

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
UNITED STOCK EXCHANGE OF INDIA LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **UNITED STOCK EXCHANGE OF INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the 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, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 March 31, 2013;

Y. J. J.

Deloitte

Haskins & Sells

- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matters

1. We draw attention to Note 4b to the financial statements which refers to the requirement laid out in the notification issued by The Securities and Exchange Board of India ("SEBI") dated June 20, 2012 for every stock exchange to transfer twenty five percent of its annual profits every year to a Fund to guarantee settlement of trades of the recognised clearing corporation(s) which clears and settles trades executed on that stock exchange. Further an expert committee has been formed by SEBI in terms of Press Release dated June 21, 2012 to frame norms for sourcing including transfer of profits by stock exchanges to the above mentioned fund. Pending clarification from SEBI, the Company has not made any transfer of profits in the books of account as at March 31, 2013.
2. Attention is invited to Note 20 to the financial statements relating to claims not acknowledged as debts. The Company has entered into an Operations & Maintenance agreement contract with BSE Limited ('BSE') for a fixed sum of Rs. 72,000,000 (exclusive of service tax) per annum. According to the information and explanations provide to us, such sum was arrived at based on mutual negotiations and understanding of costs incurred by BSE which are in the nature of infrastructure, manpower, technology, trading platform, risk management and disaster recovery management services. Based on a legal opinion taken by the Company, the balance amount of Rs. 5,063,667 (exclusive of service tax) is no longer payable to BSE in relation to their claims under the stated agreement. In addition to the above, there are other claims amounting to Rs. 520,000 (exclusive of service tax) payable to BSE which are not acknowledged as debt.

Our opinion is not qualified in respect of these matters.

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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

Agm

Deloitte Haskins & Sells

- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement 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 March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 117366W)



Kalpesh J. Mehta
Partner
(Membership No. 48791)

MUMBAI, May 29 , 2013

Deloitte Haskins & Sells

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results/ transactions, etc. during the year, clauses (ii), (viii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xix) and (xx) of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties listed in the Register maintained under section 301 of the Act. Accordingly clause (iii) of paragraph 4 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements referred to in section 301 of the Act that needed to be entered into the register maintained under the said section.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public covered under the provisions of Section 58A and 58AA of the Act and the rules framed there under, during the year.
- (vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues relating to Provident Fund and has been regular in depositing undisputed statutory

gmu

Deloitte Haskins & Sells

dues including Income-tax, Service Tax, Cess and other material statutory dues with the appropriate authorities during the year.

- (b) There were no undisputed amounts payable in respect of Income-tax, Provident Fund, Service Tax and other material statutory dues in arrears as at March 31, 2013, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no disputed dues of Income-tax, Service Tax and cess thereon which have not been deposited on account of any dispute as at March 31, 2013.
- (ix) The accumulated losses of the Company at the end of the financial year are not more than fifty per cent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit. The Company had incurred cash losses in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xi) According to the information and explanations given to us during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

MUMBAI, May 29, 2013