

There are journeys

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Bombay Stock Exchange Limited



REPORT

And, then, there are journeys
with turning points.

Born in 1875, Bombay Stock Exchange, Asia's oldest, has come a long way.

Located in India's financial capital, the Exchange has been the backbone of Indian capital markets and a benchmark of reliability.

On May 16, 2007, we completed the process of demutualisation and turned into a demutualised entity, before the deadline. A turning point in our journey to the next level.

The next level of seamless efficiency, reliability, transparency.

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Board of Directors



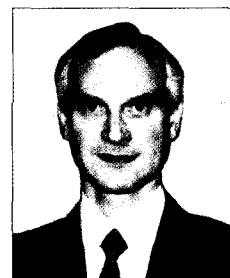
Shri Jagdish Capoor



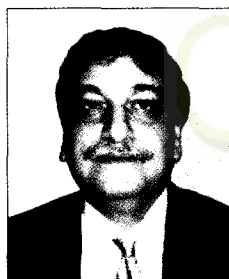
Shri Rajnikant Patel



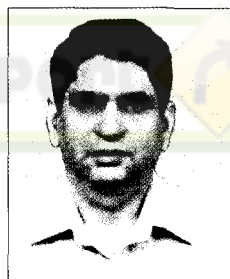
Shri Shekhar Datta



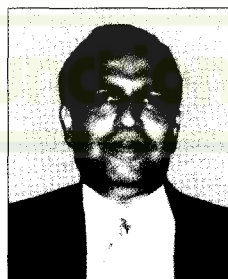
Shri Jamshyd N. Godrej



Shri Ishaat Hussain



Shri Jitesh Khosla



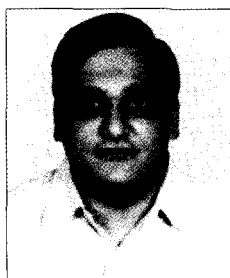
Shri Vivek Kulkarni



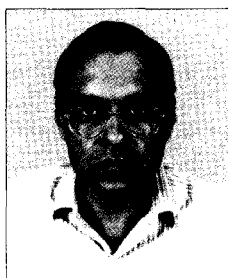
Shri Sudipto Sarkar



Shri C. M. Vasudev



Shri Prakash R. Kacholla



Shri Balkishan M. Mohta



Shri Siddharth J. Shah

Board of Directors

BOARD OF DIRECTORS

Chairman
Shri Jagdish Capoor
Managing Director & CEO
Shri Rajnikant Patel
Public Interest Directors
Shri Shekhar Datta
Shri Jamshyd N. Godrej
Shri Ishaat Hussain
Shri Jitesh Khosla
Shri Vivek Kulkarni
Shri Sudipto Sarkar
Shri C. M. Vasudev (upto 7-8-2007)
Trading Member Directors
Shri Prakash R. Kacholia
Shri Balkishan M. Mohta
Shri Siddharth J. Shah

Senior Management Team
Chief Operating Officer
Shri Ashok Kumar Rout
Chief General Managers
Shri A. A. Tirodkar
Shri Kevin Desouza
Shri S. S. Vyas
Shri Suniel Vichare
Shri T. V. Rangaswami

Company Secretary
Shri V. G. Bhagat

DERIVATIVES SEGMENT

GOVERNING COUNCIL	CLEARING COUNCIL
Shri Jagdish Capoor	Shri Jagdish Capoor
Chairman	Chairman
Shri Rajnikant Patel	Shri Rajnikant Patel
Shri Vineet Bhatnagar	Shri S. Jambunathan
Shri Vijay Kalantri	Shri N. P. Sarda
Shri Narayan S. A.	
Shri N. P. Sarda	
Shri P. P. Vora	

Registered Office
Floor 25, P. J. Towers, Dalal Street
Mumbai 400 001

Bankers
Bank of India

Solicitors
M/s. Wadia Ghandy & Co.

