

PUNE STOCK EXCHANGE LIMITED

**Registered Office : “Shivleela Chambers”, 752, Sadashivpeth,
R.B Kumthekar Marg, Pune-411030**

DIRECTORS

Mr. Hanumantrao Mohite	--- Chairman & Shareholder Director
Mr. V.P. Katkar	--- SEBI / Public Representative Director
Mr. Dhananjay Keskar	--- Public Representative Director
Mr. S.T. Gadre	--- Public Representative Director
Mr. Rajendra Nahar	--- Shareholder Director
Dr. Anil Gandhi	--- Shareholder Director
Mr. Milind Kale	--- Shareholder Director
Mr Nandkumar Kakirde	--- Shareholder Director
Mr. J.B. Joshi	--- Shareholder Director (Since 09/10/09)
Mr Rajesh Bhandar	--- Broker Director
Mr. Sameer Gandhi	--- Broker Director
Mr. Amit Modak	--- Broker Director (Since 14/12/09)

AUDITORS

**JOSHI & SAHNEY
CHARTERED ACCOUNTANTS**

BANKERS

**BANK OF INDIA
Laxmi Road Branch, Pune – 411 030**

**JANTA SAHAKARI BANK LIMITED
Pune Stock Exchange Branch, Sadashiv Peth, Pune – 411 030**

Committees & their Member

Arbitration committee

- Shri Mohite
- Shri. Dinesh Bhalerao
- Shri. S.T.Gadre
- Shri. Arvind Navare
- Shri. Rajendra Nahar
- Shri. Anil Parikh

Ethics Committee

- Shri Mohite
- Shri.S.L.Joshi
- Shri. Kakirde
- Dr. Anil gandhi
- Shri. Jogalekar

Disciplinary Action Committee

- Shri Mohite
- Shri. S.T.Gadre
- Dr. Anil Gandhi
- Shri. S.L. Joshi
- Shri. Arun Pote

Software / IT and Computerized Trading System Committee

- Shri Mohite
- Shri Devendra Bapat
- Shri Sameer Gandhi
- Shri S.T. Gadre
- Shri Nahar

Defaults Committee

- Shri. H.Mohite
- Shri. S.T.Gadre
- Shri. D.Keskar
- Dr. A. Gandhi
- Shri. S.S. Gat

Investment Work Group Committee

- Shri. Hanumantrao Mohite
- Shri. J.B. Joshi
- Shri. Mangesh Katariya
- Shri. Arwind Paranjpe
- Shri. N.K.Palrecha

Investor Service Committee

- Shri Mohite
- Shri. D. Keskar
- Shri. S.T.Gadre
- Shri. kakirde
- Shri. Kamerkar

Membership Selection Committee

- Shri. Mohite
- Shri. Rajendra Nahar
- Shri. J.B. Joshi
- Shri. Dinesh Bhalerao
- Shri. Amit Modak.

Listing and Delisting Committee

- Shri. Mohite
- Shri. Rajesh Oswal
- Shri. R.Nahar
- Shri. Bhandari.
- Ms. Pallavi Salunke

Committee for Monitoring SEBI Inspection

- Shri. Hanumantrao Mohite
- Shri. D.Keskar
- Shri. Rajendra Nahar
- S.T. Gadre
- Shri Sameer Gandhi

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 28TH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE PUNE STOCK EXCHANGE LIMITED WILL BE HELD ON SATURDAY THE 18TH DAY OF SEPTEMBER, 2010 AT 11.30 AM AT 2ND FLOOR SHIVLEELA CHAMBERS, 752 SADASHIV PETH, PUNE 411030, TO TRANSACT THE FOLLOWING BUSINESS :

Ordinary Business:

- 1) To receive, consider and adopt the Profit & Loss A/c for the period ended on 31st March 2010 and the Balance Sheet as on that date, together with the Directors' Report and Auditors' Report thereon.
- 2) To declare final dividend.
- 3) To appoint Director in place of Mr Rajendra Nahar, who is liable to retire by rotation and has not offered himself for re- appointment.
- 4) To appoint Director in place of Dr. Anil Gandhi, who is liable to retire by rotation and has not offered himself for re- appointment.
- 5) To appoint the Statutory Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business:

- 6) To pass with or without modification the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to section 257 of the Companies Act, 1956 Mr Sameer Gandhi, from whom notice signifying his candidature along with a deposit of Rs 500 is received and who was appointed as the additional director of the company pursuant to the provisions of Section 260 of the Companies Act 1956 and as per article number 19A of the Articles of association of the company, be and is hereby appointed as the Director of the company liable to retire by rotation.”

- 7) To pass with or without modification the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to section 257 of the Companies Act, 1956 Mr Nandkumar Kakirde, from whom notice signifying his candidature along with a deposit of Rs 500 is received and who was appointed as the additional director of the company pursuant to the provisions of Section 260 of the Companies Act 1956 and as per article number 19A of the Articles of association of the company, be and is hereby appointed as the Director of the company liable to retire by rotation.”

