

PUNE STOCK EXCHANGE LIMITED

BOARD OF DIRECTORS

Mr. S T Gadre 31.08.2013)	---- Chairman & Public Representative Director(Upto
Mr. Vardhman Jain	----- Public Representative Director from 6.04.2013 (Appointed as Chairman of the Board on 31.08.2013)
Mr. V. P. Katkar	---- SEBI Nominee – (ROC, Pune) Resigned on 26.04.2012)
Mr. V. K. Khubchandani	---- SEBI Nominee – (ROC, Pune)
Mr. Dhananjay Keskar	---- Public Representative Director (upto 09.01.2013)
Mr. J. B. Joshi	---- Shareholder Director
Mr. Nandkumar Kakirde	---- Shareholder Director
Mr. Vikas Khare	---- Public Representative Director from 6.04.2013
Mr. Subhash Kivade	-----Public Representative Director from 6.04.2013
Mr. Milind Kale	---- Shareholder Director (Resigned on 25.07.2012)
Mr. Hanmantrao Mohite	---- Shareholder Director (From 21.09.2011 to 18.09.2012)
Mr. Rajendra Nahar	---- Shareholder Director (Upto 09.01.2013)
Mr. Rajesh Bhandari	---- Broker Director (Upto 24.08.2012)
Mrs. Mangal Gawali	---- Managing Director & CEO (From 11.03.2013)

AUDITORS

JOSHI & SAHNEY
CHARTERED ACCOUNTANTS

CORPORATE ADVISORS

APTE JOSHI & ASSOCIATES

COMPANY SECRETARIES

A – 3/3, ISHAN NAGARI,
WARJE, PUNE – 411058.

BANKERS

BANK OF INDIA

Laxmi Road Branch, Pune – 411 030

JANATA SAHAKARI BANK LIMITED

Pune Stock Exchange Branch, Sinhgad Road, Pune – 411041.

Committees & their members

<p>Membership Committee</p> <ul style="list-style-type: none"> • Mr. S. T. Gadre • Mr. Vardhaman Jain • Mr. Subhash Kivade • Mrs. Mangal Gawali • Mrs. Nilima Dixit 	<p>Selection</p>	<p>Disciplinary Action Committee</p> <ul style="list-style-type: none"> • Mr. S. T. Gadre • Mr. Vikas Khare • Mr. Subhash Kivade • Mrs. Mangal Gawali • Mrs. Nilima Dixit 	<p>Investor Grievance Redressal Committee</p> <ul style="list-style-type: none"> • Mr. S. T. Gadre • Mr. Arvind Navare • Mr. Arvind Paranjpe • Mr. Dinesh Bhalerao • Mrs. Mangal Gawali
<p>Defaulters' Committee</p> <ul style="list-style-type: none"> • Mr. S. T. Gadre • Mr. Vardhaman Jain • Mr. Nandkumar Kakirde • Mrs. Mangal Gawali • Mrs. Nilima Dixit 		<p>Compensation Committee</p> <ul style="list-style-type: none"> • Mr. S. T. Gadre • Mr. Vardhaman Jain • Mr. Vikas Khare • Mr. J.B. Joshi • Mrs. Mangal Gawali 	<p>Investor Service Committee</p> <ul style="list-style-type: none"> • Mr. S. T. Gadre • Mr. Vardhaman Jain • Mr. Vikas Khare • Mr. Arvind Paranjpe • Mrs. Mangal Gawali
<p>Public Interest Directors Committee</p> <ul style="list-style-type: none"> • Mr. S. T. Gadre • Mr. Vikas Khare • Mr. Subhash Kivade • Mr. V. K. Khubchandani • Mr. Vardhaman Jain • Mrs. Mangal Gawali 		<p>Arbitration Committee</p> <ul style="list-style-type: none"> • Mr. S. T. Gadre • Mr. Vardhaman Jain • Mr. Subhash Kivade • Mr. J.B Joshi • Mr. Ravindra Lale(I) • Mrs. Mangal Gawali 	<p>Advisory Committee</p> <ul style="list-style-type: none"> • Mr S. T. Gadre • Mr. Sameer Gandhi • Mr. Anand Sathe • Mr. Khushru Kanga • Mr. A. D. Pote • Mrs. Mangal Gawali
<p>Independent Oversight committee of the governing board for member regulation</p> <ul style="list-style-type: none"> • Mr. S. T Gadre • Mr. Vardhaman Jain • Mr. Vikas Khare • Mr. Arvind Navare • Mrs. Mangal Gawali 		<p>Independent Oversight committee of the governing board for listing function</p> <ul style="list-style-type: none"> • Mr. S. T Gadre • Mr. Vardhaman Jain • Mr. Vikas Khare • CS Mr. R.J. Joshi • Mrs. Mangal Gawali 	<p>Sub committee for Monitoring Compliance for SEBI Inspection Report</p> <ul style="list-style-type: none"> • Mr. S. T. Gadre • Mr. Vikas Khare • Mr. Subhash Kivade • Mr. N. H. Kakirde • Mrs. Mangal Gawali
<p>Ethics Committee</p> <ul style="list-style-type: none"> • Mr. S. T. Gadre • Mr. Vikas Khare • Mr. Vardhaman Jain • Mr. Nandkumar Kakirde • Mrs. Mangal Gawali • CS- Mr. R. J.Joshi 		<p>Independent Oversight committee of the governing board for Trading & Surveillance function.</p> <ul style="list-style-type: none"> • Mr. S. T Gadre • Mr. Vardhaman Jain • Mr. Vikas Khare • CS Mr. Raghvendra Joshi • Mrs. Mangal Gawali • Mr. Subhash Kivade 	<p>Audit Comiitee</p> <ul style="list-style-type: none"> • Mr. S. T. Gadre • Mr. Vardhaman Jain • Mr. Subhash Kivade • Mr. Milind Kale(I) • Mr. J.B. Joshi • MRs. MangalGawali
<p>Standing committee on technology</p> <ul style="list-style-type: none"> • Mr. S. T. Gadre • Mrs. Mangal Gawali 			

(I) denotes Invitee

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 31st ANNUAL GENERAL MEETING OF THE MEMBERS OF PUNE STOCK EXCHANGE LIMITED WILL BE HELD ON SATURDAY, September 28, 2013 AT 11:00 A.M. AT 2nd FLOOR SHIVLEELA CHAMBERS, 752 SADASHIV PETH, PUNE-411030 TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Balance Sheet and Profit & Loss A/c for the period ended on 31st March, 2013 together with the reports of Directors' and Auditors' Report thereon.
- 2) To appoint a Director in place of Mr. J. B. Joshi, who is liable to retire by rotation and being eligible has offered him for reappointment.
- 3) To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

4) TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

“RESOLVED THAT, Mr. Milind Kale be and is hereby appointed as a Shareholder Director of the Company, liable to retire by rotation.”

5) TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

“RESOLVED THAT, Mr. Ravindra Lale be and is hereby appointed as a Shareholder Director of the Company, liable to retire by rotation.”

6) TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

“RESOLVED THAT, Mr. Hanumantrao Mohite be and is hereby appointed as a Shareholder Director of the Company, liable to retire by rotation.”

7) TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

“RESOLVED THAT, subject to the provisions of Section 269 read with Schedule XIII of Companies Act, 1956 and subject to the provisions of Section 198, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956 along with the Articles of Association of the Company, approval of members is hereby accorded to the appointment of

Mrs. Mangal Gawali as Managing Director and CEO of the Company with effect from 11th March, 2013 for a period of 3 years i.e. upto 10th March, 2016 on the terms and conditions as mutually decided by the Board of the Company and on terms and conditions as set out in the appointment letter issued by the Company to Mrs. Mangal Gawali and on the remuneration as set out below:

Basic	-	Rs. 25,500.00
D.A (40% of basic)	-	Rs. 10,200.00
HRA (20% of basic)	-	Rs. 5,100.00
Conveyance Reimbursement	-	Rs 1,000.00
Education allowance (10%)	-	Rs 2,550.00
Food Allowance	-	Rs. 650.00

Total	-	Rs. 45,000.00

RESOLVED FURTHER THAT, the appointment of Mrs. Mangal Gawali as Managing Director & CEO shall be treated as a continues and uninterrupted for the purposes of superannuation, including annual increment and other benefit as per the service conditions applicable to the employees of Pune Stock Exchange Ltd.

RESOLVED FURTHER THAT, in the event of loss or inadequacy of profits during the tenure of the services of the Managing Director & CEO, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II (A) of Part II of Schedule XIII to the Companies Act, 1956.”

8) TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

WHEREAS in terms of SEBI Circular CIR/MRD/DSA/14/2012 dated May 30, 2012 Exit Policy for De- recognized/ Non- operational Stock Exchanges has been notified.

AND WHEREAS SEBI vide its Circular CIR/MRD/DSA/33/2012 dated December 13, 2012 has prescribed Procedural norms on Recognitions, Ownership and Governance for Stock Exchanges and Clearing Corporations. In terms of these guidelines an Exchange without Minimum Net worth of Rs. 100 crores or with Annual Trading less than Rs. 1000 crores, should apply for Voluntary De- recognition and Exit.

AND WHEREAS the Pune Stock Exchange Limited in its EOGM held on March 11, 2013 had resolved to explore the possibilities of merger with likeminded RSEs.

AND WHEREAS in furtherance thereto the Board of Governance has initiated steps to explore possibilities of consolidation, merger with other Regional Stock Exchanges which are fulfilling the criteria prescribed by SEBI vide its Circular referred above.

AND WHEREAS the Board of Governance after due deliberations and in consultation with the Stakeholders have recommended to accept the Consolidation Proposal of Calcutta Stock Exchange Limited on the broader terms and conditions as mentioned in the Draft MOU which was placed before the Shareholders at the meeting.

AND in view of the recommendation of the Board of Governance of PSE it is hereby resolved as under:

“RESOLVED THAT in view of the forgoing and pertinent SEBI guidelines, and all other applicable provisions of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of Pune Stock Exchange Limited (hereinafter referred to as PSE) and subject to any guidelines, regulations, approval, consent, permission or sanction of the Central Government, Securities and Exchange Board of India (SEBI) or other appropriate authorities (hereinafter collectively referred to as “the Appropriate Authorities”), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as “the requisite approvals”), which may be agreed to by the Board of Governance of PSE (hereinafter called “the Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorized to discuss, negotiate and finalize the terms and conditions in respect of the Consolidation Proposal received from the Calcutta Stock Exchange Limited (CSE) or any such Proposal that may be received from any of the Regional/Stock Exchanges having nationwide trading terminals and workout suitable Proposal and finalize the same after taking into account the due interest of all Stakeholders including the Listed Companies on PSE, enter into Memorandum of Understanding (MOU) with CSE for and on behalf of the PSE.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board or any Committee thereof be and is hereby authorized on behalf of the PSE to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation, entering into any arrangement and similar agreements as maybe involved or connected relating to consolidation/ merger of PSE with power on behalf of the PSE to settle any questions, difficulties or doubts that may arise in this regard and including the authority to engage any Solicitors, Advocates, Company Secretaries or any other consultant to attend to the various subject matters, issues that may arise/ involved in the execution of the Proposal for consolidation, merger, etc. as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorize to delegate all or any of the powers herein conferred to any Committee of Directors of the PSE to give effect to the aforesaid resolution.”

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

**Date: August 31, 2013
Place: Pune**

**Mrs. Mangal Gawali
(Managing Director & CEO)**

NOTES:

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.

6. Explanatory Statement as required under Section 173 of the Companies Act, 1956 is annexed hereto.

7. SEBI Circulars referred to in the Notice of AGM and Draft MOU to be executed with CSE are available for inspection by the shareholders on all working days during 1:00 P.M to 3:00 P.M. till the date of Annual General Meeting(AGM).

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

Item No. 4, 5 and 6 :

The Board in its meeting held on May 29 2013 co-opted following individuals as an Additional Directors pursuant to Section 260 of the Companies Act, 1956. Further as per SEBI Circular dated December 13, 2012 the said Co-option of Directors would be effective upon receipt of SEBI approval and for which it is necessary that these appointments of Directors are approved by shareholders.

As required under Section 257 of the Companies Act, 1956 Company has received a notice along with deposit of Rs. 500/- proposing candidature of Mr. Milind Kale, Mr. Ravindra Lale and Mr. Hanumantrao Mohite to the office of Director, liable to retire by rotation, at the ensuing Annual General Meeting.

The Board considers that since Mr. Milind Kale, Mr. Ravindra Lale and Mr. Hanumantrao Mohite have been associated with the Stock Exchange and are having requisite skill related to the Securities Market would help the Exchange in the long run.

Accordingly the resolutions for their appointment as Director Liable for retirement are proposed for your approval.

The Board recommends passing of the resolutions.

None of the Directors, except Mr. Milind Kale, Mr. Ravindra Lale and Mr. Hanumantrao Mohite are considered interested in the above resolutions proposed under item nos. 4 to 6 of the notice.

Item No. 7:

The Board with the approval of SEBI and subject to the approval of Shareholders in the Annual General Meeting appointed Mrs. Mangal Gawali as Managing Director and CEO of the Company effective from 11th March, 2013 for a period of three (3) years on terms and conditions set out in the Resolution.

