

SCHEDULE 'K'

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

a) *BASIS OF ACCOUNTING*

The financial statements are prepared under the historical cost conventions and income and expenditure are accounted for on an accrual basis except with regard to certain items of revenue, which have not been considered due to uncertainty of ultimate collection.

b) *USE OF ESTIMATES:*

The presentation of financial statements in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on the management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

c) *FIXED ASSETS:*

Fixed Assets are capitalized at cost. Expenses incurred on major repairs/modernization/improvements to Fixed Assets are capitalized.

d) *DEPRECIATION:*

(i) Depreciation on furniture & fixtures is provided on the Written down Value basis on pro-rata basis at the rates specified in schedule XIV of the Companies Act, 1956

(ii) On other assets on written down value basis at specified rates mentioned as Under

PARTICULARS OF ASSETS	RATE
1) BUILDING	10%
2) COMPUTER EQUIPMENT	60%
3) AIR CONDITIONING UNIT	25%
4) ELECTRICAL INSTALLATION	25%
5) OFFICE EQUIPMENT	25%

As per AS28 – Impairment of Assets, Fixed Assets are reviewed for impairment with reference to their carrying cost compared to the recoverable value and the effect of impairment, if any is considered accordingly.

e) Long Term Investments are carried at cost.

f) TAXES ON INCOME:

The tax provision is considered as stipulated in AS- 22(Accounting for Taxes on Income) and includes current and deferred tax liability. The company recognizes the deferred tax liability based on the accumulated timing differences using the current tax rate.

g) CONTINGENT LIABILITIES:

All known liabilities, wherever material, are provided for and liabilities, which are disputed, are referred to by way of Notes of Accounts.

h) EMPLOYEE BENEFITS:

i) Short term employment benefits

All employees' benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus and short term compensated absences and the same are recognized in the period in which the employee renders the related service.

ii) Long term employment benefits:

a) **Defined Contribution plans:** The Company has defined contribution plans for post employment benefits in the form of provident fund/ pension fund administered by Regional Provident Fund Commissioner. Provident fund/ Pension funds are classified as defined contribution plans as the company has no further obligation beyond making contributions. The company's contributions to defined contribution plans are charged to profit & Loss Account as and when incurred.

b) Defined benefit Plans:

A. Funded Plan: Company does not have any funded plan for defined benefit.

B. Non Funded Plan: The Company has defined benefit for the post employment benefit in the form of gratuity and leave encashment for the employees. It is a general practice of the company to make the provision of Gratuity as per Actuarial Report in alternate years. In current year, Gratuity is required to be provided on the basis of Company's working. Gratuity provision to be made as on 31st march, 2011, is less than that of 31st March 2010; hence no effect has been given in the books of Account. As for the current year, we haven't done any actuarial valuation

2) Entrance fees and initial listing fees being non recurring receipts are credited to Reserve Fund Account. Amounts collected / received towards specific funds are credited to respective funds.

3) Payment to Auditors	Current Year	Previous year
Audit Fees	Rs.40000	Rs.40000

4) Related party disclosures

Sr	Names	Designation	Charges
1	Amit Modak	Director	Faculty Charges Rs. 18000
2	Samir Gandhi	Director	Faculty Charges Rs. 18000
3	NandKumar Kakirde	Director	Faculty Charges Rs. 30000
4	NandKumar Kakirde	Director	Investor Service cell / Library Charges Rs. 30000

5) TREATMENT FOR ADDITIONS TO & UTILIZATIONS FROM RESERVES

INVESTOR SERVICE RESERVE FUND:

As per the stipulation laid by SEBI every year Exchange has to provide certain amount out of collection of annual listing fees towards investor service expenses. The Exchange has kept aside such amount under Investor Service Reserve Account represented under Reserves. The income accrued / generated on the investments made against Investor Service Reserve is recognized as income of the Exchange from F Y 2010-2011 and accordingly gross interest earned is considered in profit & Loss account. The interest, net of Tax liability on the same is recognized as appropriation in profit & loss account and is credited to the Reserve at net value. The Expenses incurred out of fund are directly represented as utilization from the account. .

SETTLEMENT GAURANTEE FUND

Pursuant to SEBI Guidelines received by the exchange vide letter no MRD/DoP/SE/Cir-36/2008 dtd 29.12.2008, exchange has passed a board resolution on 26.06.2009 and decided to recognize interest earned on investments made against Settlement Guarantee fund as income of the exchange on & from financial 2008-09 and accordingly the gross interest earned is considered in profit & Loss account. The interest, net of Tax liability on the same is recognized as appropriation to Settlement Guarantee fund and accordingly is credited to the fund a/c at net value.

6) TAXES ON INCOME

Current Taxation: Provision is made for Income Tax based on the tax liability computed after considering tax allowance and exemptions.

Deferred Tax: Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax resulting from “timing difference” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax assets are recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future. Based on above, deferred tax Asset are incorporated in accounts during the year under consideration as follows @ rates applicable for A.Y 2010-11:-

	Opening as on 01.04.11	Current year adjustment	Balance as on 31.03.2011
Deferred Tax Asset			
Depreciation	4,29,125	1,200	4,30,325
Provision for Leave Encashment	1,41,957	(7,548)	1,34,409
Provision for Gratuity	2,27,055	NIL	2,27,055
<i>Total Deferred Tax Asset</i>	7,98,137	(6,348)	7,91,789

7) APPOINTMENT OF 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. The said approval has been received from Ministry of Corporate Affairs vide letter SRN No. A 79663944/5/2011 –CL.VII dated 26th april 2011. On receipt of such letter, Ms Nihali Mitra has been appointed as the Managing Director of PSE w.e.f 28th April 2011.