- 8) To pass with or without modification the following resolution as a **Ordinary Resolution**

“RESOLVED THAT pursuant to Section 257 of the Companies Act,1956 Mr J B Joshi be and is hereby appointed as a director liable to retire by rotation, from whom the company has received a notice signifying his candidature along with a deposit of Rs 500.

- 9) To pass with or without modification the following resolution as a **Ordinary Resolution**

“RESOLVED THAT pursuant to Section 257 of the Companies Act,1956 Mr Rajesh Bhandari be appointed as a director liable to retire by rotation ,from whom the company has received a notice signifying his candidature along with a deposit of Rs 500.

- 10)To pass with or without modification the following resolution as a **Ordinary Resolution**

“RESOLVED THAT pursuant to Section 257 of the Companies Act,1956 Mr Amit Modak Be appointed as a director liable to retire by rotation, from whom the company has received a notice signifying his candidature along with a deposit of Rs 500.

- 11)To pass with or without modification the following resolution as a **Special Resolution**

“RESOLVED THAT pursuant to Section 314(1) of the Companies Act,1956 consent of the shareholders be and is hereby granted for appointment of Mr.Amit Modak to hold office or place of profit under the company as a faculty member and trainer for further period of three years and on such terms and conditions and on such

remuneration as may be decided by the board of Directors provided that the aggregate remuneration payable to Mr.Amit Modak shall not exceed Rs 2,00,000/- per annum.”

12) To pass with or without modification the following resolution as a **Special Resolution**

“**RESOLVED THAT** pursuant to Section 314(1) of the Companies Act,1956 consent of the shareholders be and is hereby granted for appointment of Mr.Sameer Gandhi to hold office or place of profit under the company as a faculty member and trainer for a period of three years and on such terms and conditions and on such remuneration as may be decided by the board of Directors provided that the aggregate remuneration payable to Mr.Sameer Gandhi shall not exceed Rs 2,00,000/- per annum.”

13) To pass with or without modification the following resolution as a **Special Resolution**

“**RESOLVED THAT** pursuant to Section 314(1) of the Companies Act,1956 consent of the shareholders be and is hereby granted for appointment of Mr.Nandikumar Kakirde to hold office or place of profit under the company as a librarian, faculty member and trainer for a period of three years and on such terms and conditions and on such remuneration as may be decided by the board of Directors provided that the aggregate remuneration payable to Mr.Nandikumar Kakirde shall not exceed Rs 2,00,000/-per annum.”

14)To pass with or without modification the following resolution as a **Ordinary Resolution:**

“**RESOLVED THAT** Ms. Pallavi Salunke,Practicing Company Secretary,Pune be and is hereby appointed for the purpose of issuing the Compliance Certificate as contemplated by proviso to Sec 383A(1)of the Companies Act 1956 for the financial year 2010-11 at a remuneration as may be decided by the Board mutually.”

Date: 20.08.2010

Place: Pune

**BY ORDER OF THE BOARD OF DIRECTOR
OF PUNE STOCK EXCHANGE LIMITED**

**H. Mohite
Chairman**

**J B Joshi
Director**

**S T Gadre
Director**

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. In order to be valid, a proxy form must be deposited at the registered office of the Company at least 48 hours before the time fixed for the meeting.
3. Those Shareholders who have not submitted nomination forms for their respective shareholding with the company as yet, are requested to submit the same at the earliest .
4. The Securities of the Company have been admitted by NSDL and CDSL. Those Shareholders, who are interested in dematerializing their Shareholding, may contact the company.
5. Members desirous of getting any information on the Annual Accounts, at the Annual General Meeting, are requested to write to the Company at least 10 days in advance, so as to enable the Company to keep the information ready.

EXPLANATORY STATEMENT AS PER THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6 & 7

In order to have the composition of the board of directors as per the Articles of Association and as per the suggestions issued by the Securities and Exchange Board of India , Mr Sameer Gandhi and Mr Nandkumar Kakirde were appointed as the additional directors on the board of the company on 12.09.2009. As per Section 260 of the Companies Act, 1956 the term of additional director is up to the next Annual General Meeting and hence their term is expiring at this AGM.

The company has received notice signifying their candidature as per section 257 of the Companies Act, 1957 along with a deposit of Rs 500 , which shall be refunded to them on election. Your approval is sought for their appointment as the directors of the company.

None of the Directors except Mr Sameer Gandhi and Mr Nandkumar Kairde are interested in the above resolution.

Item No 8 , 9 and 10

Mr J B Joshi was appointed to fill the casual vacancy caused by resignation of Mr Ramchandra Dimble. Mr.Rajesh Bandhari, was appointed to fill casual vacancy caused by resignation of Mr. Narendra Palrecha and Mr.Amit Modak was appointed to fill casual vacancy caused by resignation of Mr.Arun Pote. As per the provisions of the Companies Act, 1956 the appointment in casual vacancy is up to the term of the original director. However, , as per Article 19.14 of the Articles of Association of the company , a person appointed in casual vacancy can hold office until next Annual General Meeting only. Hence the term of all the three directors appointed i.e. Mr J B Joshi, Mr Rajesh Bhandari and Mr Amit Modak shall expire at this AGM.