The remuneration as set out in the Resolution is in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

The Board recommends the Resolution for approval of Members.

None of the Directors except Mrs. Mangal Gawali is concerned or interested in the said Resolution.

Item No. 8:

1) In the Extra- Ordinary General Meeting held on March 11,2013, it was resolved as under:

“In view of the Exit Policy and New Governance regulations issued by SEBI vide its circular dated December 13, 2012 continuance of Pune Stock Exchange Limited as a Standalone Exchange is not possible. Notwithstanding the above fact, the Governing Board of Pune Stock Exchange Limited had decided to explore the possibilities of merger with like minded RSEs with a view of consolidation and the following resolution was passed.

RESOLVED FURTHER THAT, the members hereby authorise the Board to do all necessary acts and sign all necessary documents to give effect to above mentioned resolution including reply to SEBI in accordance with the circular dated December 13, 2012.”

2) Accordingly the Consolidation/ Merger Proposals received from Madras Stock Exchange(MSE)/MCX-SX (Merger), Madhya Pradesh Stock Exchange (MPSE) (Equity Investment) and Calcutta Stock Exchange (CSE) (Consolidation) were examined by **Brokers Advisory Committee**, after due presentation from representatives of these Stock Exchanges, recommended that CSE proposal is worth pursuing further.

- 3) Thereafter the **Sub Committee of the Governing Board** examined the matter further and concluded that considering the PSE's responsibility as a Stock Exchange towards the Companies listed with PSE and Brokers registered with it, it will be necessary to give them suitable way out without disturbing their status as Listed entity, and hassle free switch to Member Brokers, since the PSE cannot continue to function as Stock Exchange. If this is to be fulfilled, CSE Consolidation Proposal is worth pursuing further and accordingly Board in its Meeting held on July 06, 2013 resolved to write to CSE to have Draft Memo to be entered into in this behalf.
- 4) PSE has now received the Draft MOU from CSE that may have to be executed in this behalf and acted upon The Draft proposal received in the form of MOU is sent herewith for information and perusal of all stakeholders.
- 5) The gist of the Proposal is as under:

The services that will be offered by CSE include:-

1. Trading facility in C-Star:

Members of PSE can access cash segment of CSE. After approval of SEBI, ICCL will act as the central counter party to both the buyer and the seller in respect of every bonafide trade executed on C-Star, the electronic screen based trading system of CSE.

2. Trading facility in NSE & BSE:

Members of PSE once they are registered as members of CSE, can access the cash and Derivative segments of both NSE and BSE.

The following concession on tariffs as offered to PSE members:

- Admission fees: Rs. 10,000/-
- Technology Fees: Rs.10,000/-
- Guaranteed turnover charges per year: Rs.10,000/-
- Other terms and conditions are the same which are being offered to the existing members of the Exchange which are enclosed.

3. Special service to the Trading members of PSE:

CSE will provide special service to PSE members to facilitate their trading in BSE/CSE/NSE. If required and the economics permit, CSE can consider to set-up an office at Pune Stock Exchange with active support from PSE.

Brief Benefits:

Every existing member of PSE has a desire to continue to act as Member of a Stock Exchange and comply with minimum requirements and without incurring huge cost

acquisition of membership. For such PSE members, it would be an opportunity to acquire the trading membership of CSE at a very competitive cost instead of becoming a sub-broker or franchisee of corporate broker. By this way they can retain their identity, brand image and continue their vocation.

Benefits for a consolidation with Calcutta Stock Exchange (CSE) , is an entity which is a permanent recognized Stock Exchange and only exchange other than NSE, BSE & MCX-SX fulfilling criteria of SEBI to remain as an Exchange i.e. 100 crore Net worth & 1,000 crores Turnover. A member of CSE will be able to trade in the capacity of Stock Broker instead of a Sub-Broker.

- NSE Cash
- NSE F&O
- BSE Cash
- BSE F&O
- CSE -Cash
- DP Services of CDSL & NSDL

Further, CSE Annual Membership Subscription cost is Just Rs 3000/-

Net worth requirement is also reasonable

Individual Rs 16 Lakhs NSE, BSE, CSE Cash, With F&O Rs 18 Lakhs NSE, BSE
Corporate Rs 30 Lakhs NSE, BSE, CSE Cash, With F&O Rs 32 Lakhs NSE, BSE
Through Subsidiary “CSE Capital Markets Private Limited” provides various other activities like:

Life Insurance

Mutual Funds

PAN Card Services

KRA Services for CVL & NDML

This would eventually create walk-in clients for the Members.

4. As for the Brokers registered with PSE, CSE will provide benefits as under :

At present CSE is offering Three Schemes for Deposit Based Membership for PSE members, Details of the Scheme are as follows:

SCHEME (I)

Rs. 50,000/- as Minimum Guaranteed Transaction Charge

- Technology fee will be Rs.25,000/- plus tax for BSE connectivity and Rs 25,000/- plus tax for NSE connectivity adjustable against their TOC (excluding BSE/NSE/SEBI/taxes) within 6 (Six) months from the date of activation.

- The Exchange will charge and collect the applicable transaction charges on settlement to settlement basis and in case, the trading member did not able to generate transaction charges of Rs. 50,000/- to CSE, then the difference would be collected at the end of the year (proportionate in the first year).
- F&O turnover fees have to be settled on monthly basis.

<u>Transaction charges</u>		
Cash Segment of NSE/ BSE		
<i>SETTLEMENT WISE DAILY TURNOVER</i>	<u>Turnover fee inclusive of BSE/NSE Turnover Fees</u>	<u>Est. Turnover fee excluding fee of NSE/BSE/SEBI/ tax</u>
For Cash Segment		
Up to 7 Crores turn over	@Rs.650/-per crore turnover(+taxes+SEBI Fee)	@325/- per Crore
Beyond 7 Crores to 15 Crores	Rs.4550+@Rs.550/-per crore(+taxes+SEBI Fee) on turnover over and above Rs.7 cr.	Rs.2275+ @225/- Per crore on turnover over and above Rs.7 cr.
Beyond 15 Crores	Rs.8950/- + @Rs.450/-per crore(+taxes+SEBI Fee) on turnover over and above Rs.15cr.	Rs4075/-+@125/- per crore) on turnover over and above Rs.15cr.
<u>For F&O segment:NSE</u>		
<u>Settlement wise turnover</u>	<u>Turnover fee inclusive of BSE/NSE Turnover Fees</u>	<u>Est. Turnover fee excluding fee of NSE/BSE/SEBI/ tax</u>
Up to 10 Crores turn over	@Rs.390/-per crore turnover (+taxes+SEBI Fee)	@Rs.200/- per crore turn over
Beyond 10 Crores to 25 Crores	Rs.3900+@Rs.290/-per crore (+taxes+SEBI Fee)on turnover over and above Rs.10 crores	Rs.2000/-+@Rs.100/- per crore on turnover over and above Rs.10 crore
Beyond 25 Crores to 100 crores	Rs. 8250/-+@Rs.275/-per crore(+taxes+SEBI Fee) on turnover over and above Rs.25 crores	Rs.3500/- + @Rs.85/- per crore on turnover over and above Rs.25 crore.
Beyond 100 Crores (on incremental volume)	Rs.28,875+@Rs.225 per crore on Turnover over above Rs.100 crores	Rs.9875/- + @Rs.35/- per crore.

