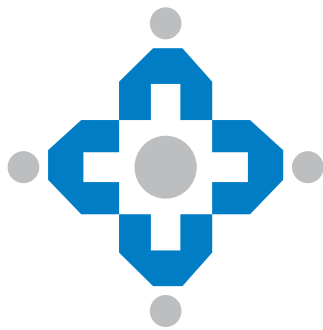




ANNUAL REPORT
2010 - 2011



Central Depository Services (India) Limited



CDSL

Your Depository

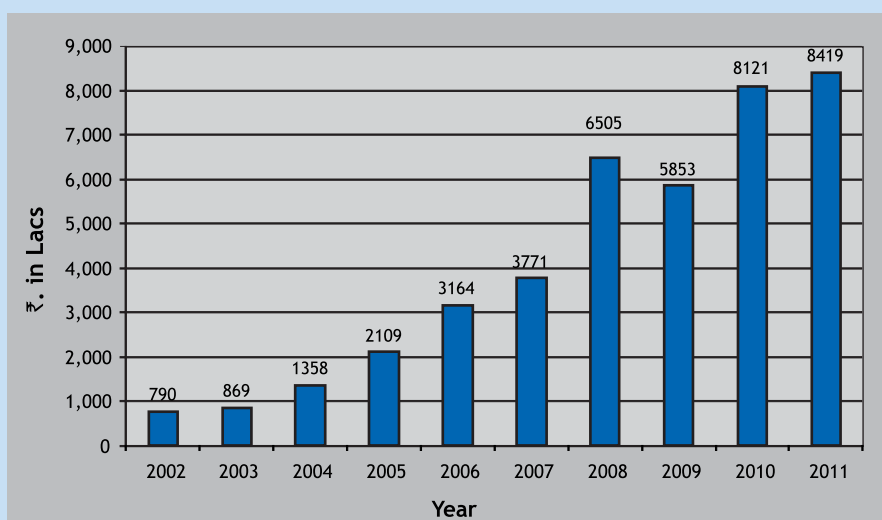
ISO 27001 Certified

Financial Highlights

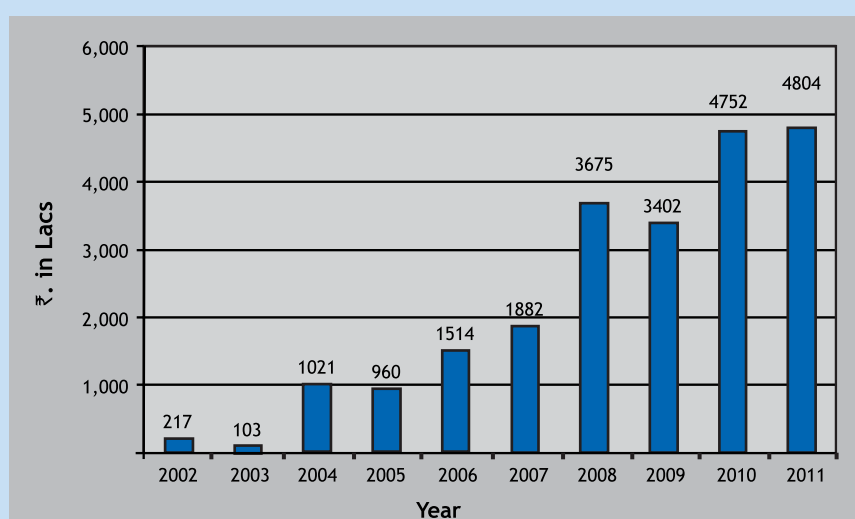
(₹ in lakhs)