Auditors
Deloitte Haskins & Sells
Chartered Accountants

Registrar & Transfer Agent
Karvy Computershare Private Limited
Plot No. 17-24, Beside Image Hospital
Vittalrao Nagar, Madhapur
Hyderabad-500 081.
investor@karvy.com
Tel : +91-040-23420818
Fax : +91-040-23420814

or at
16-22, Bake House
Maharashtra Chamber of
Commerce Lane
Opp. MSC Bank, Fort,
Mumbai 400 023
Tel: +91-022-56382666

SECOND ANNUAL GENERAL MEETING

Day	: Thursday
Date	: 13 th September, 2007
Time	: 4.30 p.m.
Venue	: Sir Dinshaw Petit International Convention Hall 1 st Floor, P. J. Towers, Dalal Street, Mumbai 400 001

Message from the Chairman

Dear Shareholders,

The year April 2006 – March 2007 has been a landmark year for the Bombay Stock Exchange Limited. Under the BSE (Corporatisation and Demutualisation) Scheme, 2005 notified by Securities and Exchange Board of India (SEBI) on May 20, 2005, the Exchange completed the demutualisation exercise in the month of May 2007, bringing about separation of ownership and management. This was a watershed event in the long history of the Exchange.

I wish to personally congratulate all stakeholders on this transformation, which is in line with what various stock exchanges have done internationally.

I am happy to report that there was overwhelming interest shown by overseas investors as also by domestic investors in acquiring a stake in the Exchange. The robust valuation that the Exchange received is an expression of confidence by the investors in the capabilities of the Exchange and a recognition of its potential.

Going forward, we remain committed to delivering superior returns to all our stakeholders.

The year 2006-07 has also been a landmark year in terms of the performance of the Indian capital markets. India continues to attract significant capital inflows resulting in ever higher levels of Sensex and most other BSE indices. The Sensex closed above the milestone mark of 15,000 points for the first time in its history on 9th July 2007, our Foundation Day. The strong performance of the markets is underpinned by robust performance of the economy and impressive corporate results.

Last year, I had mentioned the need to revive the F&O segment. During the year under review, a strategy for increasing volumes in this critical segment was devised and initial indications are that some increase has been achieved in volumes under this segment. I am sure the year ahead will enable us to garner a higher market share in this critical area.

I take this opportunity to express my gratitude to all stakeholders for their whole-hearted co-operation and guidance in this critical phase of transformation that the Exchange is going through and look forward to your continued support to the Exchange in the future.

Warm regards,

Jagdish Capoor
Chairman

8th August, 2007

Message from the MD & CEO

Dear Shareholders,

It gives me great pleasure to present this Annual Report to you in the 133rd year of the Exchange. This is the 2nd Annual Report of Corporatised Bombay Stock Exchange Limited (BSE) and the first one as Demutualised entity.

The year 2006-2007 was a significant one for BSE. As all of you are aware, we completed the demutualisation process within the SEBI prescribed deadline. It was a landmark event in the life of BSE and in the history of the Indian capital market. Leading European exchange operator and transaction services provider, Deutsche Boerse (DB) and Singapore Exchange (SGX) picked up 5 per cent stake each in BSE at very healthy valuation. Both the Exchanges subscribed to BSE shares at the price of Rs. 5,200/- per share aggregating to about Rs. 400 crores.

BSE will be working closely with Deutsche Boerse as well as SGX to explore collaborations in various areas. The alliances with Deutsche Boerse and SGX will position BSE as an important player in an increasingly globalised market.

In the international arena, BSE made its mark with 'iShares BSE India Tracker,' the Exchange Traded Fund (ETF) on SENSEX, being listed on the Hong Kong Stock Exchange. The ETF will enable investors in Hong Kong to have an exposure to the Indian equity market.

Internally, all the departments of BSE are now ISO 9001:2000 certified. This is a great achievement for the Exchange. Yet another feather in the cap is the launch of Indian Corporate Debt Market (ICDM). SEBI entrusted BSE with the responsibility of setting up a reporting platform for all corporate debt transactions. Accordingly, we launched ICDM in January 2007 which, apart from being an efficient reporting platform, has enabled us to garner volumes of over Rs. 250 billion in a short span of time.

Reviving the dormant F&O segment remains a top priority. Intensive development efforts have led to increase in turnover from virtually zero till October 2006 to Rs. 800 crore daily. We have witnessed increase in number of members taking membership of F&O segment, an increase in those actively participating, in collateral deposited and of course in turnover. However, we still have a long way to go in order to become a significant player in this segment.

BSE also introduced several new initiatives in the year 2006-2007 as part of its efforts to create investor awareness and knowledge dissemination for its stakeholders.

BSE partnered with Ernst and Young to conceptualise a series on risk, titled 'Mastering Risk'. This seven part series aimed to provide insight into risk management and risk mitigation, especially in the context of today's rapidly changing global business environment, where the risks constantly shift and evolve.