In case of Put/Call option	0.065% on Premium (+taxes+SEBI Fee)	0.015% on Premium
<u>For F&O segment:BSE</u>		
<u>Settlement wise turnover</u>	<u>Turnover fee inclusive of BSE/NSE Turnover Fees</u>	<u>Est. Turnover fee excluding fee of NSE/BSE/SEBI/ tax</u>
Up to 10 Crores turn over	@Rs.250/-per crore turnover(+taxes+SEBI Fee)	@Rs.200/- per crore turn over
Beyond 10 Crores to 25 Crores	Rs.2500+@Rs.150/-per crore (+taxes+SEBI Fee)on turnover over and above Rs.10 crores	<u>Rs.2000/-+@Rs.100/-</u> per crore on turnover over and above Rs.10 crore
Beyond 25 Crores to 100 crores	Rs. 4750/-+@Rs.135/-per crore(+taxes+SEBI Fee) on turnover over and above Rs.25 crores	Rs.3500/- <u>+@Rs.85/-</u> per crore on turnover over and above Rs.25 crore.
Beyond 100 Crores (on incremental volume)	Rs.14875+@Rs.85 per crore on Turnover over above Rs.100 crores	Rs.9875/- <u>+@Rs.35/-</u> per crore.
In case of Put/Call option	0.065% on Premium (+taxes+SEBI Fee)	0.015% on Premium

SCHEME (II)

Rs.10,000/- as Minimum Guaranteed Transaction Charges

- Technology fee will be Rs.10,000/- plus tax for BSE connectivity and Rs 10,000/- plus tax for NSE connectivity , have to be paid upfront/ beforehand.
- Minimum Guaranteed Turnover fees per annum under this Membership Scheme is Rs.10,000/-(excluding fees for BSE/NSE/SEBI/Taxes) have to be paid upfront/ beforehand
- F&O turnover fees have to be settled on daily settlement basis

<u>Transaction charges</u>		
Cash Segment of NSE/ BSE		
<u>Settlement wise Turnover</u>	<u>Turnover fee inclusive of BSE/NSE Turnover Fees</u>	<u>Est. Turnover fee excluding fee of NSE/BSE/SEBI/ tax</u>
For Cash Segment		

Up to 7 Crores turn over	@Rs.650/-per crore turnover(+taxes+SEBI Fee)	@325/- per Crore
Beyond 7 Crores to 15 Crores	Rs.4550+@Rs.550/-per crore(+taxes+SEBI Fee) on turnover over and above Rs.7 cr.	Rs.2275+ @225/- Per crore on turnover over and above Rs.7 cr.
Beyond 15 Crores	Rs.8950/- + @Rs.450/-per crore(+taxes+SEBI Fee) on turnover over and above Rs.15cr.	Rs4075/-+@125/- per crore) on turnover over and above Rs.15cr.
<u>For F&O segment:NSE</u>		
<u>Daily Turnover</u>	<u>Turnover fee inclusive of BSE/NSE Turnover Fees</u>	<u>Est. Turnover fee excluding fee of NSE/BSE/SEBI/ tax</u>
Up to 10 Crores turn over	@Rs.390/-per crore turnover(+taxes+SEBI Fee)	@Rs.200/- per crore turn over
Beyond 10 Crores to 25 Crores	Rs.3900+@Rs.290/-per crore (+taxes+SEBI Fee)on turnover over and above Rs.10 crores	Rs.2000/-+@Rs.100/- per crore on turnover over and above Rs.10 crore
Beyond 25 Crores to 100 crores	Rs. 8250/-+@Rs.275/-per crore (+taxes+SEBI Fee) on turnover over and above Rs.25 crores	Rs.3500/- + @Rs.85/- per crore on turnover over and above Rs.25 crore.
Beyond 100 Crores (on incremental volume)	Rs.28,875+@Rs.225 per crore on Turnover over above Rs.100 crores	Rs.9875/- + @Rs.35/- per crore.
In case of Put/Call option	0.065% on Premium (+taxes+SEBI Fee)	0.015% on Premium
<u>For F&O segment:BSE</u>		
<u>Daily Turnover</u>	<u>Turnover fee inclusive of BSE/NSE Turnover Fees</u>	<u>Est. Turnover fee excluding fee of NSE/BSE/SEBI/ tax</u>
Up to 10 Crores turn over	@Rs.250/-per crore turnover (+taxes+SEBI Fee)	@Rs.200/- per crore turn over
Beyond 10 Crores to 25 Crores	Rs.2500+@Rs.150/-per crore (+taxes+SEBI Fee)on turnover over and above Rs.10 crores	Rs.2000/-+@Rs.100/- per crore on turnover over and above Rs.10 crore
Beyond 25 Crores to 100 crores	Rs. 4750/-+@Rs.135/-per crore (+taxes+SEBI Fee) on turnover over and above Rs.25 crores	Rs.3500/- + @Rs.85/- per crore on turnover over and above Rs.25 crore.
Beyond 100 Crores (on	Rs.14875+@Rs.85 per crore on	Rs.9875/- + @Rs.35/- per crore.

incremental volume)	Turnover over above Rs.100 crores	
In case of Put/Call option	0.065% on Premium (+taxes+SEBI Fee)	0.015% on Premium

SCHEME (III)

Without any Minimum Guaranteed Transaction Charge

- Technology fee will be Rs.25000/- plus tax for BSE connectivity and Rs 25000/- plus tax for NSE connectivity adjustable against their TOC (excluding BSE/NSE/SEBI/taxes) within 6(Six) months from the date of activation.
- In case their Turn over fee up to first 6 months is less than Rs.25,000/- inclusive of Service Tax then the balance short fall amount will be debited to their account immediately after 6 month.
- Member has to keep Cash Deposit of Rs. 6,50,000/- to trade in NSE/BSE (cash & F&O segment) against which the member will enjoy full expose on the aforesaid deposit.
- F&O turnover fees have to be settled on monthly basis.