Particulars	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Income from Operations	790.26	868.68	1357.57	2109.03	3163.18	3770.53	6505.27	5852.51	8121.17	8418.86
Other Income	1310.70	781.51	1525.95	780.45	774.86	1066.29	1338.73	1691.35	2017.36	1790.25
Total Income	2100.96	1650.19	2883.52	2889.48	3938.04	4836.82	7844.00	7543.86	10138.53	10209.11
Total Expenditure	1866.42	1466.48	1506.06	1504.42	1708.38	2205.01	2659.46	2886.60	3396.59	3352.68
Profit Before Tax	234.54	183.71	1377.46	1385.06	2229.66	2631.81	5184.54	4657.26	6741.94	6856.43
Taxation	17.07	80.97	356.61	425.54	715.46	749.61	1509.11	1255.19	1990.04	2052.60
Profit After Tax	217.47	102.74	1020.85	959.52	1514.20	1882.20	3675.43	3402.07	4751.90	4803.83
Equity	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00
Reserves & Surplus	111.59	165.74	1186.59	2146.11	3660.31	4812.01	7170.84	9350.31	12638.76	15985.15
Net Worth	10561.59	10615.74	11636.59	12596.11	14110.31	15262.01	17620.84	19800.31	23088.76	26435.15
Earning Per Share (₹)	0.21	0.10	0.98	0.92	1.45	1.80	3.52	3.26	4.55	4.60
Book Value Per Share (₹)	10.11	10.16	11.14	12.05	13.50	14.60	16.86	18.95	22.09	25.30
Return on Net Worth (%)	2.06	0.97	8.77	7.62	10.73	12.33	20.86	17.18	20.58	18.17

