees collected during the year by the Exchange, Rs.5,89,819 made by companies under Clause-42 of the Listing Agreement after adjusting Rs. 3,25,136 comprising of expenses of the fund relating to the financial year 2005-2006 on account of salary, staff welfare, Telephone, Conveyance, Stationeries, Computer Service and Electricity Charges. An amount of Rs.7,20,751 also adjusted against the liability to Customer Protection Fund for the year 2006-2007 on account of salary, staff welfare, Telephone, Conveyance, Stationeries, Computer Service and Electricity Charges.

In order to render various services to investors, e.g. publication of Official Report & Quotations, conducting training classes, attending investors' complaints, the Exchange has spent an amount of Rs.21,63,360 during the year under review.

#### **4. STOCK EXCHANGE COMPLEX ON THE EASTERN METROPOLITAN BYPASS**

The Administrator is pleased to mention that members have unanimously approved a proposal for surrendering of 10 acres of plot of land on E M Bypass held on lease from The Kolkata Municipal Corporation (KMC) on the condition of allotment of 5 acres of land in the Central Business District Area of Rajarhat New Township Project at a price fixed by WBHIDCO and remaining 5 acres of land elsewhere along with receipt of 60% of sale proceeds of 5 acres of land out of the surrender of 10 acres of land. The KMC will also refund the consideration value of the balance 5 acres of land on cost basis. It is a matter of satisfaction that the state government has extended its help and co-operation in settling the long pending dispute with KMC regarding utilization of this property. With the amicable settlement the existing judicial proceedings will automatically subside. The authorities are taking all possible steps to ensure that the interest of the Exchange is fully protected in the process of surrender and allotment of fresh plot of land.

#### **5. RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA) of the Companies Act, 1956, we state

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation to material departures
- ii) that such accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Exchange for that period
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company
- iv) that the annual accounts have been prepared on a going concern basis.

#### **6. CONSTITUTION OF THE GOVERNING BOARD**

The Exchange is in the process of constituting its new Board of Directors post Demutualisation in line with SEBI's letter No. MRD/DSA/C&D/50049/05 dated September 21, 2005 read with letter No. MRD/DSA/CSE/BKG/104532/07 dated September 21, 2007. The names of the proposed directors have been mentioned in the notice of the Annual General Meeting for the year 2006-07.

The aforesaid letters of SEBI are available for inspection at the office of the Secretary during office hours at any working day.

#### **7. APPOINTMENT OF ADMINISTRATOR**

SEBI vide its Order No. SEBI/LE/104533/2007 dated 21<sup>st</sup> September, 2007 has appointed Shri Sunil Mitra, Principal Secretary to the Govt. of West Bengal, Department of Power & Non-Conventional Energy Sources as Administrator of the Exchange in place of Shri Tushar Kanti Das, IAS (Retd.). Shri Das relinquished office in the evening of 21<sup>st</sup> September, 2007.

#### **8. APPOINTMENT OF CEO**

In order to strengthen the operational efficiency of the Exchange and pursuant to Memorandum of Understanding (MOU) between Bombay Stock Exchange Limited (BSE) and Calcutta Stock Exchange (CSE), this Exchange has conveyed its approval to BSE's proposal of deputing its Chief General Manager, Shri T. V. Rangaswami to provisionally take over as Acting Chief Executive Officer (CEO) of CSE for the present. It is expected that the full time CEO for managing the affairs of CSE shall be appointed in due course.

#### **9. EXTENSION OF TIME FOR HOLDING THE AGM**

As the Exchange and its administration had been pre-occupied with the process of completing Demutualisation process for the last six months or so entailing significant amount of time and energy, other related areas for holding the Annual General Meeting (AGM) within the due date i.e., 30<sup>th</sup> September, 2007 could not be taken care of. Accordingly, the Exchange had applied to the Registrar of Companies, West Bengal for extension of time for holding the AGM and the Registrar of Companies vide its letter dated 27<sup>th</sup> September, 2007 have extended the date for holding the AGM by 90 days upto 31<sup>st</sup> December, 2007.

#### **10. APPOINTMENT OF AUDITORS**

The Auditors M/s. S. S. Kothari & Associates have continued their office as per Section-224 of the Companies Act, 1956. The Auditors M/s. S.S. Kothari & Associates will retire on the conclusion of the current General Meeting but being eligible, offer themselves for reappointment.

#### **11. STANDING SUB-COMMITTEES**

The following three Standing Sub-Committees have been functioning during the period under review

- 1) Disciplinary Action-Sub-Committee
- 2) Arbitration Sub-Committee
- 3) Defaulters' Sub-Committee

Apart from three Standing Sub-Committees, two other sub-committees are Listing and De-listing Sub-Committee and Ethics Sub-Committee are also functioning.

#### **12. PERSONNEL**

The Administrator wishes to place on record his appreciation of the services rendered by the Officers, Staff and Sub-Staff of the Exchange.

#### **13. PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956**

None of the employees are in receipt of remuneration requiring disclosure pursuant to the provision of Section-217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, hence no such particulars are annexed.

**P. K. Ray**  
*Secretary*

**Sunil Mitra**  
*Administrator*

Dated the 25th September, 2007

## Auditors' Report

We have audited the annexed Balance Sheet as at 31<sup>st</sup> March, 2007 and also the annexed Income and Expenditure Account for the year ended on that date of THE CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED (the Exchange). These financial statements are the responsibility of the management of the Exchange. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of account as required by law have been kept by the Exchange so far as appears from our examination of the books of account.
3. The Balance Sheet and the Income and Expenditure Account referred to above are in agreement with the books of account and comply with Accounting Standards referred in sub-section 3C) of Section 211 of the Companies Act, 1956.
4. In view of the circumstances stated in Note No.12 of Schedule ěĴ, there was no Board of Directors as on 31<sup>st</sup> March, 2007. Hence, the requirement of reporting under Section 227 3) f) of the Companies Act, 1956 on the disqualification of Directors under Section 274 1) g) of the Act is not applicable.
5. We further report that
  - I) Adhoc contributions of Rs. 28,06,89,708 to Settlement Guarantee Fund are subject to conditions stated in Note No. 5 b) of Part B in Schedule ěĴ.
  - II) Contributions made by certain members to Settlement Guarantee Fund Rs. 3,23,02,700 are subject to certain conditions as stated in Notes No. 5 c) & 5 d) of Part B in Schedule ěĴ.
  - III) Annual contributions payable to Settlement Guarantee Fund Rs. 89,48,528 (including Rs. 1,73,690 for the year) have not been charged to Income & Expenditure Accounts of respective years and also no provision is considered necessary for the same due to reasons stated in Note No. 6 of Part B in Schedule ěĴ.
  - IV) Dividends and Interests on Members' Deposits for Security and Base Capital Requirements Rs. 12,13,32,379 continue to be accumulated under Settlement Guarantee Fund as stated in Note No.7 c) of Part B in Schedule ěĴ.
  - V) The balances under various heads of account pertaining to members including those relating to shares, fixed deposits and bank balances of Settlement Guarantee Fund are subject to adjustments, if any, on completion of reconciliations of Departmental records, the extent and resultant effects of which are presently indeterminate, as stated in Note No. 8 of Part B in Schedule ěĴ.
  - VI) Advances of Rs. 91,17,68,941 due from defaulting members, under litigation, the extent of recoverability of which is not presently ascertainable and not provided for as stated in Note No. 10 b) of Part B in Schedule ěĴ.
  - VII) Advance to Others Rs. 38,33,958 under litigation and Rs. 1,28,47,819 due for prolonged period, not provided for in view of the reason stated in Note No. 10 c) of Part B in Schedule ěĴ.