<u>Transaction charges</u>		
Cash Segment of NSE/ BSE		
<i>SETTLEMENT WISE DAILY TURNOVER</i>	<u>Turnover fee inclusive of BSE/NSE Turnover Fees</u>	<u>Est. Turnover fee excluding fee of NSE/BSE/SEBI/ tax</u>
For Cash Segment		
Up to 7 Crores turn over	@Rs.650/-per crore turnover (+taxes+SEBI Fee)	@325/- per Crore
Beyond 7 Crores to 15 Crores	Rs.4550+@Rs.550/-per crore (+taxes+SEBI Fee) on turnover over and above Rs.7 cr.	Rs.2275+ @225/- Per crore on turnover over and above Rs.7 cr.
Beyond 15 Crores	Rs.8950/- + @Rs.450/-per crore (+taxes+SEBI Fee) on turnover over and above Rs.15cr.	Rs4075/-+@125/- per crore) on turnover over and above Rs.15cr.
<u>For F&O segment:NSE</u>		
	<u>Turnover fee inclusive of</u>	<u>Est. Turnover fee excluding fee of</u>

<u>Settlement wise turnover</u>	<u>BSE/NSE Turnover Fees</u>	<u>NSE/BSE/SEBI/ tax</u>
Up to 10 Crores turn over	@Rs.390/-per crore turnover(+taxes+SEBI Fee)	@Rs.200/- per crore turn over
Beyond 10 Crores to 25 Crores	Rs.3900+@Rs.290/-per crore (+taxes+SEBI Fee)on turnover over and above Rs.10 crores	Rs.2000/- + @Rs.100/- per crore on turnover over and above Rs.10 crore
Beyond 25 Crores to 100 crores	Rs. 8250/-+@Rs.275/-per crore (+taxes+SEBI Fee) on turnover over and above Rs.25 crores	Rs.3500/- +@Rs.85/- per crore on turnover over and above Rs.25 crore.
Beyond 100 Crores (on incremental volume)	Rs.28,875+@Rs.225 per crore on Turnover over above Rs.100 crores	Rs.9875/- +@Rs.35/- per crore.
In case of Put/Call option	0.065% on Premium (+taxes+SEBI Fee)	0.015% on Premium
<u>For F&O segment:BSE</u>		
<u>Settlement wise turnover</u>	<u>Turnover fee inclusive of BSE/NSE Turnover Fees</u>	<u>Est. Turnover fee excluding fee of NSE/BSE/SEBI/ tax</u>
Up to 10 Crores turn over	@Rs.250/-per crore turnover(+taxes+SEBI Fee)	@Rs.200/- per crore turn over
Beyond 10 Crores to 25 Crores	Rs.2500+@Rs.150/-per crore (+taxes+SEBI Fee)on turnover over and above Rs.10 crores	Rs.2000/- + @Rs.100/- per crore on turnover over and above Rs.10 crore
Beyond 25 Crores to 100 crores	Rs. 4750/-+@Rs.135/-per crore(+taxes+SEBI Fee) on turnover over and above Rs.25 crores	Rs.3500/- +@Rs.85/- per crore on turnover over and above Rs.25 crore.
Beyond 100 Crores (on incremental volume)	Rs.14875+@Rs.85 per crore on Turnover over above Rs.100 crores	Rs.9875/- +@Rs.35/- per crore.
In case of Put/Call option	0.065% on Premium (+taxes+SEBI Fee)	0.015% on Premium

BMC and other Statutory Deposits, which are common to all schemes:

Particulars	Amount (Rs)			Refundable/Non Refundable/ Interest Free/with Interest/Exposure
	Proprietor	Client	Both	
Base Minimum Capital/SGF	1,00,000/- 2,50,000/-		1,50,000/-	Refundable, No Interest, No Exposure
<ul style="list-style-type: none"> • CASH • CASH/BG/FD 	3,00,000/- 7,50,000/-		4,50,000/-	Refundable, with Interest, No Exposure
Admission to S G F	10,000/-			Non Refundable, Interest Free, No Exposure
Settlement Guarantee Fund (SGF) for NSE Cash Segment	5,000/-			Refundable, Interest Free, No Exposure
Additional Deposit for NSE Cash Segment	10,000/-			Refundable, Interest Free, Full Exposure
Settlement Guarantee Fund (SGF) for NSE F&O Segment*	5,000/-			Refundable, Interest Free, No Exposure
Additional Deposit for NSE F&O Segment	10,000/-			Refundable, Interest Free, Full Exposure
Technology Charges	See note			Expenses, Non Refundable
BSE Stipulated deposit- Cash Segment	10,000/-			Refundable, Interest Free, Full Exposure
Additional Deposit for BSE F&O Segment*	10,000/-			Refundable, Interest Free, Full Exposure
Annual Subscription	3000/- plus \$.T			Non Refundable
Investor protection fund pa	500/-			Non Refundable

In case Broker Members of PSE desirous of becoming BSE Members their charges will be as under.

Sr. No.	FEE	AMOUNT (Rs.)
1	Application Processing Fee	1000
2	Admission Fees	5000* (for all segments)

3	Refundable Deposit	10 Lakh (across all segments)
4	Base Capital and other requirements	20 Lakh
5	Transaction Fees	Futures & Options: Futures: 0.50 per Lakh Options:0.50 per Lakh of premium value Equity: 2.75 per Lakh
6	Trading Terminals Fees	Free

SOURCE: BSE advertisement in Business Standard Supplement on Exchanges of India August, 2013.

Regional Stock Exchanges having ties with NSE and BSE through subsidiary arrangement. SEBI had earlier said, members of a derecognized exchange could continue to avail of trading opportunities through its existing Subsidiary Company which would function as normal broking entity of a National Exchange. With the new regulations the future of tie up plans may become redundant.

CSE in which the BSE has 5% stake is the only Regional Exchange compliant with the new regulations notified by SEBI i.e.net worth & turnover stipulations. None of the other exchanges have their own trading platform and hence have nil trading.

It is reported that CSE has already extended an open invitation to companies and members of other exchanges for free migration to its trading platform. There are some 6000 Companies listed on Regional Stock Exchanges.

In case PSE does not decide to go ahead with CSE Proposal favourably then it may have to initiate process of De-recognition and Exit in terms of SEBI Circular CIR/MRD/DSA/14. 2012 dated May 30, 2012. The Process stipulated in this circular is most cumbersome and may have some financial disadvantages which can be overcome if the Proposal of CSE for consolidation or with any other SEs is accepted. The Board of Governance is of the opinion that PSE may prefer any other route than Forced de-recognition and Exit.