The company has received notice signifying their candidature as per section 257 of the Companies Act, 1957 along with a deposit of Rs 500 , which shall be refunded to them on election. Your approval is sought for their appointment as the directors of the company.

None of the Directors except Mr J B Joshi, Mr Rajesh Bhandari and Mr Amit Modak are interested in the above resolution.

Item No 11, 12 and 13

As per the provisions of section 314(1) of the Companies Act, 1956 approval of the shareholders by way of special resolution is required for appointment of a director on an office or place of profit. In case director the term “office or place of profit” is defined as “any office or place shall be deemed to be an office or place of profit under the company if the office is held by director , obtains from the company anything and above the remuneration to which he is entitles as such director whether salary, fees, commission , perquisites, the right to occupy free of rent any premises as a place of residence or otherwise.”

Mr Amit Modak, and Mr Sameer Gandhi are appointed as faculty members and “Trainers” in the company for the training activities conducted by the Company on similar terms which are applicable to all the other faculty members. Further Mr Nandkumar Kakirde is appointed as the librarian of the company. However, Mr Amit Modak, Mr Sameer Gandhi and Mr Nandkumar Kakirde were subsequently appointed as directors of the company and hence section 314(1) gets attracted. This being the first general meeting after their appointment , approval of the shareholders by way of special resolution is necessary.

Your approval is sought for the same.

Item No 14 :

As per Section 383A of the Companies Act, 1956 every Company having paid up share Capital of Rs 10 Lakhs and above upto Rs 5 crores is required to obtain a compliance Certificate from a Company Secretary in whole time in practice. The paid up Share Capital of the Company for the year 2009-10 is Rs 18,83,750 which is more than Rs 10 lakhs. Hence it is necessary to make an appointment of a Practicing Company Secretary for issuing the Compliance Certificate for the financial year 2010-2011. Your approval is sought for the same.

None of the Directors are interested in the above resolution.

**BY ORDER OF THE BOARD OF DIRECTOR
OF PUNE STOCK EXCHANGE LIMITED**

Date: 20.08.2010

Place: Pune

**H. Mohite
Chairman**

**J B Joshi
Director**

**S T Gadre
Director**

DIRECTORS' REPORT

Dear Shareholders,

It gives us great pleasure in presenting the 28th Annual Report along with the audited annual accounts for the year ending 31st March 2010:

FINANCIAL RESULTS & OPERATIONS:

Figures are based on audited balance sheet

PARTICULARS	FOR THE YEAR ENDED 31.3.2010	FOR THE YEAR ENDED 31.3.2009
Total Income	8422650.44	8659294.20
Total Expenditure	6372743.63	4925006.55
Profit or Loss before Tax	2049906.81	3734287.65
Provision for Tax	644385.00	1177228.00
Profit or Loss after depreciation and tax	1405521.81	2557059.65
Prior Period adjustments	2513.97	(140205.00)
Profit or Loss Brought Forward	491732.58	102400.94
Transferred to SGF	1135842.00	1182311.00
Investor Reserve Fund	30359.00	--
Proposed Dividend	376750.00	753500.00
Corporate Dividend Tax	58210.00	116416.00
Amount Transferred to General Reserve	141000.00	255706.00
Profit or Loss Transferred to Balance Sheet	152579.00	491732.59

There was no trading on the Exchange during the previous year. Two Companies were delisted from the exchange during the year.

The total listing fee collection for the year was Rs. 13,72,532.20/- Out of this Rs. 274506.44 were set aside for Investor service Fund (20% of the Listing Fees is to be set aside as per SEBI Guidelines) and the balance Rs. 1098025.76 was available to exchange for its regular expenditure. Last year the total listing fee was 16,30,450/-. As per the delisting guidelines issued by SEBI in February 2003, there shall not be any compulsion for the existing company to remain listed on any stock exchange merely because it is a regional stock exchange. The Exchange office has taken necessary steps for the collection of the listing fee from the listed companies. However many companies are not paying the listing fee to the exchange in spite of regular follow-ups and sincere efforts. In coming day's non receipt of the listing fee will impact the profitability of the Exchange at large, since listing fees is one of the main sources of income of the Exchange.

DIVIDEND:

The Directors are pleased to recommend for consideration of the shareholders at the ensuing Annual General Meeting, payment of dividend of 20 Paise Per share i.e. 20 (%), making a total amount of Rs 3,76,750 for financial year ending 31.3.2010.