***The Calcutta Stock Exchange Association Ltd.***

VIII) The Balance Sheet as at 31<sup>st</sup> March, 2002, 31<sup>st</sup> March, 2003, 31<sup>st</sup> March, 2004, 31<sup>st</sup> March, 2005 and 31<sup>st</sup> March, 2006 and the Income & Expenditure Accounts for the years ended on those dates are pending approval by the members at the Annual General Meeting.

6. Subject to paragraph 5 above, in our opinion and to the best of our information and according to the explanations given to us, the accounts, read together with Significant Accounting Policies and Notes appearing in Schedule ñ ěJí, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view
- a) In the case of Balance Sheet, of the state of affairs of the Exchange as on 31<sup>st</sup> March, 2007 and
  - b) In the case of Income and Expenditure Account, of the excess of Income over Expenditure for the year ended on that date.

As required by the Companies Auditorís Report) Order, 2003, as amended by the Companies Auditorís Report) Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227 4A) of the Companies Act, 1956, on the matters specified in paragraphs 4 and 5 of the said Order and on the basis of such checks of the books and records of the Exchange as we considered appropriate and according to the information and explanations given to us, we further report that

1.
  - a) The Exchange has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - b) We are informed that the Exchange has adopted a program for physical verification of fixed assets in a phased manner to cover physical verification of all the assets over a period of three years and accordingly certain fixed assets have been physically verified by the management at the end of the year. We are of the opinion that the frequency of physical verification of fixed assets should be improved so as to cover major part of fixed assets by way of perpetual system of physical verification. We are also informed that no discrepancy has been noticed on the physical verification conducted at the end of the year.
  - c) The Exchange has not disposed off substantial part of fixed assets during the year.
2. The nature of activities of the Exchange does not require it to hold inventories and as such clauses ii) a) to ii) c) of paragraph 4 of the Order are not applicable.
3.
  - a) The Exchange has not granted any loan, secured and unsecured, to any company, firm or other party. Accordingly, clauses iii) b) to iii) d) of paragraph 4 of the Order are not applicable.
  - b) The Exchange has not taken any loan, secured or unsecured, from any company, firm or other party. Accordingly, clauses iii) f) and iii) g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Exchange and the nature of its business with regard to purchase of fixed assets. There has not been any continuing failure to correct major weaknesses in control. The nature of activities of the Exchange does not require any purchase of inventory and sale of goods.
5. In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into a register maintained under section 301 of the Companies Act, 1956. Accordingly clause v) b) of paragraph 4 of the Order is not applicable.
6. The Exchange has not accepted any deposit from the public under the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.
7. The Exchange has appointed a firm of Chartered Accountants to do internal audits periodically. In our opinion, the internal audit system is commensurate with the size and nature of business of the Exchange.
8. The Central Government has not prescribed maintenance of cost records under clause d) of Section 209 1) of the Companies Act, 1956.

9. a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Exchange has been regular in depositing undisputed statutory dues including provident fund, investors education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and any other material statutory dues, as applicable to the Exchange, with the appropriate authorities. As on 31<sup>st</sup> March, 2007 there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us and as per the records of the Exchange, the dues in respect of income tax as on 31<sup>st</sup> March, 2007 that have not been deposited with the appropriate authorities on account of disputes and the forum where the disputes are pending are given below

Name of the Statute	Nature of the Dues	Years	Amount Rs.	Forum where dispute is pending
Income-tax Act, 1961	Income Tax	Assessment Year 1990-91	3,05,394	Assessing Officer for re-assessment
Income-tax Act, 1961	Income Tax	Assessment Year 1993-94	1,08,45,085	Assessing Officer for re-assessment
Income-tax Act, 1961	Income Tax	Assessment Year 1995-96	41,72,298	Assessing Officer for re-assessment

10. The Exchange does not have accumulated losses as at 31<sup>st</sup> March, 2007 and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. The Exchange has not taken any loan from bank or financial institution and has not issued any debenture.
12. According to the information and explanations given to us, the Exchange has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Exchange is not a chit fund or a nidhi/mutual benefit fund/society therefore clause xiii) of paragraph 4 of the Order is not applicable to the Exchange.
14. In our opinion and according to the information and explanations given to us, the Exchange is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Exchange has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Exchange has not obtained any term loan.
17. According to the information and explanations given to us and on the basis of our overall examination of the Balance Sheet of the Exchange, no funds raised on short-term basis have been used for long-term investments.
18. The Exchange has not made any preferential allotment of shares during the year.
19. The Exchange has not issued any debentures.
20. The Exchange has not raised any money by way of public issue during the year.
21. Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Exchange has been noticed or reported during the year.

For S. S. Kothari & Associates  
Chartered Accountants

P. K. Bhattacharya)  
Partner

Membership No. 15899

Dated the 24<sup>th</sup> August, 2007  
21, Old Court House Street, Kolkata - 700001



**STATEMENT  
OF  
ACCOUNTS**

## BALANCE SHEET AS AT 31st MARCH, 2007

	SCHEDULE	As at 31.03.2007		As at 31.03.2006	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS</b>					
SHAREHOLDERS' FUND					
Capital	A		2,97,000		2,97,000
Reserves and Surplus	B		<u>131,60,77,529</u>		<u>129,16,03,688</u>
			<u>131,63,74,529</u>		<u>129,19,00,688</u>
<b>II. APPLICATION OF FUNDS</b>					
FIXED ASSETS					
Gross Block	C		38,34,78,347		42,26,64,030
Less Depreciation			<u>27,88,57,632</u>		<u>31,11,38,644</u>
Net Blocks			10,46,20,715		11,15,25,386
Capital Work-in-progress			<u>1,16,39,179</u>	11,62,59,894	<u>1,28,56,822</u>
					12,43,82,208
INVESTMENTS	D		1,21,17,401		1,21,17,401
CURRENT ASSETS, LOANS AND ADVANCES					
Interest Accrued on Investments	E		54,84,274		39,30,132
Sundry Debtors			4,26,55,583		4,35,58,745
Cash and Bank Balances			50,60,84,405		46,66,01,536
Loans & Advances			<u>190,64,73,754</u>		<u>194,78,25,764</u>
			<u>246,06,98,016</u>		<u>246,19,16,177</u>
LESS CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	F		126,82,03,969		129,91,10,939
Provisions			<u>83,91,171</u>		<u>81,61,419</u>
			<u>127,65,95,140</u>		<u>130,72,72,358</u>
NET CURRENT ASSETS			118,41,02,876		115,46,43,819
MISCELLANEOUS EXPENDITURE					
To the extent of not written off or adjusted)					
A/ Preliminary Expenses Demutualization Expenses			32,21,238		ñ
B/ Deferred Revenue Expenditure on Project Appraisal of Commodity Exchange			<u>6,73,120</u>	38,94,358	<u>7,57,260</u>
					7,57,260
			<u>131,63,74,529</u>		<u>129,19,00,688</u>
NOTES ON ACCOUNTS	J				