The Board of Governance recommends the proposal of Consolidation/ Merger than to go for Forced De-recognition and Exit.

None of the Directors are interested in the resolution except for the swap ratio if any that may be agreed in the final scheme of consolidation/merger.

Members are requested to pass the proposed resolution with or without modification/s.

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

Date: August 31, 2013

Place: Pune

Mrs. Mangal Gawali
(Managing Director & CEO)

DIRECTORS' REPORT

Dear Members,

It gives us great pleasure in presenting the 31st Annual Report along with the audited annual accounts for the year ending 31st March 2013.

FINANCIAL RESULTS & OPERATIONS:

Figures are based on audited balance sheet

PARTICULARS	FOR THE YEAR ENDED 31.3.2013	FOR THE YEAR ENDED 31.3.2012
Total Income	84,81,427.65	86,06,464.68
Total Expenditure	53,07,416.44	50,04,155.59
Profit or Loss before Tax	31,74,011.21	36,02,309.09
Provision for Tax	10,52,639.00	11,69,576.00
Profit or Loss after depreciation and tax	21,21,372.21	24,32,733.09
Prior Period adjustments	Nil	NIL
Profit or Loss Brought Forward	12,04,278.12	1,48,553.53
Transferred to SGF	14,87,283.90	1,327,188.76
Investor Service Fund	62,687.58	49,819.74
Proposed Dividend	Nil	NIL
Corporate Dividend Tax	Nil	NIL
Amount Transferred to General Reserve	Nil	NIL
Profit or Loss Transferred to Balance Sheet	17,75,678.85	1,204,278.12

There was no trading on the Exchange during the period under review. The total listing fee collection for the year was Rs. 10,47,854/-, Out of this Rs. 3,21,628/- 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. 7,26,226/- was available to exchange for its regular expenditure. Last year the total listing fee was 9,50,305/-. 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:

No Dividend is recommended for the financial year ended March 31, 2013.

COMPLIANCE OF SEBI CIRCULARS:

For the compliance of the SEBI circulars received , SEBI Compliance cell has been formed. This cell keeps the record of the circulars received, takes the necessary action on the circulars and forwards regularly the compliance report to SEBI.

SEBI INSPECTION AND SHOW CAUSE NOTICE:

During the year SEBI had conducted routine quick compliance inspection. SEBI has forwarded to exchange its observations of inspection in July 2012.

Further, SEBI had vide its Letter no. MRD/DSA/OW/26098/2012 dated November 22, 2012 issued a Show Cause Notice (SCN) to the Exchange, wherein certain Compliance related irregularities where pointed out.

The Exchange vide its Letter PSE/121/2013/3016 dated March 01, 2013 offered reply to SEBI Show Cause Notice in seriatim to the issues raised in therein, followed by personal hearing on April 09, 2013.

Subsequent to this, SEBI on July 23, 2013 passed an order in response to the written submission made by the Exchange and concluded the matter as under:

Para 7 in SEBI Order dated July 23, 2013 reproduced below:
“Having regard to the above, I, in exercise of the powers conferred upon me in terms of Sections 11 (2)(j) and Section 19 of the securities and Exchange Board of India Act, 1992 read with Section 12A of securities Contracts (Regulation) Act, 1956, hereby warn the Governing Board of the Pune Stock Exchange Limited and advise it to be more cautious in the discharge of its functions and regulatory duties. ”

Exchange administration is taking utmost care to ensure compliance of most of the things. The Board of Governance is thankful to the SEBI team for their co-operation during the Inspection.

FUTURE OUTLOOK:

In the present scenario, the exchange has limited option of either to liquidate under SEBI's exit policy or else to merge with any other exchange. A Proposal in this regard is placed before the shareholders in the ensuing Annual General Meeting for consideration.

SUBSIDIARY COMPANY

PSE Securities Limited is a subsidiary of Pune Stock Exchange Limited. Pune Stock Exchange holds 56.77% stake in PSE Securities Limited.

In the context of globalizing Indian economy and increase in the number of subsidiaries, the Ministry of Corporate Affairs, vide its General Circular No. 2/2011 dated February 08,2011 has granted General exemption to all companies from attaching the Balance Sheet, Profit and Loss Account and other documents of the Subsidiary Company to the Balance Sheet of the Holding Company as required under section 212(1) of the Companies Act, 1956, subject to fulfillment of certain standard conditions generally prescribed while giving specific approvals. The Company (PSE) will make available these documents/ details upon request by any member or investor of the Company/ Subsidiary Company. Further, the annual Accounts of the Subsidiary Company will be kept open for inspection by any investor at the registered office of the Company and also that of the Subsidiary Company.

AUDITORS:

The Statutory Auditors of the Company **M/S Joshi & Sahney**, 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 their appointment, if made, will be within the limits prescribed u/s 224(1B) of the Act. Being eligible, M/S Joshi & Sahney, Chartered Accountants have offered themselves for reappointment.

Shareholders are requested to appoint Statutory Auditors and fix their remuneration for the financial year 2013- 2014

BOARD OF DIRECTORS:

During the period of review following individuals ceased to be members of the Governance of the Exchange:

1. Shri. V.P. Katkar
2. Shri . D. K. Keskar
3. Shri. Milind Kale
4. Shri. Hanumantrao Mohite
5. Shri. Rajesh Bhandari
6. Shri. Rajendra Nahar

Further following individuals were appointed as P. R. Directors on April 6, 2013 and they are not liable to retire by rotation as per SEBI Guidelines.

1. Shri. Vardhaman Jain
2. Shri. Subhash Kivade
3. Shri. Vikas Khare

Their appointment as PR Directors has been duly approved by SEBI.

As per section 256 of the Companies Act,1956 Mr J. B. Joshi is liable to retire by rotation in this Annual General Meeting and being eligible have offered themselves for reappointment.

The Board in its meeting held on May 29 2013 co-opted following individuals as an Additional Directors pursuant to Section 260 of the Companies Act, 1956. Further as per SEBI Circular dated December 13, 2012 the said Co-option of Directors would be effective upon receipt of SEBI approval and for which it is necessary that these appointments of Directors are approved by shareholders.

As required under Section 257 of the Companies Act, 1956 Company has received a notice along with deposit of Rs. 500/- proposing candidature of Mr. Milind Kale, Mr. Ravindra Lale and Mr. Hanumantrao Mohite to the office of Director, liable to retire by rotation, at the ensuing Annual General Meeting.

The Board considers that since Mr. Milind Kale, Mr. Ravindra Lale and Mr. Hanumantrao Mohite have been associated with the Stock Exchange and are having requisite skill related to the Securities Market would help the Exchange in the long run.

Accordingly the resolutions for their appointment as Director Liable for retirement are proposed for your approval.