We launched a Gujarati website for the benefit of our Gujarati speaking investors and other stakeholders. Also, BSE launched a Hindi website that provides details on the stock market, news updates on business and economy, corporate announcements and investor guidance. In a multi-linguistic country like India, BSE is the first Exchange to have websites in Hindi and Gujarati.

The Indian Journal of Capital Market, the first academic publication dedicated to issues pertaining to the Indian capital market, was launched on Foundation Day, 9th July 2007. I am happy to share with you that the journal has been extremely well received and I have no doubt in my mind that it will become the platform for discussing and debating ideas relating to capital markets.

BSE has been a strong advocate of international best practices relating so far as corporate governance is concerned. It is therefore extremely gratifying to report that the World Council of Corporate Governance has awarded to BSE the Golden Peacock Global CSR Award for the Exchange's initiatives in Corporate Social Responsibility (CSR). Also, BSE's Annual Report and Accounts for the year ended March 31, 2006 have been adjudged the best in the 'Service Sector' category III of the ICAI awards for excellence in financial reporting. Overall, BSE has won accolades for its smooth demutualisation process as well as the various initiatives it has undertaken for its growth as well as for investor education.

As the market for securities transactions business becomes increasingly globalised, a number of opportunities will be thrown up in the years ahead. I am confident that BSE is well poised to benefit from them.

Warm regards,

Rajnikant Patel

Managing Director & CEO

8th August, 2007

Notice

NOTICE is hereby given that the Second Annual General Meeting of Bombay Stock Exchange Limited (the Exchange) will be held on Thursday, the 13th September, 2007 at "Sir Dinshaw Petit International Convention Hall", 1st Floor, P. J. Towers, Dalal Street, Mumbai 400 001 at 4.30 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended 31st March, 2007 and the Balance Sheet as at 31st March, 2007 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Public Interest Director in place of Shri Jagdish Capoor, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Trading Member Director in place of Shri Prakash R. Kacholia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 and all other applicable provisions, if any, of the Companies Act, 1956, M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai be and are hereby re-appointed as the Statutory Auditors of the Exchange, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration, as may be decided by the Board of Directors."

Special Business:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 and in accordance with Article 13.16A of the Articles of Association, Shri Shekhar Datta, be and is hereby appointed as a Shareholder Director, whose office shall be liable to retirement by rotation."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 and in accordance with Article 13.16A of the Articles of Association, Shri Jamshyd N. Godrej, be and is hereby appointed as a Shareholder Director, whose office shall be liable to retirement by rotation."

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 and in accordance with Article 13.16A of the Articles of Association, Shri Vivek Kulkarni, be and is hereby appointed as a Shareholder Director, whose office shall be liable to retirement by rotation."

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 and in accordance with Article 13.16A of the Articles of Association, Shri Ishaat Hussain, be and is hereby appointed as a Shareholder Director, whose office shall be liable to retirement by rotation."

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 and in accordance with Article 13.16A of the Articles of Association, Shri Sudipto Sarkar, be and is hereby appointed as a Shareholder Director, whose office shall be liable to retirement by rotation."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 16, 17 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of such authorities as may be necessary in this regard, the existing sub-clause No. 69 of Clause III C (Other Objects Clause) of the Memorandum of Association of the Company as reproduced below be and is hereby deleted.

'69 - To carry on any other business which is legally permissible for a stock exchange to carry on.'

RESOLVED FURTHER THAT The Board of Directors (which term shall include any Committee thereof), of the Company be and is hereby authorised to take all such actions and do all such things as may be required from time to time for giving effect to the above resolution and matters related thereto."

By Order of the Board of Directors

Place: Mumbai
Date: 8th August, 2007

Registered Office:
Bombay Stock Exchange Limited
Floor 25, P. J. Towers,
Dalal Street, Mumbai 400 001

V. G. Bhagat
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING SHALL BE ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE AT THE MEETING AND THE PROXY NEED NOT BE A MEMBER.**
2. **PROXIES IN ORDER TO BE VALID, MUST BE DEPOSITED AT THE REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
3. The Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of item Nos. 6 to 11 of the Notice dated 8th August, 2007 is appended hereto.
4. Members holding shares in demat form are requested to intimate all changes pertaining to their bank account details, Electronic Clearing Services (ECS) mandate, nominations, power of attorney, change of name, change of address, etc., only to their Depository Participants (DPs) and not to the Registrar and Transfer Agent (RTA) or the Exchange. Once such intimations are taken on record by the DPs, they would then become effective. Similarly, in case the mailing address mentioned on this Notice is without the PIN Code, Members are requested to update their PIN Code with their DP.