P. K. Ray  
Secretary

T. K. Das  
Administrator

By order of the Administrator  
D. Chakraborty  
DGM Accounts, Administration & Securities)  
As per our Report of even date  
For S. S. Kothari & Associates  
Chartered Accountants

Dated the 24<sup>th</sup> August, 2007  
21, Old Court House Street, Kolkata - 700001

P. K. Bhattacharya)  
Partner  
Membership No. 15899

**INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007**

Particulars	Schedule	As on 31.03.2007 Rs.	As on 31.03.2006 Rs.
<b>INCOME</b>			
Operating Income	G	3,12,76,852	3,91,59,019
Other Income	H	5,34,47,578	4,56,58,447
		<u>8,47,24,430</u>	<u>8,48,17,466</u>
<b>EXPENDITURE</b>			
Operating Expenses	I	6,40,34,972	7,06,14,467
Depreciation		71,56,194	1,03,75,112
Fringe Benefit Tax		2,03,990	20,426
Investors' Services Expenses		21,63,360	21,19,106
Contribution to SEBI on Listing Fees		13,89,074	16,33,718
Contribution to Customers Protection Fund		5,08,571	9,75,890
Contribution to Settlement Guarantee Fund		ñ	6,84,879
		<u>7,54,56,161</u>	<u>8,64,23,598</u>
<b>BALANCE BEING EXCESS OF INCOME OVER EXPENDITURE</b>		<b>92,68,269</b>	<b>-16,06,132</b>
<b>ADD</b>			
Expenses incurred on behalf of Investors' Services Fund Written Back		21,63,360	21,19,106
Settlement Guarantee Fund Expenses Written Back		25,64,340	5,08,603
Interest on Members Security Deposits of Settlement Guarantee Fund		7,86,80,551	6,31,86,318
		<u>9,26,76,520</u>	<u>6,42,07,895</u>
<b>LESS</b>			
Investors' Service Fund		48,77,754	55,87,346
Reserve for Establishment of Centre for Training, Statistical Information and Setting up a Library		91,50,000	60,00,000
Settlement Guarantee Fund Expenses		25,64,340	5,08,603
Contribution of Interest on Members Security Deposits to Settlement Guarantee Fund		7,86,80,551	6,31,86,318
		<u>-25,96,125</u>	<u>-1,10,74,372</u>
<b>BALANCE TRANSFERRED TO GENERAL RESERVE</b>		<b>-25,96,125</b>	<b>-1,10,74,372</b>

P. K. Ray  
Secretary

T. K. Das  
Administrator

By order of the Administrator  
D. Chakraborty  
DGM (Accounts, Administration & Securities)  
As per our Report of even date  
For S. S. Kothari & Associates  
Chartered Accountants

Dated the 24<sup>th</sup> August, 2007  
21, Old Court House Street, Kolkata - 700001

P. K. Bhattacharya  
Partner  
Membership No. 15899

## SCHEDULE "A"

### SHARE CAPITAL

Annexed to and forming part of the Balance Sheet as on 31st March, 2007)

P A R T I C U L A R S	As on 31.03.2007 Rs.	As on 31.03.2006 Rs.
<b>Authorised</b>		
4000 Ordinary Shares (Previous year 1200 Shares) of Rs. 250 each	<u>10,00,000</u>	<u>3,00,000</u>
<b>Issued</b>		
1188 Ordinary Shares of Rs. 250 each	<u>2,97,000</u>	<u>2,97,000</u>
<b>Subscribed &amp; Paid up</b>		
1. Issued as fully paid for other than cash 852 Shares of Rs. 250 each of the above 852 Shares, 316 Shares (Previous year 312 Shares) were forfeited and 297 Shares (Previous year 297 Shares) were re-issued. Hence 833 Shares (Previous year 837 Shares) of Rs. 250 each	<u>2,08,250</u>	2,09,250
2. Issued as fully paid up for cash 336 Shares of Rs. 250 each of the above 336 Shares, 41 Shares (Previous year 38 Shares) were forfeited and 29 Shares (Previous year 29 Shares) were re-issued. Hence 324 Shares (Previous year 327 Shares) of Rs. 250 each	<u>81,000</u>	81,750
<b>Forfeited Shares</b>		
31 Shares (Previous year 24 Shares) of Rs. 250 each	<u>7,750</u>	<u>6,000</u>
	<u>2,97,000</u>	<u>2,97,000</u>

**SCHEDULE "B"**

**RESERVES & SURPLUS :**

Annexed to and forming part of the Balance Sheet as on 31st March, 2007 )

P A R T I C U L A R S	Balance as on 31.03.2006	Amount transferred from Income and Expenditure Account during the year	Additions during the year	Deductions during the year	Balance as on 31.03.2007
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>B - I</b>					
Capital Reserve	6,18,860	ó	ó	ó	6,18,860
Share Premium	30,14,597	ó	ó	ó	30,14,597
Reserve for Establishment of Centre for Training & Statistical Information & Setting up a Library	29,74,41,570	91,50,000	ó	ó	30,65,91,570
Contingency Reserve	2,00,00,000	ó	ó	ó	2,00,00,000
Development Fees Fund	13,40,50,000	ó	ó	ó	13,40,50,000
General Reserve	7,98,61,388	ó	ó	25,96,125	7,72,65,263
	<u>53,49,86,415</u>	<u>91,50,000</u>	<u>ó</u>	<u>25,96,125</u>	<u>54,15,40,290</u>
<b>B - II</b>					
Investors' Service Fund	2,42,09,870	48,77,754	ó	21,63,360	2,69,24,264
Adjustable Credit Balance with Settlement Guarantee Fund Refer Note No - 6 of Schedule - J)	6,83,19,604	ó	55,80,093	25,64,280	7,13,35,417
<b>Total</b>	<u>9,25,29,474</u>	<u>48,77,754</u>	<u>55,80,093</u>	<u>47,27,640</u>	<u>9,82,59,681</u>
<b>B - III</b>					
Settlement Guarantee Fund as per Contra in Schedule (Ei) *	66,40,87,799	ó	56,51,71,941	55,29,82,182	67,62,77,558
<b>Total</b>	<u>66,40,87,799</u>	<u>ó</u>	<u>56,51,71,941</u>	<u>55,29,82,182</u>	<u>67,62,77,558</u>
<b>GRAND TOTAL B-I + B-II + B-III)</b>	<u>129,16,03,688</u>	<u>1,40,27,754</u>	<u>57,07,52,034</u>	<u>56,03,05,947</u>	<u>131,60,77,529</u>
Figures for the previous year	116,95,28,734	1,15,87,346	12,41,89,689	1,37,02,081	129,16,03,688

\* Governed by the Bye-Laws of the Settlement Guarantee Fund of the Exchange.