SEBI INSPECTION:

On January 12-13, 2009 SEBI has conducted PSE inspection. Sebi has forwarded to exchange their observations of inspection. Further, a quick compliance Inspection of the observation raised in the earlier inspection was done on 5 & 6 of August 2010. We are thankful to the SEBI Team for their co-operation during the Inspection.

INVESTORS AWARENESS / EDUCATION PROGRAMME:

The Exchange is deeply concerned about the protection of the interest of the investors and the public at large. In order to educate people about their rights and duties in the capital market, the Exchange organizes regular investor education programmes, keeping in line with the SEBI's Initiatives of "Empowering Investors through Education".

The Exchange has set up the Settlement Guarantee Fund, Investors Service Reserve and Pune Stock Exchange Investors Protection Fund Trust to protect the interest of the investors. As a regular ongoing endeavor, the Exchange was planning to organize Investor Education Programme on the day of Investor Education and Protection Day. The company wanted to invite eminent dignitaries on the occasion of Investor Education and Awareness Programme. However, due to some reasons, such Programme could not be arranged.

THE TRAINING ACTIVITY

In all 11 batches were conducted during the year. The training activity has gained momentum during the last year and the company looks forward to further increase the activities and batches during the current year. The activity generated Net Earning of Rs 1,83,604.40.

FUTURE OUTLOOK:

The future of the company was discussed by the directors of the company. It was decided that in the present scenario, the exchange has limited option of either to continue with the present going concern or to liquidate or else to merge with any other company/exchange. It was also discussed that before arriving on any firm decision, the broker's as well as shareholder's point of view would also be appreciated.

BUDGET FOR 2010-2011

Annual Budget for the year 2010-2011 was prepared by the Exchange office, which was approved by the Governing Board. The Budget was prepared based on the past Experience to project the future trend and was as realistic as possible. It addressed the quantifiable targets for the respective departments / sections and identified areas of functioning. It was a fully representative budget. The exchange has taken many steps during the year to reduce the expenditure and will continue to do so in the overall interest of the Institution.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES

The Exchange has contributed an amount of Rs. 4.02 Crores towards the paid- up equity capital of PSE Securities Limited. The total Authorised Capital of PSE Securities Limited is Rs. 7.80 Crores, (390 equity shares of Rs. 2,00,000 each). The paid up capital is Rs. 7.12 Crores, out of which Rs. 4.02 Crores is the equity contribution of Pune Stock Exchange Limited and Rs. 3.10 Crores is of the Members.

Name of the Subsidiary company	PSE Securities Ltd.
1) The Financial year of the subsidiary Company ended on	31 st March 2010
2) Holding Company's Interest	
(a) The number of Equity shares held each	201 Eq.Sh. of Rs. 2 Lacs/each

- fully paid.
- (b) Extent of interest of holding Company 56.46%
At the end of the financial year of the subsidiary co.
- 3) The net aggregate amount of the subsidiary co. profit/ loss so far as it concerns the members of the Holding Company.
- (a) Not dealt with in the Holding Company's Accounts.
- (i) For the financial year ended on 31.03.2010 Rs.28,00,127.37/-
- (ii) For the previous financial year of the subsidiary company since it became the Holding Company's subsidiary Rs.1,249,751/-

ABOUT PSE SECURITIES LIMITED

Your Directors are pleased to mention that PSE Securities Limited has started its Futures and Options business via NSE Platform w.e.f 27th January, 2010 and have availed the Professional Clearing Services of ICICI Bank Limited for the same. The Subsidiary is a registered broker member of BSE cash and NSE cash and F&O segment. The Subsidiary has also stepped in to mutual fund business,

The Subsidiary during the year has the gross BSE turnover was Rs 3133.96 Crores (Rs. 877.88 Crores was delivery turnover and Rs. 2256.08 Crore was non delivery turnover) and gross NSE turnover was Rs 938.54 Crores (Rs. 250.12 Crores was delivery turnover and Rs. 688.42 Crore was non delivery turnover). During the year under review the gross earnings of the subsidiary were Rs. 190.63 lacs as against Rs. 155.64 lacs for previous year, which resulted in a profit after tax and Depreciation of 23.02 lacs. The subsidiary has declared a dividend of dividend of 1% (i.e. Rs. 2000 per equity shares of Rs. 2, 00,000 each) for the year ended March 31, 2010 amounting to Rs. 7, 12,000/- in aggregate.

The subsidiary is also a CDSL Depository Participant and presently handling more than 10850 Beneficiary accounts.

Quite a few changes took place in the composition of Board of Directors of the subsidiary company during the financial year which ended on 31st March, 2010. Mr. Kedar Kulkarni was appointed on the board, as member/broker directors (additional Director) of the company at the board meeting of the company held on 19th September, 2010. Mrs Archana Gorhe was appointed as the Chief Executive officer of the company by the board of directors of the company vide the circular resolution passed on 25th July, 2009 subjected to

approval of SEBI. SEBI vide its letter dated January 18,2010 has approved her appointment .After getting SEBI approval Mrs. Archan Gorhe was appointed as the CEO whole time director of the company on the board meeting held on 17th February, 2010 subjected to approval of general body at the ensuing annual general meeting .