Members holding shares in physical form may intimate all such changes to the RTA/the Exchange.
5. Members are requested to make all other correspondence in connection with the equity shares held by them by addressing letters directly to the RTA viz. Kary ComputerShare Private Limited, Unit: Bombay Stock Exchange Limited, 17-24 Beside Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad 500081 or 16-22, Bake House, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort, Mumbai 400023, or to the Exchange at its Registered Office mentioned elsewhere in this Notice, quoting reference of their Client ID number and DP ID number.
6. The Register of Members and Share Transfer Book will remain closed from Monday, the 3rd September, 2007 to Thursday, the 13th September, 2007 (both days inclusive) for the purpose of payment of dividend for the year ended 31st March, 2007, if declared, at the Meeting and for the purpose of the Annual General Meeting.
7. The Dividend for the year ended 31st March, 2007 as recommended by the Board, if approved and declared at the Annual General Meeting will be paid to those Members whose names appear on the Register of Members and on the basis of beneficial ownership as per the details furnished by the Depositories, viz. Central Depository Services (India) Limited and National Securities Depository Limited as on the close of business hours on Saturday, the 1st September, 2007. All the equity shares issued by the Exchange rank pari passu in all respects, including dividend entitlement, and accordingly, equity shares allotted/to be allotted by the Exchange till 1st September, 2007 will be entitled for full dividend for the year ended 31st March, 2007, if declared at the Meeting.
8. As a measure of good corporate governance, the information about Directors proposed to be appointed/re-appointed is given in Annexure to this Notice.

9. All documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered Office of the Exchange between 10.30 a.m. to 12.30 p.m. on all working days from the date hereof up to the date of the Meeting.
10. In terms of Section 109A of the Companies Act, 1956, individual Members of the Exchange may avail nomination facility. Hence, the Members holding shares in physical form and willing to avail this facility may write to the Company Secretary who shall upon receipt of request send the prescribed form to the member. The member would then be required to submit the said form duly filled in to the Exchange. However, in case shares are held in demat form, the Members should approach their respective Depository Participants for making nominations.
11. Members are requested to bring their duly filled in Attendance Slip along with their copy of Annual Report to the Meeting.
12. Corporate Members intending to send their authorised representative to attend and vote at the Meeting are requested to ensure that the authorised representative carries a duly certified true copy of the Board Resolution, Power of Attorney or such other valid authorisations, authorising them to attend and vote at the Meeting. Specimen Resolution for this purpose is as under:

“RESOLVED THAT pursuant to the provisions of Section 187 and all other applicable provisions, if any, of the Companies Act, 1956, Shri _____ or failing him, Shri _____ be and is hereby authorised to act as the representative of (name of the corporate member) to attend the Annual General Meeting of Bombay Stock Exchange Limited to be held on _____ (day), the _____ (date) at “Sir Dinshaw Petit International Convention Hall”, 1st Floor, P. J. Towers, Dalal Street, Mumbai 400 001 at _____ (time) or at any adjournment thereof, for and on behalf of the Company as its representative.

RESOLVED FURTHER THAT the aforesaid representative of the Company, be and is hereby authorised to vote for and on behalf of the Company on any of the Resolutions as stated in the Notice of the Annual General Meeting of Bombay Stock Exchange Limited or at any such adjournment thereof, as may be deemed fit, proper and necessary.”

In terms of the provisions of the Companies Act, 1956, the representatives of corporate Members without proper authorisations, such as Board Resolution or Power of Attorney or such other valid authorisation, may not be able to attend the Meeting.

13. Securities and Exchange Board of India, vide its letter No. DCC/FITTCIR – 3/2001 dated 15th October, 2001 has made it mandatory for all companies to use the Bank Account details furnished by the Depositories for depositing dividend through ECS to investors where ECS and Bank details are available. Members may, therefore, give instructions regarding Bank Accounts in which they wish to receive dividend, directly to their Depository Participants. The Exchange will not entertain any direct request from such Members for deletion of/change in such Bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to dividend paid on shares in electronic form and vice-versa.