## SCHEDULE "C"

### FIXED ASSETS

P A R T I C U L A R S	Cost as on 31.03.2006	Additions during the year	Deductions/ Adjustment during the year	Cost as on 31.03.2007
	Rs.	Rs.	Rs.	Rs.
Land - Freehold	4,15,300	ó	ó	4,15,300
Land - Leasehold	9,37,73,788	ó	ó	9,37,73,788
Building	25,31,350	ó	ó	25,31,350
Tube well	2,46,618	ó	ó	2,46,618
Electric Installation	1,42,71,326	9,000	12,000	1,42,68,326
Pump	1,12,889	ó	ó	1,12,889
Furniture & Fixtures	1,42,35,834	16,988	1,09,632	1,41,43,190
Office Equipment	55,41,019	54,049	59,281	55,35,787
Air Conditioner	63,47,415	66,600	ó	64,14,015
Water Cooler	42,450	ó	ó	42,450
Lift	7,09,767	ó	ó	7,09,767
Motor Car	10,24,578	ó	ó	10,24,578
Computer & Software	28,34,11,696	3,89,359	3,95,40,766	24,42,60,289
	<u>42,26,64,030</u>	<u>5,35,996</u>	<u>3,97,21,679</u>	<u>38,34,78,347</u>
Capital Work-in-Progress				
Derivative	12,17,643	ó	12,17,643	ó
Exchange Complex Project	55,60,794	ó	ó	55,60,794
C-STAR	60,78,385	ó	ó	60,78,385
	<u>1,28,56,822</u>	<u>ó</u>	<u>12,17,643</u>	<u>1,16,39,179</u>
<b>T o t a l</b>	<u><u>43,55,20,852</u></u>	<u><u>5,35,996</u></u>	<u><u>4,09,39,322</u></u>	<u><u>39,51,17,526</u></u>
Figures for the previous year	43,80,09,042	22,250	25,10,440	43,55,20,852

**The Calcutta Stock Exchange Association Ltd.**

Annexed to and forming part of the Balance Sheet as on 31st March, 2007 )

D E P R E C I A T I O N				Net Value of Assets as on 31.03.2007	Net Value of Assets as on 31.03.2006
Upto 31.03.2006	For the Year	Adjustment	Upto 31.03.2007		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ó	ó	ó	ó	4,15,300	4,15,300
52,09,370	9,47,210	ó	61,56,580	8,76,17,208	8,85,64,418
13,46,356	59,250	ó	14,05,606	11,25,744	11,84,994
1,25,503	6,056	ó	1,31,559	1,15,059	1,21,115
105,77,977	5,14,104	11,206	1,10,80,875	31,87,451	36,93,349
90,199	3,156	ó	93,355	19,534	22,690
1,14,21,719	5,23,337	95,588	1,18,49,468	22,93,722	28,14,115
41,74,920	2,04,005	35,631	43,43,294	11,92,493	13,66,099
45,33,921	2,57,174	ó	47,91,095	16,22,920	18,13,494
38,650	529	ó	39,179	3,271	3,800
6,75,539	4,761	ó	6,80,300	29,467	34,228
8,60,765	42,411	ó	9,03,176	1,21,402	1,63,813
27,20,83,725	45,94,201	3,92,94,781	23,73,83,145	68,77,144	1,13,27,971
<u>31,11,38,644</u>	<u>71,56,194</u>	<u>3,94,37,206</u>	<u>27,88,57,632</u>	<u>10,46,20,715</u>	<u>11,15,25,386</u>
				ó	12,17,643
				55,60,794	55,60,794
				60,78,385	60,78,385
				<u>1,16,39,179</u>	<u>1,28,56,822</u>
<u>31,11,38,644</u>	<u>71,56,194</u>	<u>3,94,37,206</u>	<u>27,88,57,632</u>	<u>11,62,59,894</u>	<u>12,43,82,208</u>
30,31,70,084	1,03,75,112	24,06,552	31,11,38,644	12,43,82,208	

## SCHEDULE "D"

### INVESTMENTS

P A R T I C U L A R S	Nominal	Cost Price	Cost Price
	Value as on 31.03.2006	as on 31.03.2006	of Investments Purchase/Converted during the year
	Rs.	Rs.	Rs.
<b>LONG TERM INVESTMENTS</b>			
<b>A. Debentures of Joint Stock Companies (Quoted)</b>			
15% Bengal Paper Mills Co.Ltd. Regd. Debenture of Rs.100 each	1,17,000	1	0
<b>B. 6.75% Tax Free US64 Bonds of Rs.100 each</b>	21,17,400	21,17,400	0
<b>C. Investment in Equity Shares with Central Depository Services (India) Ltd. (Unquoted)</b>			
Equity Shares of Rs.10 each fully paid, by way of Equity participation as a co-sponsor.	1,00,00,000	1,00,00,000	0
	<u>1,22,34,400</u>	<u>1,21,17,401</u>	<u>0</u>
Figures for the previous year	1,25,21,440	1,21,17,402	0

#### **Aggregate cost of -**

Quoted Investments Rs. 21,17,401 (previous year Rs. 21,17,401)

Unquoted Investments Rs. 1,00,00,000 (previous year Rs. 1,00,00,000)



**The Calcutta Stock Exchange Association Ltd.**

Annexed to and forming part of the Balance Sheet as on 31st March, 2007 )

Nominal Value of Investments purchased during the year	Cost Price of Investments Redeemed/Converted during the year	Nominal Value of Investments Redeemed/Converted during the year	Nominal Value as on 31.03.2007	Cost Price as on 31.03.2007	Market Value as on 31.03.2007	Number
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
ó	ó	ó	1,17,000	1	*	117
ó	ó	ó	21,17,400	21,17,400	*	21174
ó	ó	ó	1,00,00,000	1,00,00,000	ó	1000000
<u>ó</u>	<u>ó</u>	<u>ó</u>	<u>1,22,34,400</u>	<u>1,21,17,401</u>	<u>ó</u>	
ó	1	2,87,040	1,22,34,400	1,21,17,401	ó	

\* Market Value not available.