Reply by Directors on auditor's remarks/ Observations

Sr.No.	Auditors Remark	Reply by the Board
1.	<p>Main Report</p> <p>Securities & Exchange Board of India(SEBI) has in its Inspection Report of Pune Stock Exchange Ltd.(Exchange) dated 23.7.2012 observed that the Exchange has not opened any separate accounts for Corporatization and Demutualization Reserve (C & D Reserve). The Audit Report for the year ended 31st March 2012 was also qualified inter alia in respect of this matter.</p> <p>The Exchange has as yet not complied with the requirements of opening separate accounts for C & D Reserve nor taken other appropriate action as may be required in connection therewith.</p>	<p>The Board is seeking required clarification from SEBI and upon receiving the clarification necessary steps will be taken.</p>
2.	<p>Annexure to Auditors Report</p> <p>1.</p> <p>a) Records of fixed assets showing full particulars including quantitative details and situation thereof <u>are to be updated and properly compiled in the Fixed Assets Register. [Clause 4(i)(a)]</u></p> <p>b) <u>The fixed assets have not been verified with</u></p>	<p>The Fixed Asset Register is being updated as advised by the Auditor and physical verification is underway.</p>

	<u>available records during the year by the management. [Clause 4(i)(b)]</u>	
3.	<p>2. <u>The company has not conducted the physical verification of inventory of share transfer forms..</u></p> <p><u>No records of inventory of such transfer forms are maintained. Hence we are unable to comment on material discrepancies, if any, on physical verification of such inventory. [Clause 4(ii)(a)(b)& (c)]</u></p>	Now the company has introduced system of verification of Share Transfer Forms.
4.	<p>5.</p> <p>a) According to the records of the Company, undisputed dues of Provident Fund have generally been regularly deposited with appropriate authorities during the year.</p> <p><u>According to the records of the Company, there is a delay in depositing undisputed dues of Income Tax, Fringe Benefit Tax and Service Tax during the year. As per information available on the official website of the Income Tax Department, undisputed amounts payable in respect of Income Tax and Fringe Benefit Tax aggregating to Rs.4,74,020/- and Rs.2,468/- respectively are in arrears as at 31.3.2013 for a period more than 6 months from the date they became payable.</u></p>	The auditors have pointed out delay in depositing undisputed dues of Income Tax, FBT and Service Tax during the period under review. In this connection it is clarified that the dues on account of Government dues have been paid and now it will be ensured to deposit the Government dues with appropriate authorities in time.

PARTICULARS OF EMPLOYEES:

There are no employees who are in receipt of remuneration of Rs. 5,00,000/- or more per month or Rs. 60,00,000/- 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.

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 judgments 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 the period ended March 31, 2013.
- 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 M/s Apte Joshi & Associates, Company Secretaries through its partner **Mr. Raghavendra J. Joshi**, Practicing Company Secretary, Pune is attached which forms part of this report.

ACKNOWLEDGEMENT:

The Governing Board would like to appreciate the co-operation and the guidance received from SEBI, Central & State Government, Banks, Shareholders and Broker Members which proved to be valuable during this crucial time. The directors appreciate the sincere efforts of the devoted and dedicated employees of the Exchange and the timely assistance provided by various authorities, institutions. The Governing Board in particular, 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 DIRECTORS
OF PUNE STOCK EXCHANGE LIMITED**

Date: 31.08.2013

Place: Pune

**Mrs. Mangal Gawali
(Managing Director & CEO)**

**Mr. Nandkumar Kakirde
(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: 31.08.2013

Place: Pune

**Mrs.Mangal Gawali
(Managing Director & CEO)**

**Mr. Nandkumar Kakirde
(Director)**

Information of Subsidiaries as required under Section 212 of the Companies Act, 1956

(Forming part of Directors Report)

(Amount in Rs.)

	Name of the Subsidiary:	PSE Securities
A	Share Capital	7,12,000,00
B	Reserves	3,03,268,38
C	Total Liabilities	11,76,89,254
D	Total Assets	21,92,16,092
E	Investment included in Total Assets (Except for Investment in Subsidiaries)	4,00,28,997 (Current Inv) 10,88,17,674 (Fix Deposit)
F	Turnover	2177 CR
G	Profits/ (Losses) before Taxes	49,22,827
H	Provision for Taxation	6,88,000
I	Profits/ (Losses) after Taxes	43,00,333
J	Proposed Dividend	NIL

BY ORDER OF THE BOARD OF DIRECTORS

Date: 31.08.2013

OF PUNE STOCK EXCHANGLIMITED

Place: Pune

Mrs Mangal Gawali
(Managing Director & CEO)

Mr Nandkumar Kakirde
(Director)

COMPLIANCE CERTIFICATE
(Under sub-section (1) of Section 383A of the Companies Act, 1956)

CIN: U67120PN1982PLC021178

AUTHORISED CAPITAL: Rs.25,00,000/-

PAID UP CAPITAL: Rs.18,83,750/-

To,

The Members,

PUNE STOCK EXCHANGE LIMITED

Shivleela Chambers, 752, Sadashiv Peth,

Kumthekar Marg,

Pune – 411 030.

We have examined the registers, records, books and papers of **Pune Stock Exchange Limited** 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 March 31, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial period:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded. However, in respect of Books of Accounts, we have relied upon the report of the Statutory Auditors of the Company.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies under the Act and Rules made there under. The Company was not required to file any forms and / or returns with Regional Director, Central Government, Company Law Board or other authorities.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met 13 times on April 27, 2012, May 09, 2012, June 01, 2012, July 25, 2012, August 06, 2012, August 24, 2012, October 12, 2012, November 09, 2012, November 30, 2012, December 17, 2012, January 09, 2013, February 26, 2013, March 11, 2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial period under review.
6. The Annual General Meeting for the Financial Year ended on March 31, 2012 was held on September 28, 2012 after giving due notice to the members of the Company and other concerned and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.

7. One Extra Ordinary General Meeting was held during the Financial Year after giving due notice to the members of the Company and other concerned and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loan 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 Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - i. not delivered any share certificates as there was no allotment / transfer of Shares during the year under review.
 - ii. not declared dividend during the financial year under report.
 - iii. not declared dividend during the financial year under report, therefore posting of dividend warrants to the members was not required.
 - iv. no amounts on account of unpaid dividend, 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. duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company was duly constituted and there was no appointment of alternate Directors and Directors to fill casual vacancy during the financial year.
15. The appointment of Managing Director has been made in compliance with the provisions Section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Register or such other authorities as prescribed under the various provisions of the Act during the financial year.