8) CONTINGENT LIABILITIES:

ESIC authorities have earlier held that the provisions of the ESIC Act are applicable to the Exchange and accordingly raised the demand of Rs.44,296.07 towards the contribution for the

period April 97 to September 97. The Exchange contended that the provisions of ESI Act are not applicable and has contested the said demand before the appropriate authorities. An amount of Rs.22,387/- has been paid under protest in the earlier year, against the said raised demand. However recently as per the directions of the Hon'ble Court the Exchange has paid the balance amount of Rs.47,070/- (along with the interest) to the ESIC authorities.

The case filed by the Exchange against the ESIC authorities contesting the applicability of the ESIC Act to the Exchange, has been decided against the Exchange by the Hon'ble Employees Insurance Court, Pune. The Exchange has filed and appealed in the Bombay High Court against the said order of the Employees Insurance Court and the matter is subjudice. The contention of the Exchange is that the ESIC Act is not applicable to the Exchange. The case at the ESIC Court will come up for hearing shortly. However the contingent liability on this account, if any is estimated at around Rs.6 lacs. Irrespective of Hearings, the matter is under status quo position.

ESIC dues which have not been deposited on account of disputes are as follows

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

9) Previous year figures have been regrouped wherever necessary to make them comparable with current year's figures.

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

Date: 27.8.11

Place: Pune

Mr. J B Joshi
Chairman

Mr Nandkumar Kakirde
Director

Ms. Nihali Mitra
Managing Director

PUNE STOCK EXCHANGE LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

(Figures in Rs)

I.	Registration Details	:	
	Registration Number	:	CIN U 67120 PN 2005 PLC 021178
	State Code	:	11
	Balance Sheet Date	:	31-03-2011
II.	Capital Raised During The Year	:	
	Public Issue	:	NIL
	Rights Issues	:	NIL
	Bonus Issue	:	NIL
	Private Placement to public offer	:	998750 Eq. Sh.
	Share Application Money	:	NIL
III.	Position of Mobilisation & Deployment of Funds		
	Total Liabilities	:	8,63,82,095.52
	Total Assets	:	8,63,82,095.52
	SOURCES OF FUNDS		
	Paid Up Capital	:	1,883,750.00
	Reserves & Surplus	:	8,44,98,345.52
	Secured Loans	:	Nil
	Unsecured Loans	:	Nil
	APPLICATIONS OF FUNDS		
	Net Fixed Assets	:	44,02,591.50
	Investments	:	4,02,01,000.00
	Net Current Assets	:	4,09,86,715.02
	Miscellaneous Expenditure	:	7,91,789.00
	Accumulated Losses	:	
IV.	Performance of The Company		
	Turnover (including other income)	:	81,75,456.54
	Total Expenditure	:	52,17,449.49
	Profit / Loss Before Tax	:	29,58,007.10
	Profit / Loss After Tax	:	21,41,659.10
	Earnings Per Share in Rs.	:	1.14
	Dividend @ 0%	:	40%

V. Generic names of the three principal products/services of the Company
(as per monetary terms)

Item Code No. (ITC Code) : N.A.

Product description : N.A.

VI Information required to be furnished in pursuance to the provisions of part II of schedule VI of the companies Act, 1956 such as production, sales, stocks, foreign exchange etc. is either NIL or not applicable

Date: 27.8.11

Place: Pune

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

Mr. J B Joshi
Chairman

Mr Nandkumar Kakirde
Director

Ms. Nihali Mitra
Managing Director

Pune Stock Exchange Limited

Reg.Off: Shivleela Chambers, 752, Sadashiv Peth, Kumthekar Marg, Pune-411030

ATTENDANCE SLIP

Please complete this slip and hand it over at the entrance of the meeting hall.

Registered Folio No. _____ Shares held _____

Name (in block letters) _____

I hereby record my presence at the Annual general meeting of the company held at 2nd Floor, Shivleela Chambers, 752, sadashiv peth, Kumthekar Marg, Pune-411030 on Wednesday, 21st Day of September, 2011 at 4.30 p.m.

Note: Please carry with you this attendance slip duly signed and hand over the same the entrance of the meeting hall.

Pune Stock Exchange Limited

Regd.Off.: Shivleela Chambers, 752, Sadashiv Peth, Kumthekar Marg, Pune-411030

PROXY FORM

Registered Folio No. _____ Shares held _____

I/We, _____ of being a member /member of the above named company hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to vote for me/us on my/our behalf at the Annual general meeting of the company to be held at 2nd Floor, Shivleela Chambers, 752, Sadashiv Peth, Kumthekar Marg, Pune-411030 on Wednesday, 21th Day of September, 2011 at 4.30 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2011.

Affix Re. 1/- revenue stamp

Note: The proxy to be effective should be deposited at the registered office of the company not less than 48 hours before the commencement of meeting.