## SCHEDULE "E"

### CURRENT ASSETS, LOANS & ADVANCES

<u>PARTICULARS</u>	<u>As on 31.03.2007</u>			<u>As on 31.03.2006</u>		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>A. CURRENT ASSETS</b>						
<b>INTETREST ACCRUED BUT NOT DUE ON INVESTMENTS / DEPOSITS</b>			54,84,274			39,30,132
<b>SUNDRY DEBTORS</b>						
a) Debts outstanding for a period exceeding six months						
From Members Secured, considered good)	1,02,29,791			89,03,366		
From Members Unsecured, considered good)	1,85,620			1,52,768		
From Others Unsecured, considered good)	3,16,92,187			3,39,48,189		
From Others Unsecured, considered doubtful)	56,48,702			94,88,910		
	<u>4,77,56,300</u>			<u>5,24,93,233</u>		
Less Provision for Doubtful Debts	<u>56,48,702</u>	4,21,07,598		<u>94,88,910</u>	4,30,04,323	
b) Other Debts						
From Members Secured, considered Good)		5,47,985	4,26,55,583		5,54,422	4,35,58,745
<b>CASH &amp; BANK BALANCES</b>						
Cash-in-hand As Certified)			13,072			47,009
<b>BALANCE WITH SCHEDULED BANKS</b>						
In Current Account						
Including Rs. 57,29,391 relating to Settlement Bank Accounts and Rs. 4,74,71,842 relating to Margin Bank Accounts)		5,81,83,832			2,46,47,678	
In Savings Account		1,00,20,155			24,71,343	
In Fixed Deposits		<u>43,78,67,346</u>	<u>50,60,71,333</u>		<u>43,94,35,506</u>	<u>46,65,54,527</u>
			<u>55,42,24,262</u>			<u>51,40,90,413</u>
<b>B. LOANS &amp; ADVANCES Unsecured, considered good)</b>						
<b>TAX DEDUCTED AT SOURCE</b>		2,37,08,106			4,52,35,049	
<b>ADVANCE TO STAFF</b>		44,48,965			44,29,928	
<b>ADVANCE TO OTHERS</b>						
Including Rs. 97,38,90,608 as per contra in Schedule - iFi, which is inclusive of Rs.91,17,68,941 due from defaulting members referred in Notes 10 b) in Schedule - iIi)		103,08,13,581			99,27,13,296	
<b>PREPAID EXPENSES</b>		<u>11,67,091</u>	<u>106,01,37,743</u>		<u>9,52,672</u>	<u>104,33,30,945</u>

**The Calcutta Stock Exchange Association Ltd.**

Annexed to and forming part of the Balance Sheet as on 31st March, 2007 )

	<u>As on 31.03.2007</u>		<u>As on 31.03.2006</u>	
	Rs.	Rs.	Rs.	Rs.
<b>MEMBERS' DEPOSIT FOR SECURITY &amp; BASE CAPITAL REQUIREMENT</b>				
As per Contra In Schedule - iFi)				
In Fixed Deposits	2,42,50,830		59,83,232	
In Shares	<u>12,34,69,850</u>	<b>14,77,20,680</b>	<u>21,20,86,015</u>	21,80,69,247
<b>DEPOSIT WITH TURNER MORRISON LTD</b>	<b>2,00,00,000</b>		2,00,00,000	
Ref. No. 17 a) of Schedule - i)j)				
<b>SECURITY DEPOSIT WITH OTHERS</b>	<b>23,37,773</b>		23,37,773	
<b>SETTLEMENT GUARANTEE FUND</b>				
As per Contra in Schedule - iBi)				
In Fixed Deposits	30,45,564		30,00,000	
In Shares & Fixed Deposits	47,32,14,314		50,17,38,310	
In Fixed Deposits	8,37,66,472		86,24,474	
Interest on Members Security Deposits	8,37,66,472		86,24,474	
In Fixed Deposits	1,97,08,370		1,47,75,481	
Dividend on Members Security Deposits	1,97,08,370		1,47,75,481	
Bank Balances	29,87,786		5,55,74,504	
Other Receivables	<u>9,35,55,052</u>	<b>67,62,77,558</b>	<u>8,03,75,030</u>	66,40,87,799
	<u>190,64,73,754</u>		<u>194,78,25,764</u>	
	<b>246,06,98,016</b>		<b>246,19,16,177</b>	

## SCHEDULE "F"

### CURRENT LIABILITIES & PROVISIONS

Annexed to and forming part of the Balance Sheet as on 31st March, 2007 )

PARTICULARS	As on 31.03.2007		As on 31.03.2006	
	Rs.	Rs.	Rs.	Rs.
<b>A. CURRENT LIABILITIES</b>				
SUNDRY DEPOSITS		102,67,14,513		102,43,20,260
Including Rs.97,38,90,608, related to Settlement Guarantee Fund as per contra in Schedule - (Ei)				
OUTSTANDING LIABILITIES		4,85,61,034		4,80,17,176
MEMBERS' DEPOSIT FOR SECURITY AND BASE CAPITAL REQUIREMENT AND MARGIN -				
In Cash		4,52,07,742		87,04,256
In Fixed Deposits As per Contra in Schedule (Ei)		2,42,50,830		59,83,232
In Shares As per Contra in Schedule (Ei)		12,34,69,850	19,29,28,422	21,20,86,015
				22,67,73,503
		126,82,03,969		129,91,10,939
<b>B. PROVISIONS</b>				
PROVISION FOR LEAVE ENCASHMENT		83,91,171		81,61,419
<b>TOTAL</b>		<b>127,65,95,140</b>		<b>130,72,72,358</b>

## SCHEDULE "G"

Annexed to and forming part of the Income & Expenditure Account as on 31st March, 2007 )

### OPERATING INCOME

PARTICULARS	As on 31.03.2007 Rs.	As on 31.03.2006 Rs.
Income from CSTAR	7,26,382	37,18,681
Enlistment Fee	2,77,81,470	3,26,74,350
Subscription	27,69,000	27,65,988
	<u>3,12,76,852</u>	<u>3,91,59,019</u>

## SCHEDULE "H"

Annexed to and forming part of the Income & Expenditure Account as on 31st March, 2007 )

### OTHER INCOME

PARTICULARS	As on 31.03.2007 Rs.	As on 31.03.2006 Rs.
Interest		
On Fixed Deposits I T Deducted Rs. 69,32,757 Previous year Rs. 57,24,060)	3,55,76,225	2,67,81,524
On Savings Bank Account	87,639	84,637
On Security Deposit with CESC Ltd I T Deducted Rs. 28,942 Previous year Rs. 29,891)	1,28,974	1,33,206
On 6.75% Tax Free US64 Bond	1,42,925	1,42,925
From Others	1,00,249	88,431
Rent I T Deducted Rs. 2,54,642 Previous year Rs. 1,71,997)	10,20,927	9,72,534
Miscellaneous Receipts	51,47,253	83,80,229
Realisation from Auction for Customer Protection Fund	ó	1,68,947
Interest on Refund of Income Tax from Income Tax Authorities	1,05,96,488	18,44,484
Profit on sale of Assets Net) 1,21,397		ó
Profit on Redemption of Investment	ó	3,87,681
Outstanding Liability Written Back	5,84,072	51,38,524
Liability to SEBI Written Back	62,826	14,13,928
	<u>5,34,47,578</u>	<u>4,56,58,447</u>

## SCHEDULE "I"

Annexed to and forming part of the Income & Expenditure Account as on 31st March 2007 )