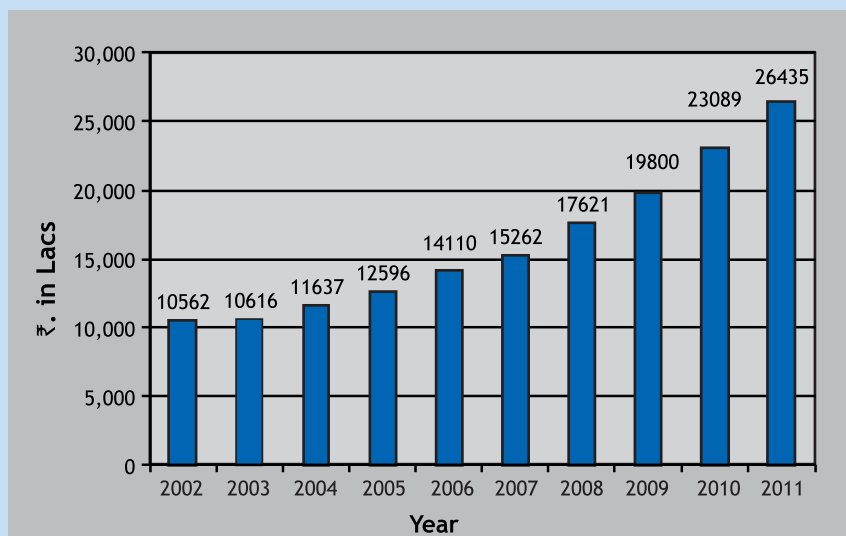
Operational Income



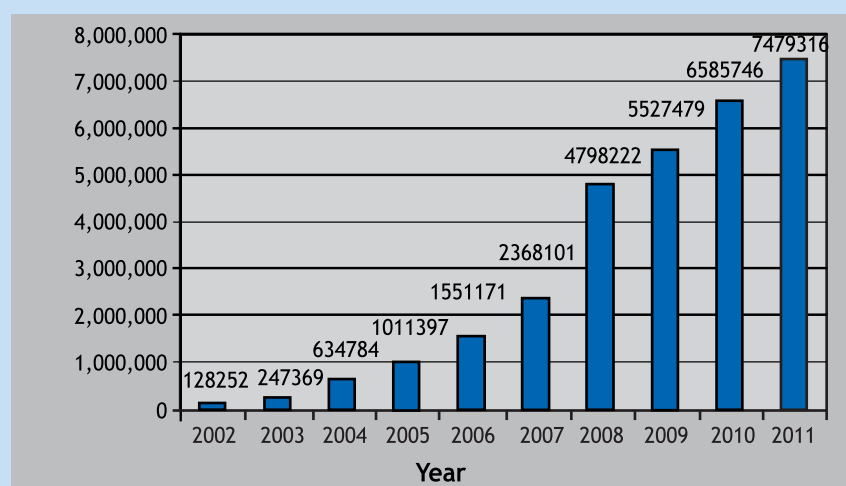
Profit After Tax



Net Worth



BO Accounts



Central Depository Services (India) Limited

Board of Directors

Shri N. Rangachary	<i>Chairman</i>
Shri T. S. Narayanasami	<i>Independent Director</i>
Shri Anjan Barua	<i>Sponsor Director [State Bank of India]</i>
Shri A.D.M. Chavali	<i>Sponsor Director [Bank of Baroda]</i>
Shri Madhu Kannan	<i>Sponsor Director [Bombay Stock Exchange Limited]</i>
Shri Ashishkumar Chauhan	<i>Sponsor Director [Bombay Stock Exchange Limited]</i>
Shri. James E. Shapiro	<i>Sponsor Director [Bombay Stock Exchange Limited]</i>
Shri P. S. Reddy	<i>Executive Director</i>

Management Team

Shri P. S. Reddy	<i>Executive Director</i>
Shri Pramod Deshpande	<i>Chief Technology Officer</i>
Shri Cyrus Khambata	<i>Senior Vice President - Business Development</i> <i>[Currently on deputation to CDSL Ventures Limited]</i>
Smt. Nayana Ovalekar	<i>Vice President - Audit, Inspection & Compliance</i>
Shri Bharat Sheth	<i>Vice President - Accounts & Administration</i>
Shri Sunil Alvares	<i>Vice President - Business Development</i>
Shri Ramkumar K.	<i>Vice President - Operations</i>
Shri Jignesh Gandhi	<i>Vice President - New Projects</i>

Vice President

Shri Satish L. Budhakar

Legal & Company Secretary

Bankers

Bank of India

Auditors

M. P. Chitale & Co.

1/11, 1st Floor,

Prabhadevi Industrial Estate,

Veer Savarkar Marg, Prabhadevi,

Mumbai - 400 051.

Registered Office

17th Floor, Phiroze Jeejeebhoy Towers,

Dalal Street,

Mumbai - 400 001.

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Directors' Report

Your Directors are pleased to present the Thirteenth Annual Report, along with Audited Statement of Accounts of your company for the year ended 31st March, 2011. Despite not so favourable capital market conditions your company has posted good performance, as evidenced by the financial highlights mentioned below.

Financial Highlights

Particulars	Year ended 31st March, 2011 (₹ million)	Year ended 31st March, 2010 (₹ million)
Income	1020.91	1013.85
Expenditure	281.07	284.86
Profit before Depreciation and Taxation	739.84	728.99
Depreciation	54.20	54.80
Profit before Tax	685.64	674.19
Provision for Taxation	205.00	205.81
Provision for Deferred Tax for the year	0.25	(6.81)
Profit after Tax	480.39	475.19
Balance brought forward	1263.87	935.03
Tax Adjustment for earlier years	-	(0.12)
Profit available for appropriation	1744.26	1410.10
Proposed dividend	125.40	125.40
Tax (including surcharge and education cess on dividend)	20.34	20.83
Surplus carried to Balance Sheet	1598.52	1263.87

Your company registered a gross income of ₹1,020.91 million, an increase of 0.70% over the previous year. The income from operations comprising of transaction charges, annual issuers fees, account maintenance charges, settlement charges, corporate action charges, etc. during the year under review increased from ₹812.12 million to ₹841.89 million, recording a

growth of 3.67% over the year 2009-10. Profit Before Tax (PBT) for the financial year 2010-11 at ₹685.64 million is higher than the previous year's level of ₹674.19 million. Profit After Tax (PAT) amounted to ₹480.39 million as against the net profit of ₹475.19 million in the previous year, reflecting an increase in the bottom line by 1.09%.