AUDITORS:

The Auditors of the Company M/S Joshi & Sahney, Chartered Accountants, Statutory Auditors retire at the conclusion of the ensuing Annual General Meeting. The Company has received certificate from the statutory Auditors as required u/s 224(1) of the Companies Act, 1956 stating that this appointment, if made, will be in the limits prescribed u/s 224(1B) of the Act. Being eligible, M/S Joshi & Sahney, Chartered Accountants have offered themselves for re-appointment. You are requested to appoint the Statutory Auditors for the financial year 2010-2011.

CHAIRMAN:

Mr Hanmntrao Mohite was appointed as the Chairman of the company after the last Annual General Meeting of the Company as per the provisions of the Articles of Association.

MANAGING DIRECTOR

SEBI has approved the name of Mrs Nihali Mitra on the post of Managing Director of the company. As per the provisions of section 259 of the Companies Act, the company has applied to the central government for its approval for increase in the total number of directors from 12 to 15 (Date of application to Central Government is 03-03-2010). The said approval is yet awaited. On receipt of the same the appointment of Mrs Nihali Mitra as Managing Director of the company may be done.

DIRECTORS:

Presently the composition of the board of directors is as follows:

Three Public Representative Directors namely,

1. Mr Dhanjay Keskar
2. Mr Shrikant Gadre
3. Mr Vishnu Katkar

Six Shareholder Directors namely,

1. Mr Rajendra Nahar
2. Mr. Hanumantrao Mohite, Chairman
3. Dr Anil Gandhi
4. Mr Javerilal. B. Joshi
5. Mr. Nandkumar Kakirde
6. Mr. Milind Kale

Three Broker Directors namely:

1. Mr. Sameer Gandhi
2. Mr. Rajesh Bhadari
3. Mr. Amit Modak

In the last AGM, Mr. Milind Kale who was appointed as additional director in the category of shareholder's director was appointed as a director of the company. Also Mr. Hanumantrao Mohite who was liable to retire by rotation was re-appointed in the category of shareholder's director.

As per sec 256 of the Companies Act, 1956 Mr Rajendra Nahar and Dr Anil Gandhi are liable to retire by rotation in this Annual General Meeting and though being eligible have not offered themselves for reappointment.

During the year Mr Arun Pote , who was appointed as the Broker Director , resigned from his post. . Hence, the Board of Directors appointed Mr Amit Modak in his place to fill the casual vacancy caused by resignation of Mr Pote.

Further there were two casual vacancies created by resignation of Mr Narendra Palrecha and Mr Ramchndra Dimble in the previous year. These casual vacancies were filled up by the Board of Directors by appointment of Mr Rajesh Bhandari and Mr Javerilal Joshi respectively. As per Article number 19.14 of the Articles of Association of the company the term of a person appointed in the casual vacancy is only up to the next Annual General Meeting.

Mr. Sameer Gandhi and Mr Nandkumar Kakirde were appointed as an additional director pursuant to section 260 of the Companies Act, 1956 and as per article number 19(A) of the Articles of Association of the company w.e.f. 12.09.2009. As per section 260 of the Companies Act, 1956, the term of additional director is up to the next Annual General Meeting.

Accordingly, the term of Mr Amit Modak, Mr Rajesh Bhandari , Mr Javerilal Joshi, Mr. Sameer Gandhi and Mr Nandkumar Kakirde is getting expired in the ensuing Annual General Meeting.

As per section 257 of the Companies Act, 1956 the company has received notice of candidature along with a deposit of Rs 500 from Mr Amit Modak, Mr Rajesh Bhandari , Mr Javerilal Joshi , Mr Sameer Gandhi and Mr Nandkumar Kakirde.

You are requested to appoint the directors.

PARTICULARS OF EMPLOYEES:

There are no employees who are in receipt of remuneration of Rs. 2,00,000/- or more per month or Rs. 24,00,000/- or more per year or part of the year and therefore the details as required under the Companies (Particulars of Employees) Rules, 1975 are not furnished here.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION:

Considering the nature of business of the company, directors have nothing to state in this regard. Particulars required under this head are given in Annexure I annexed to this Report.

FIXED DEPOSITS

The company has not accepted any fixed deposits during the financial year.

FOREIGN EXCHANGE EARNING & OUTGO:

Foreign exchange earnings & outgo were NIL during the current year.

DIRECTORS' RESPONSIBILITY STATEMENT:

As per the provisions of section 217(2AA) of the Companies Act, 1956 the Directors of the company hereby state that:

- a. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures,
- b. The directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give 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 company for that period,

c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,

d. The directors have prepared the annual accounts on a going concern basis.