### OPERATING EXPENSES

PARTICULARS	As on 31.03.2007 Rs.	As on 31.03.2006 Rs.
Salary	1,86,52,171	2,04,90,515
Staff Welfare	20,18,050	21,31,650
Contribution to Provident & Other Funds	17,06,152	16,57,690
Gratuity	15,05,520	6,87,293
Provision for Leave Encashment	8,58,968	5,39,098
Rent and other Expenses	25,34,212	24,60,954
Electric Charges	33,57,745	27,64,500
Taxes & Licenses	5,23,106	4,70,269
Insurance	2,03,787	1,92,264
Stamp, Stationary & Printing	3,18,868	2,43,653
Telephone Charges	6,49,195	10,30,334
Travelling & Conveyance	7,86,432	3,94,490
Motor Car Expenses	3,22,478	3,95,227
Repairs & Maintenance	11,16,384	11,90,878
Computer Service Expenses	1,83,40,367	2,18,01,541
General Charges	20,69,086	22,63,058
Demat Charges	3,43,267	3,86,942
System Audit Expenses	1,96,420	3,58,150
Legal & Professional Charges	11,37,480	7,36,641
Auditor's Remuneration	1,12,240	1,12,240
Sub Committee Meeting Attendance Fees	1,02,000	73,400
Provision for Doubtful Debts	56,48,702	94,88,910
Website Development Expenses	45,297	1,32,468
Loss on Sale / Discard of Assets (Net)	1,85,262	ó
Expenses on Derrivative Charged Off	12,17,643	ó
Expenditure on Commodity Exchange Written Off	84,140	84,140
Sundry Balances Written Off	ó	5,28,162
	<u>6,40,34,972</u>	<u>7,06,14,467</u>

## **SCHEDULE "J"**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

Annexed to and forming part of the Balance Sheet as on 31st March, 2007 and the Income & Expenditure Account for the year ended on that date)

#### **A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Accounting Convention**

Financial Statements are prepared under the historical cost convention and on accrual basis.

**2. Fixed Assets and Depreciation**

Fixed Assets are stated at their original cost (including directly allocable expenses) less depreciation. Depreciation is provided in accordance with Schedule XIV of the Companies Act, 1956 on written-down value method at the rates specified for the purpose. Leasehold Land is amortized over the period of lease.

**3. Impairment of Assets**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in estimate of recoverable amount.

**4. Investments**

Investments are stated at cost. Earnings are accounted for on accrual basis.

**5. Retirement Benefits**

Total liabilities for Gratuity as on 31.03.2007 Rs.1,18,24,152 (Previous year Rs.1,15,95,835) is funded with the Life Insurance Corporation of India under LIC Group Gratuity Scheme through a separate Gratuity Trust Fund and the amount payable to the Trust Fund for the year is charged off. Other retirement benefits are provided on accrual basis. Provision for earned leave is made on due basis.

**6. Preliminary Expenses & Deferred Revenue Expenditure**

Expenses incurred on Demutualization of the Exchange would be adjusted against the premium to be received on allotment of shares, as and when made, as per the proposed Demutualization Scheme.

Expenses incurred on project appraisals conducted for setting up a Commodity Exchange Rs. 8,41,400 in the previous year, which would be written off over a period of ten years.

**7. Contingent Liabilities**

Contingent Liabilities are not provided for and instead disclosed by way of Notes.

**8. Taxation**

No provision for income tax has been made for the year as the Exchange claims exemption u/s 11 of the Income Tax Act, 1961. In view of above, deferred taxation has also not been considered.

#### **B. NOTES ON ACCOUNTS**

**1. Contingent Liabilities not provided for**

- a) The Income Tax Appellate Tribunal allowed Exchange's petition against the Orders of Assessing Officer and CIT (Appeals) for the Assessment year 1990-91 demanding Rs.3,05,394 and the matter has been referred back to Assessing Officer for re-assessment.
- b) The appeals against re-assessments made by the Assessing Officer for the Assessment years 1991-92 and 1992-93 as per the directions of the Income Tax Appellate Tribunal and consequential demands raised for Rs.3,66,74,684 have been allowed in favor of the Exchange by the Order dated 19.10.2004 of the CIT (Appeals) and also confirmed by the Assessing Officer vide Order dated 11.11.2004 u/s 251. However the Income Tax Department filed appeal with the Income Tax Appellate Tribunal against the Order of the CIT (Appeals). The Income Tax Appellate Tribunal by its Order dated 28.02.2006 deleted the additions made by the Assessing Officer for both the Assessment years 1991-92 and 1992-93 and accordingly the

grounds taken by the Income Tax Department in both the Assessment years were rejected and the demands stand vacated. However, the Income Tax Department filed an application for condonation of delay for filing an appeal before the Honible High Court of Kolkata against above Order of the Income Tax Appellate Tribunal.

- c) The Assessing Officer, in course of income tax assessments, considered development fee receipts under 7 3) of the Articles of Association of the Exchange as revenue receipts instead of capital receipts and accordingly raised demands for the Assessment years 1993-94 and 1995-96 for Rs.1,08,45,085 and Rs. 41,72,298 respectively. Subsequently on the basis of petitions filed by the Exchange, the CIT Appeals) vacated the demand for the Assessment year 1993-94. In respect of Assessment years 1994-95 (no demand) and 1995-96, the Exchange filed petition to the Income-tax Appellate Tribunal. Further, the Income-tax Department also filed petitions before the Income-tax Appellate Tribunal against Orders of the CIT Appeals) for the Assessment years 1993-94 and 1997-98 (no demand). The Income Tax Appellate Tribunal has passed Orders on the above petitions directing the Assessing Officer to re-assess the above years after giving proper opportunities to the assessee. However in view of the Order dated 28.02.2006 of the Income Tax Appellate Tribunal, the Exchange does not expect any liability in respect of above assessment years.
- d) For Assessment year 2001-02, the Assessing Officer, in course of assessment, passed an Order on 31.03.2004 and raised a gross demand of Rs. 2,69,21,819, inclusive of interest (demand net of tax deducted at source amounts to Rs. 44,92,895). The Exchange filed appeal against the Order of the Assessing Officer before the CIT Appeals). By an Order dated 01.12.2004, the CIT Appeals) partially allowed the appeal in favor of the Exchange and referred back certain points of the appeal to the Assessing Officer for re-examination. Again the Exchange filed an appeal against the Order of the said CIT Appeals) before the Income Tax Appellate Tribunal and subsequently Income Tax Appellate Tribunal, vide its Order dated 16.06.2006, directed the Assessing Officer to allow certain claims of the Exchange for deduction of Rs. 19.93 Crores and also restored other issues for fresh consideration of Assessing Officer, which is awaited. On giving effect of the said appeals as also consideration of other issues by the Assessing Officer as per direction of the Income Tax Appellate Tribunal, there would be no demand against the Exchange.

The Assessing Officer, in the process of reassessments for the Assessment years 1991-92 and 1992-93 as also assessment for the Assessment year 2001-02, initiated recovery proceedings on the Exchange towards demands raised for the said Assessment years and recovered Rs.1 Crore each on 13.09.2004 and 14.09.2004 by way of encashment of fixed deposits of the Exchange. However, as per subsequent Order of the Ld. CIT Appeals) Rs. 1,55,39,433 became refundable to the Exchange and the same has been received. Balance of Rs. 44,60,567 paid under protest by the Exchange, would be refunded on completion of assessment for the Assessment year 2001-02 as per Order of Income Tax Appellate Tribunal dated 16.06.2006. The Assessing Officer has confirmed that Rs. 3.57 Crores including interest of Rs. 88.48 lacs is refundable vide the Order dated 29.08.2006. However, the Income Tax Department filed an application for condonation of delay for filing an appeal before the Honible High Court of Calcutta against above Order of the Income Tax Appellate Tribunal.