18. The Directors have 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 not redeemed any Preference Shares or Debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended March 31, 2013.
25. The Company has not made loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made es in the register kept for the purpose.
26. The Company was not required to alter the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the year under review.
27. The Company has not altered the provisions of the Memorandum with respect to the object clause of the Company during the period under review.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the period under review and has complied with the provisions of the Act.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the period under review.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against 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 the 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 deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.
34. We have relied upon the report of the Statutory Auditors of the Company while giving the Compliance Certificate in respect of the matters dealt within the Auditors Report.

**For Apte Joshi & Associates,
Company Secretaries,**

**R. J. Joshi
Partner
FCS 4478, C P No. 8774**

Date: August 31, 2013

Place: Pune

ANNEXURE – A

Annexure to the compliance certificate of
PUNE STOCK EXCHANGE LIMITED

Registers and records maintained by the company-

1. Register of Members
2. Register of Transfers
3. Register of Charges
4. Books of Accounts
5. Register of Directors' Shareholdings
6. Minutes of Board Meetings & General Meetings
7. Register of particulars of contracts in which Directors are interested
8. Register of Directors, Managing Director, Manager and secretary

**For Apte Joshi & Associates,
Company Secretaries,**

**R. J. Joshi
Partner
FCS 4478, C P No. 8774**

Date: August 31, 2013

Place: Pune

ANNEXURE – B

Annexure to the Compliance Certificate of
PUNE STOCK EXCHANGE LIMITED

Forms and Returns as filed by **Pune Stock Exchange Limited** with the Registrar of Companies during the period ended March 31, 2013.

Form No./Return	Filed under relevant Section of the Act	Date of filing	Service Request Number	Whether filed within prescribed time. Yes/No	With Normal or Additional Fee
Form 32	Section 303(2)	17/05/2012	B39307061	Yes	Normal Fees
Form 32	Section 303(2)	17/05/2012	B39308176	No	Additional Fees
Form 25C	Section 269(2)	29/06/2012	B42242479	No	Additional Fees
Form 23	Section 192	26/06/2012	B41953399	No	Additional Fees
Form 20B	Section 159	26/06/2012	P87779468	No	Additional Fees
Form 32	Section 303(2)	03/07/2012	B42517102	No	Additional Fees
Form 32	Section 303(2)	05/07/2012	B42674846	No	Additional Fees
Form 32	Section 303(2)	03/07/2012	B42517102	No	Additional Fees
Form 32	Section 303(2)	08/08/2012	B45009024	Yes	Normal Fees
Form 23AAB	Section 212(8)	03/09/2012	B56693823	Yes	Normal Fees
Form 32	Section 303(2)	03/10/2012	B58777269	Yes	Normal Fees
Form 66	Section 383A	27/10/2012	P92389568	Yes	Normal Fees
Form 23AC & ACA	Section 220	30/10/2012	P93242444	Yes	Normal Fees
Form 32	Section 303(2)	30/10/2012	B60796398	No	Additional Fees
Form 20B	Section 159	30/10/2012	P93215804	Yes	Normal Fees
Form 32	Section 303(2)	29/01/2013	B66705369	Yes	Normal Fees

**For Apte Joshi & Associates,
Company Secretaries,**

R. J. Joshi
Partner
FCS 4478, C P No. 8774
Date: August 31, 2013
Place: Pune

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PUNE STOCK EXCHANGE LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of PUNE STOCK EXCHANGE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2013 and the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation & presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material

misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

Securities & Exchange Board of India(SEBI) has in its Inspection Report of Pune Stock Exchange Ltd.(Exchange) dated 23.7.2012 observed that the Exchange has not opened any separate accounts for Corporatization and Demutualization Reserve (C & D Reserve). The Audit Report for the year ended 31st March 2012 was also qualified inter alia in respect of this matter.

The Exchange has as yet not complied with the requirements of opening separate accounts for C & D Reserve nor taken other appropriate action as may be required in connection therewith.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2013;

(b) in the case of the Statement of Profit and Loss , of the profit of the company for the year ended on that date.

Emphasis of Matter

We draw attention to Note no.20.1 of the Notes to Accounts to the financial statements regarding accounting for interest income on investment in bank fixed deposits and tax deducted at source (TDS) thereon in the books of account of the Exchange as per rate of interest stipulated in Fixed Deposit Receipts issued by the Bankers. Interest calculated and accounted for on this basis differs from the figures of interest income/TDS as per information available in Form 26AS on the official website of the Income Tax Department. The company is in the process of reconciling this difference in interest income/ TDS with bank records and corrective entries if any will be passed on final reconciliation.

Our opinion is not qualified in respect of this matter

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 purposes 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 those books.
 - c) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the Balance Sheet and the Statement of Profit and Loss comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- e) On the basis of the written representations received from the directors as on 31st March 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

FOR & ON BEHALF OF
JOSHI AND SAHNEY
CHARTERED ACCOUNTANTS
Firm Registration No.: 104359W

A.J.AGRAWAL
PARTNER
Membership No. 135985

Place: Pune
Date: 31.08.2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under `Report on Other Legal and Regulatory Requirements' section 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. The company has not conducted the physical verification of inventory of share transfer forms..

No records of inventory of such transfer forms are maintained. Hence we are unable to comment on material discrepancies, if any, on physical verification of such inventory. [Clause 4(ii)(a)(b)& (c)]

3. 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 & rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls. [Clause 4(iv)]

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 have generally been regularly deposited with appropriate authorities during the year.

According to the records of the Company, there is a delay in depositing undisputed dues of Income Tax, Fringe Benefit Tax and Service Tax during the year. As per information available on the official website of the Income Tax Department, undisputed amounts payable in respect of Income Tax and Fringe Benefit Tax aggregating to Rs.4,74,020/- and Rs.2,468/- respectively are in arrears as at 31.3.2013 for a period more than 6 months from the date they became payable.

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.

As per the order of the Hon.Bombay High Court dated 31.8.2012 under Application No.1759 of 2012 and First Appeal No.814 of 2012 PSE has deposited Rs.34,241/- with the ESI Court, Pune.

As per the order of the Hon.Bombay High Court dated 31.8.2012 under Application No.1760 of 2012 and First Appeal No.815 of 2012 PSE has deposited Rs.4,57,980/- with the ESI Court, Pune.

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 2013 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 03/1997 (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 2013 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 loans secured or unsecured, granted or taken, to/from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act 1956 . [Clause 4(iii)(a)(b)]

b) Regarding entries to be made in the Register u/s 301 of the Companies Act 1956 [Clause 4(v)]

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
(Firm Registration No: 104359W)**

Place : Pune

Date : 31.08.2013

**A.J.AGRAWAL
PARTNER
(Membership No. 135985)**