COMPLIANCE CERTIFICATE:

In terms of section 383A of the Companies Act, 1956 the company is required to obtain a Compliance Certificate from a Company Secretary in Practice. Compliance Certificate issued by Ms Pallavi Salunke , Practicing Company Secretary , Pune is attached with this report and forms part of this report.

ACKNOWLEDGEMENT:

The Governing Board would like to appreciate the co-operation and the guidance received by the Council from the Public representatives / SEBI nominees Directors and Elected Broker Directors, which proved valuable in this crucial year.

We will also like to mention that; Public representatives and Broker members on all Statutory and other Committees have contributed a precious deal to make the committees a positive asset.

The directors appreciate the sincere efforts of the employees and the timely assistance provided by various authorities, institutions, banks and also the employees at all levels, in the business activities of the company

The Governing Board would also like to sincerely thank the Securities and Exchange Board of India for its continued support and guidance to Pune Stock Exchange Limited

**BY ORDER OF THE BOARD OF DIRECTOR
OF PUNE STOCK EXCHANGE LIMITED**

**Date: 20.08.2010
Place: Pune**

**H. Mohite
Chairman**

**J B Joshi
Director**

**S T Gadre
Director**

ANNEXURE I TO THE DIRECTORS REPORT

Particulars to be disclosed u/s 217(1)(e) of the Companies Act, 1956 with respect to conservation of energy, technology absorption, research and development expenditure.

ANNEXURE - I

CONSERVATION OF ENERGY

Energy Conservation measures taken; NIL

Additional Investments and proposal, if any, being implemented for reduction of consumption of energy;

Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

FORM B
Form for disclosure of particulars with respect to technology absorption

Pune Stock Exchange Limited, Pune
Research and Development (R&D):

- | | |
|--|-----|
| 1. Specific areas in which R&D carried out by the company. | NIL |
| 2. Benefits derived as a result of the above R & D. | NIL |
| 3. Future plan of action. | NIL |
| 4. Expenditure on R & D: | |
| (a) Capital | NIL |
| (b) Recurring | NIL |
| (c) Total | NIL |
| (d) Total R&D expenditure as a percentage of total turnover. | NIL |

Technology absorption, adaptation and innovation:

- | | |
|---|-----|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | NIL |
| 2. Benefits derived as a result of the above efforts, Eg. Product improvement, cost reduction, Product development, import substitution, etc. | NIL |
| 3. In case of imported technology (imported during the last 5 years, reckoned from the beginning of the financial year) following information may be furnished: | NIL |
| a) Technology imported. | NIL |
| b) Year of import. | NIL |
| c) Has technology been absorbed? | NIL |
| d) If not fully absorbed, areas where this is not taken place, reasons therefore and future plans of action. | NIL |

**BY ORDER OF THE BOARD OF DIRECTOR
OF PUNE STOCK EXCHANGE LIMITED**

Date: 20.08.2010

Place: Pune

H. Mohite
Chairman

J B Joshi
Director

S T Gadre
Director

COMPLIANCE CERTIFICATE

To,
The Members,
PUNE STOCK EXCHANGE LTD,
PUNE

I have examined the registers, records, books and papers of PUNE STOCK EXCHANGE LIMITED, having Registered Office at Shivleela Chambers, 752 Sadashiv Peth, Pune 411 030 as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate and entries therein have been recorded.
2. All forms and returns mentioned in Annexure B to this Certificate have been filed with the Registrar of Companies, Pune as prescribed under the Act and the rules made there under.
3. The Company being a public limited company, comments are not required.
4. The Board of Directors duly met 11 times on 29th April 2009, 22nd May 2009, 26th June 2009, 10th July 2009, 25th August 2009, 12th September 2009, 9th October 2009, 14th November 2009, 14th December 2009, 22nd February 2010 and 29th March 2010 and the proceedings thereof were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company has not closed its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31st March 2009 was convened on 22nd August, 2009 and was adjourned and held on 12th September, 2009 and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.

8. The company has not advanced any loans to its directors or persons or firms, or companies referred to under section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of 297 of the Act during the financial year.
10. The company has made entries in the register maintained under section 301 of the Act.
11. Three persons who were already faculty members of the company were appointed as directors of the company during the year. Approval of the shareholders by way of special resolution as required under section 314 is being sought in the ensuing annual general meeting being the first general meeting after their appointment on an office or place of profit.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company :
 - I. has made no allotment or transmission of securities during the financial year. The company has delivered all the share certificates on transfer of shares in accordance with the provisions of the Act.
 - II. has deposited the amount of final dividend declared on 12th September, 2009 in a separate bank account on 15th September, 2009 which is within five days from the date of declaration of such dividend.
 - III. paid dividend warrants for dividends to all the members within a period of 30 days from the date of declaration and that all the unpaid / unclaimed dividend has been transferred to Unpaid Dividend Account of the company with IDBI Bank , Camp Branch on 17th October, 2009.
 - IV. has not transferred any amounts to Investor Education and Protection Fund as no amounts were lying in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
 - V. has complied with the requirements of section 217 of the Act.
14. The company generally had the composition of the Board of Directors as specified in the Articles of Association of the company and as clarified by the Securities Board of India during the year except during the transition period when vacancies were created