2. A listed company obtained an ex-parte decree from a Court in Patna against the Exchange for an amount of Rs. 9,67,22,780. The Exchange is contesting the case for setting aside the decree and hence, the aforesaid claim against the Exchange has not been acknowledged as debt.
3. The shares of the Exchange have subsequently been split into Re. 1 per share from Rs. 250 per share by a resolution passed at the Extra Ordinary General Meeting held on May 23, 2007 and accordingly the Authorised Share Capital of the Exchange stands at 10,00,000 Shares of Re.1 each.
4. The Exchange has adopted a Demutualization Scheme, duly approved in principle by the Securities & Exchange Board of India, by proposing to issue and allot at least 51% of the share capital of the Exchange to persons other than the shareholders having trading rights of the Exchange. Effective implementation of the Scheme would be made on finalization of negotiations with the strategic partners and approval of the Securities & Exchange board of India, the dead-line for which has been fixed by the SEBI on 28<sup>th</sup> August, 2007.



**5. Payment obligations of Settlement Accounts**

- a) Out of Rs.106,11,24,047 as on 31.03.2001 including Rs. 103,77,44,955 paid by the Exchange to meet the payment crisis in Settlement Nos. 2001148, 2001149 and 2001150 in March, 2001) a sum of Rs. 9,00,40,224 has been recovered till 31st March, 2007 (Previous year Rs. 9,00,40,224) from members.
  - b) Certain members had made ad-hoc contribution of Rs. 28,06,89,708 to Settlement Guarantee Fund in the previous year ended 31.03.2001 specifically to meet payout obligation. The members have paid the same under protest and reserved their rights to obtain refund of the same in the event of recoveries from the defaulting members.
  - c) During the year 2001-02, a member had made contribution of Rs. 65,00,000 to Settlement Guarantee Fund by virtue of a Decree of the Honible High Court of Kolkata subject to condition that the said sum can be considered for refund in the event of recovery from defaulting members.
  - d) Certain members had also made contributions to Settlement Guarantee Fund during the years 2001-02 and 2002-03 for Rs. 2,58,02,700 subject to condition that the same shall be refunded on recovery from defaulting members and/or when the financial position of the Exchange becomes viable.
6. As per the Bye-laws of the Settlement Guarantee Fund, duly approved by the Securities & Exchange Board of India, the Exchange is required to contribute annually to the Settlement Guarantee Fund at the rate of 0.00125% of the turnover of active members for the year.

Accordingly, the Exchange had contributed regularly up to the year 1999-2000 and charged off the same in the Income & Expenditure Account. During 2000-01, the Exchange made an additional contribution of Rs. 19,93,55,380 over and above the required contribution for the year to meet the pay-out obligations arising due to payment crisis in March, 2001.

As per the resolution dated 03.10.2001 of the erstwhile Board of Directors of the Exchange, above amount of additional contribution is adjustable against future annual contributions payable by the Exchange to the Settlement Guarantee Fund. Accordingly, Rs. 89,48,528 has been adjusted on this account up to 31.03.2007, leaving a balance of Rs. 19,04,06,852 for adjustments in future.

Due to reasons stated above, annual contributions to the tune of Rs. 89,48,528 (including Rs. 1,73,690 for the year) has not been charged off in the Income & Expenditure Accounts of respective years (excepting 2004-05 and 2005-06) and also no further provision on this account is considered necessary.

In addition to above, the Exchange has also a credit balance of Rs. 7,13,35,417 to Settlement Guarantee Fund, which may also be adjusted against the above balance of additional contribution as per the said resolutions of the erstwhile Board of Directors, which would leave an adjustable balance of Rs. 11,90,71,435 with Settlement Guarantee Fund.

**7. Members' Deposit for Security and Base Capital Requirements**

- a) In arriving at the amount of security deposits by members, investments lodged as securities have been taken at their market value in respect of Quoted Shares and Bonds.
  - b) During the year the Exchange has obtained Bank Guarantee amounting to Rs. 1.06 Crores (Previous year Rs. 15 lacs) from the members in favour of this Exchange on account of base minimum capital requirement and margin deposit requirement, over and above the deposit on account of cash, fixed deposit and shares.
  - c) Dividends and Interest on Members' Deposits for Security and Base Capital Requirements continue to be accumulated under Settlement Guarantee Fund in terms of amended Bye-laws of the Settlement Guarantee Fund vide the decisions of the erstwhile Board of Directors on 12.03.2001 and 11.07.2003. As on 31.03.2007 such accumulated balance amounts to Rs. 12,13,32,379, which includes taxes deducted at source from Interest, accounted for during the year on the basis of Tax Deduction Certificates available with the Exchange at the time of submission of Returns/Revised Returns with the Income Tax Authorities.
8. The records maintained by the Securities (including those relating to shares, fixed deposits and bank balances of Settlement Guarantee Fund), Market Operations (Settlement Accounts) and Margin Departments of the Exchange are in the process of being reconciled with those of Accounts Department. Adjustments, if any, required on the balances under various heads of accounts with members, the extent of which is presently indeterminate, would be affected on completion of such reconciliations.

## 9. Balance with Schedule Banks

- a) Include Rs. 17,28,065 on Savings Account with American Express Bank Ltd.,† under Injunction Order by the Honible High Court of Kolkata.
- b) Balances on Current Accounts with other Banks Rs. 7,73,358 remain non-operative.

## 10. Loans & Advances

- a) The advances other than Members Security Deposits are recoverable in cash or in kind†or†for value to be received or pending adjustment.
  - b)† Amount due from Members†on†account†of Settlements†is Rs. 97,36,67,415 Previous Year Rs. 97,36,67,415)†including Rs. 91,17,68,941 Previous year Rs. 91,17,68,941) due from ten †defaulting members, against †whom the Exchange has filed legal cases. As the matter is Sub-Judice, extent of recoverability of the amount from defaulting members is presently not ascertainable.
  - c) Advance to Others include Rs. 38,33,958 under litigation and Rs. 1,28,47,819 remaining unrealized/ unadjusted for prolonged period, from members other than those indicated in 10 b) above, in respect of which no provision has been made by the Exchange as the same is considered realizable by the Exchange.
11. As per practice, bills traisted †during †the †year on †certain †Listed †companies Rs. 1,91,31,875† Previous †year Rs. 1,63,44,100) has†not†been considered as income as the same†is†not†recoverable.
12. Securities & Exchange Board of India, vide its order Reference No. SEBI/LE/22780/03, dated 4th December, †2003, superseded the Committee of The Calcutta Stock Exchange Association†Limited with effect †from 4th December, 2003 and appointed an Administrator for a period of one year to †exercise and †perform all the powers and duties of the Committee of The Calcutta Stock†Exchange Association Limited.†Such super-session of the Committee and appointment of Administrator has been extended by the Securities & Exchange Board of India from time to time and currently stands extended up to†31<sup>st</sup> March 2008.