- due to resignation and except that of appointment of Managing Director. There was no appointment of alternate directors and the appointment of directors, directors to fill casual vacancy and additional directors was duly made. The company is yet to appoint a Managing Director as specified in the Articles of Association due to absence of Central Government approval. The company has applied to the Central Government for its approval under section 259 of the Companies Act, 1956 for increase in the total number of directors from 12 to 15 and the approval thereof is still awaited.
15. The Company has not appointed a Managing Director / Whole Time Director / Manager during the financial year.
 16. The Company has not appointed any sole-selling agents during the financial year
 17. The company has applied for approval of the Central Government as prescribed under the provision of Section 259 of the Act during the year and the approval is yet awaited. The Company was not required to obtain any approvals of the Company Law Board, Regional Director, Registrar of Companies and/ or such authorities prescribed under the various provisions of the Act during the financial year.
 18. The directors have generally disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The company has not issued any shares, debentures or other Securities during the financial year.
 20. The company has not bought back any shares during the financial year.
 21. The company has no preference share capital / debentures.
 22. There were no transactions necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The company has not invited /accepted any deposits including any unsecured loans falling within the purview of sections 58A during the financial year.
 24. The company has not made any borrowings during the financial year ended 31st March 2010.
 25. The company has not made any loans and investments or given guarantees or provided securities to other bodies corporate during the financial year.

26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association during the financial year.
31. There were no prosecutions initiated against the company or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The company has not deducted any contribution towards separate Provident Fund During the financial year.

Place: Pune

Date: 20.08.2010

**PALLAVI SALUNKE
COMPANY SECRETARY
C.P.No: 4453**

COMPLIANCE CERTIFICATE
PUNE STOCK EXCHANGE LIMITED

Annexure A

Statutory Registers as maintained by the Company for the financial year ended 31st March, 2010:

S. No	Statutory Register	Section
1	Register of charges	143
2	Register of Members	150
3	Minutes book for General Meetings & Board Meetings.	193
4	Register of particulars of contracts in which directors are interested	301
5	Register of director, Managing Director, Manager, Secretary.	303
6	Register of director's shareholdings	307
7	Register of investments or loans made , guarantees given or securities provided	372A
	Non Statutory Register	
8	Share Transfer Register	108

Place: Pune

Date: 20.08.2010

PALLAVI SALUNKE
COMPANY SECRETARY
C.P.No: 4453

COMPLIANCE CERTIFICATE
PUNE STOCK EXCHANGE LIMITED

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ending on 31st March, 2010

Sr.no	Form	Filed under Section	Date of Filing	Whether filed within prescribed time	In case of delay whether requisite additional fee paid
1	Form 32	303	28.04.2009	No	Yes
2	Form 32	303	07.08.2009	Yes	NA
3	Form 66	383A	16.09.2009	Yes	NA
4	Form 23AC and ACA	220	06.10.2009	No	Yes
5	Form 20B	161	11.11.2009	No	Yes
6	Form 32	303	08.01.2010	Yes	Yes
7	Form 32	303	15.01.2010	No	Yes
8	Form 32	303	15.01.2010	No	Yes
9	Form 24	259	03.03.2010	Yes	Yes

Place: Pune

Date : 20.08.2010

PALLAVI SALUNKE
COMPANY SECRETARY
C.P.No: 4453

AUDITORS' REPORT

To,
The Members,
Pune Stock Exchange Limited,
Pune.

1. We have audited the attached Balance Sheet of Pune Stock Exchange Limited as at 31st March 2010 and also the annexed Profit & Loss Account of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by Companies (Auditors' Report Amendment) Order 2004, issued by the Central government of India in terms of section 227(4A) of the Companies Act, 1956 and in terms of the information and explanations given to us and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) 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.

- b) In our opinion proper books of account as required by law, have been kept by the Company so far as it appears from our examination of the books.
- c) The Balance Sheet and Profit & Loss Account are in agreement with the books of account.
- d) In our opinion the Balance Sheet and Profit & Loss Account are in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable
- e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31.3.2010 from being appointed as a Director under clause (g) of the sub-section (1) of section 274 of the Companies Act 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon gives the information required by the Companies Act. 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) in the case of Balance Sheet of the state of affairs of the Company as at 31st March 2010;
 - ii) in the case of the Profit & Loss Account of the Profit for the year ended on that date.

Place : Pune

Date : 20.08.2010

**FOR JOSHI & SAHNEY
CHARTERED ACCOUNTANTS
(FRN : 104359W)**

**H.M. JOSHI
PARTNER
(Membership No. 31689)**

ANNEXURE TO THE AUDITORS REPORT

(Referred to in Para 3 of our Report of even date)

1.
 - a) Records of fixed assets showing full particulars including quantitative details and situation thereof are to be updated and properly compiled in the Fixed Assets Register. [Clause 4(i)(a)]
 - b) The fixed assets have not been verified with available records during the year by the management. [Clause 4(i)(b)]
 - c) There are no disposal of fixed assets during the year under audit .[Clause 4(i)(c)]
2. 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 company and the nature of its business with regard to purchase of fixed assets. During the year there was no purchase of inventory or sale of goods/services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls. [Clause 4(iv)]
3. In respect of transactions covered under Section 301 of the Companies Act 1956 [Clause 4(v)]:
 - a) In our opinion and according to the information and explanations given to us, the particulars of the contracts and arrangements required to be entered into the register in pursuance of Sec 301 of the Companies Act 1956 have been so entered.
 - b) As per particulars entered in the register maintained u/s 301 as stated in (a) above, there are no transactions exceeding value of Rs 5 lakhs with any party during the year and as such our comments are not required in respect of clause v (b).
4. In our opinion the company has an internal audit system commensurate with the size and nature of its business. [Clause 4(vii)]
5.
 - a) According to the records of the Company, undisputed dues of Provident Fund, Income Tax and other statutory dues have been generally regularly deposited with the appropriate authorities.

As informed to us the applicability of the provisions of the Employees State Insurance Act by the ESI Authorities for 6 months period ended on 30.9.97 has been contested by the

company before appropriate authority. An amount of Rs.13,867/- was paid in earlier years against the notice dated 29.03.2006. However, as per the directions of the Hon'ble Court the Exchange has also paid the balance amount of Rs.47,070/- (along with the interest) to the ESIC authorities. There were no payments in respect of Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and Investor Education and Protection Fund during the year. [Clause 4(ix)(a)]

- b) According to the information and explanations given to us and the records of the Company, examined by us there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty or Cess as at 31st March 2010 which have not been deposited on Account of any dispute. ESIC dues which have not been deposited on account of disputes are as follows: [Clause 4(ix)(b)]

Nature of Dues	Amount not Deposited	Forum where dispute is pending
ESIC demand for contribution (Rs.4,08,900.00) Period-04/1992 to 03/1 997 (Additional)	Rs. 1.61.000.00	Hon'ble High Court, Mumbai and ESI Court. Pune
ESIC demand for contribution (Rs.3. 18,819.00) Period: 9/1999 to 9/2003	Rs. 1.59.409.00	Hon'ble High Court. Mumbai and ESI Court. Pune
ESIC demand for contribution (Rs.44, 473/-) Period: 04/1992 to 03/1997	Rs. 22,386.00	Hon'ble High Court. Mumbai and ESI Court. Pune

6. The Company does not have any accumulated losses on 31st March 2010 and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year, [Clause 4(x)]
7. Based on the audit procedures performed and according to the information and explanations given and representation made by the Management, we report that no fraud on or by the company has been noticed or reported during the year. [Clause 4(xxi)]
8. The provisions of the under mentioned clauses of para 4 of the said Order are not applicable to the company for the current year.
- a)** Regarding physical verification of inventory and maintenance of proper records of inventory. [Clause 4(ii)(a)(b)(c)]

- b)** Regarding loans secured or unsecured, granted or taken , to/from companies, firms or other parties covered in the register maintained u/s 301 of the Act. [Clause 4(iii)(a)(b)]
- c)** Regarding acceptance of deposits from the public. [Clause 4(vi)]
- d)** Regarding maintenance of cost records u/s 209(l)(d) of the Companies Act 1956. [Clause 4(viii)]
- e)** Regarding default in repayment of dues to financial institution or bank or debenture holders, [Clause 4(xi)]
- f)** Regarding documents and records maintained for grant of loans and advances on the basis of security by way of pledge of shares, debentures and other securities, [Clause 4(xii)]
- g)** Regarding provisions of special statute applicable to chit fund/ Nidhi/ mutual benefit fund/ Societies, [Clause 4(xiii)]
- h)** Regarding maintenance of records for dealing in or trading in shares, securities, debentures and other investments, [Clause 4(xiv)]
- i)** Regarding guarantees given for loan taken by others from bank or financial institutions, [Clause 4(xv)]
- j)** Regarding application of term loans for the purpose for which the loans were obtained, [Clause 4(xvi)]
- k)** Regarding funds raised on short term basis being used for long term investment and vice versa. [Clause 4(xvii)]
- l)** Regarding making of preferential allotment of shares, [Clause 4(xviii)]
- m)** Regarding creation of securities in respect of debentures issued, [Clause 4(xix)]
- n)** Regarding disclosure of end use of money raised by public issue [Clause 4(xx)]

**FOR JOSHI & SAHNEY
CHARTERED ACCOUNTANTS
(FRN: 104359W)**

**H M. JOSHI
PARTNER
(Membership No. 31689)**

**Place : Pune
Date : 20.08.2010**