## 13. Settlement Guarantee Fund

- a) Settlement Guarantee Fund of Rs. 67,62,77,558 previous year Rs. 66,40,87,799) comprises of
    - I. Initial & Annual Contribution by the Exchange Rs. 3,81,45,325 previous year Rs. 4,07,09,665 )
    - II. Members Contribution Rs. 26,11,612 -do- Rs. 26,01,612 )
    - III. Members Deposit in Cash, Fixed Deposits & Shares Rs. 47,60,14,314 -do- Rs. 50,45,38,310)
    - IV. Interest received/accrued on Investments Rs. 30,46,228 -do- Rs. 31,48,713 )
    - V. Membersí Ad-hoc contribution to SGF Rs. 3,11,27,700 -do- Rs. 3,11,27,700 )
    - VI. Membersí Special Security Deposit Rs. 40,00,000 -do- Rs. 40,00,000 )
    - VII. Interest on Membersí Security Deposit Rs. 5,38,56,269 -do- Rs. 6,31,86,318 )
    - VIII. Dividend on Membersí Security Deposit Rs. 1,97,08,370 -do- Rs. 1,47,75,481 )
    - IX. Interest on MSD/SGF received from CSE Rs. 4,77,67,740 -do- Rs. Nil )
  - b) As per consistent practice, deposits of members required to be maintained under Settlement Guarantee Fund are calculated on the basis of number of members having allotted Code Numbers†at the year end.
14. a) Expenses have been shown net of reimbursements, wherever applicable and include †under †other heads †of expenses Salary Rs. 34,24,093 previous year Rs. 13,70,835), Staff Welfare Rs. 2,89,968 previous year Rs. 1,07,527), Rent Rs. 3,60,000 previous year Rs. 1,21,000), Telephone Charges Rs. 1,30,366 previous year Rs. Nil), Computer Services Expenses Rs. 72,759 previous year Rs. Nil), Electric Charges Rs. 14,295 previous year Rs. Nil), Website Expenses Rs. 90,596 previous year Rs. Nil), Legal Expenses Rs. 1,25,102 previous year Rs. Nil) and Traveling Expenses Rs. 10,574 previous year Rs. Nil).
- b) Repairs and Maintenance include Rs. Nil previous year Rs. 49,562) for Building Repairs.

## 15. Auditorsí Remuneration

	<u>As on 31.03.2007</u>	<u>As on 31.03.2006</u>
Audit Fees	Rs. 1,12,240	Rs. 1,12,240
Other Matters ñ Taxation	Rs. 19,642	Rs. 16,530

**The Calcutta Stock Exchange Association Ltd.**

16. The Exchange has been continuing negotiations with the Kolkata Municipal Corporation and the Government of West Bengal regarding shifting of its site for the proposed Exchange Complex Project from its present site at Eastern Metropolitan By-pass to some other site and a final decision in this regard is expected shortly. The Exchange hopes that a substantial long-term gain would accrue to it on finalization of the deal for exchange of sites.
17. a) Consequent upon vacation of the premises at 1st floor of Turner Morrison Building at 6, Lyons Range, Kolkata, the Exchange has asked for refund of security deposit as per Tenancy Agreement with Turner Morrison Ltd. for Rs. 2 Crores together with 15% interest with effect from 1st February, 2002, after adjustment of outstanding dues on account of rent, others and reimbursement of quarterly Municipal Taxes. The Exchange has filed a suit for recovery of the said amount.
- b) As Turner Morrison Ltd has not refunded the aforesaid amount of Rs. 2 Crores, the Exchange stopped payment of dues to say company for Rent, Service charge etc. except Electricity Bills, pertaining to office space situated at 4th Floor of 6, Lyons Range, Kolkata - 700001 with effect from May, 2001. Consequently Turner Morrison Ltd has filed a suit against the Exchange for eviction from the said office space.
18. A sum of Rs. 30,65,91,570 (previous year Rs. 29,74,41,570) had been specifically set aside up to 31.03.2007 for funds in relation to Reserve for Establishment of Centre for Training & Statistical Information and setting up a Library, in the form of Deposits in Scheduled Banks.
19. Contingency Reserve of Rs. 2 Crores represents provision made in earlier years to cover risks, which may arise out of its relationship with Member-brokers in course of its dealing with them.
20. During the year the Exchange has set apart Rs. 48,77,754 (Previous year Rs. 55,87,346) in respect of contribution to Investors' Service Cell pursuant to Securities & Exchange Board of India's direction.

**21. Earnings per Share**

	<u>Year Ended 31.03.2007</u> <u>Basic &amp; Diluted EPS</u>	<u>Year Ended 31.03.2006</u> <u>Basic &amp; Diluted EPS</u>
<b>Earnings</b>		
Net Profit for the year	Rs. 92,68,269	Rs. -) 16,06,132
<b>Shares</b>		
Weighted average number of Equity Shares outstanding during the year	1188	1188
Earnings per share of face value of Rs. 250	Rs. 7,802	Rs. -) 1,352

22. Previous year's figures have been re-arranged, regrouped and recast wherever considered necessary.
23. Information pursuant to part IV of Schedule VI to The Companies Act, 1956, Balance Sheet Abstract and Company's General Business Profile is enclosed as per **Annexure - iBi**.

**Signatories to Schedules A to G.**

P.K. Ray  
*Secretary*

T. K. Das  
*Administrator*

By order of the Administrator  
D. Chakraborty  
Deputy General Manager  
Accounts, Administration & Securities)

As per our Report of even date  
For S. S. Kothari & Associates  
*Chartered Accountants*

Dated the 24<sup>th</sup> August, 2007  
21, Old Court House Street, Kolkata - 700001

P. K. Bhattacharya  
*Partner*  
Membership No. 15899

## ANNEXURE "B"

### Information pursuant to part IV of schedule VI to the companies Act 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

	Rs. in Thousand)
<b>a) REGISTRATION DETAILS</b>	
Registration number	4707/25 for 1923-24
State code	21
Balance sheet date	31-Mar-07
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<b>b) CAPITAL RAISED DURING THE YEAR</b>	
Public issue	NIL
Rights issue	NIL
Bonus issue	NIL
Private placement	NIL
<b>c) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS</b>	
Total liabilities and share-holders funds	25,92,970
Total assets	25,92,970
<b>SOURCES OF FUNDS Excluding Current Liabilities)</b>	
Paid up capital	297
Reserves and surplus	13,16,078
Secured loans	NIL
Unsecured loans	NIL
<b>APPLICATION OF FUNDS</b>	
Net fixed assets	1,16,260
Investments	12,117
Net current assets	11,84,104
Miscellaneous expenditure	3,894
Accumulated losses	NIL
<b>d) PERFORMANCE OF THE COMPANY</b>	
Income	84,724
Total expenditure	75,456
Surplus/ Shortage) before tax	9,268
Earnings per share in Rs. basic & diluted)	7.80
Dividend rate %	NIL
<hr/>	
<b>e) GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY</b>	
Item Code No. ITC Code)	N A
Product Description	N A
Item Code No. ITC Code)	N A
Product Description	N A
Item Code No. ITC Code)	N A
Product Description	N A