Dividend

In view of the fact that net profit of the company has increased only marginally, your Directors recommend a dividend of ₹1.2 per share (12%) for the year ended 31st March, 2011 which is same as previous year. The dividend will be subject to dividend distribution tax to be paid by the company.

The Capital Market Environment

During the financial year 2010-11, the capital market witnessed significant volatility and remained rangebound for most part of the year. The BSE-30 SENSEX which opened at 17,555 on 1st April, 2010, touched a high of 21,108 in November 2010 only to close at 19,445 on 31st March, 2011. The BSE Sensex, which registered a gain of 80.5% during the financial year 2009-10, could thus make only a gain of 10.76% for the whole financial year 2010-11. Subdued activities of FIIs, inflation, hike in interest rates, rising crude prices, a series of scams and the impact of the tsunami on Japan were some of the major reasons for the Sensex to remain rangebound during Financial Year 2010-11.

The performance of the primary market has also remained subdued during 2010-2011 although the resources mobilized were higher at ₹ 70,735 crores (Source: SEBI Bulletin April 2011) as against ₹ 49,264 crores in the previous year primarily due to mega issues of public sector units such as Coal India, National Hydro Power Corporation, SBI, etc. Many IPO's were not oversubscribed multiple times as it used to be earlier primarily due to low retail participation.

Operational Highlights

In spite of volatile market conditions and lack of enthusiasm on the part of investors towards new capital issues, your company could register a very good growth in its depository operations during the year 2010-11. This is reflected in the increase in the number of demat accounts opened, securities admitted and increase in the number of depository participants, as shown below. In order to sustain the growth in its depository business, your company continues to focus on enhancement of operational efficiency, upgradation of technology, user friendly approach and investor education through seminars.

Securities admitted

Securities like equity shares, preference shares, mutual fund units, debt instruments, government securities, certificates of deposit, commercial papers and a host of other instruments are available for dematerialization by the investors. The number of such securities increased from 13,444 on 31st March, 2010 to 26,291 on 31st March, 2011. Details of the securities admitted with CDSL are given below:

Securities	Year ended 31st March, 2011	Year ended 31st March, 2010	Increase over the previous year (%)
Equity Shares	6,341	6,154	3.03
Debt Instruments	5,210	4,818	8.14
Other Securities	14,740	2,472	496.28
Total	26,291	13,444	95.56

Position of Securities held in the System

The value and volume of the securities held with CDSL in the year under review as compared to the previous year are indicated below:

Holding of Securities	Year ended 31st March, 2011	Year ended 31st March, 2010	Increase over the previous year (%)
Value (in million ₹)	10,814,170	8,389,280	28.90%
Volume (in million)	105,310	77,950	35.10%

Depository Participants, their Branches and Service Centres

During the year 2010-11, 47 new depository participants (DPs) were registered as compared to 38 new registrations in the previous financial year. With this, the number of depository participants holding valid Securities and Exchange Board of India (SEBI) registration certificates increased to 544. Consequently, investors spread across 28 States and 7 Union Territories can avail of CDSL's depository services. Further, investors have access to 10,052 DP service centres spread across 1,572 cities/towns as on 31st March 2011 as against 8,590 DP service centres as on 31st March 2010.

Beneficial Owner Accounts

During the year under review, 13.15 lakh Beneficial Owner (BO) accounts were added, taking the total number of such accounts to 94.44 lakhs and the net BO accounts to 74.79 lakhs as on 31st March, 2011. The comparative figures of gross and net BO accounts as on 31st March, 2010 and 31st March, 2011 are given in the following table:

Year ended 31st March, 2011	Year ended 31st March, 2010	Increase over the previous year's cumulative figure	
		Number	Percentage
(Gross)	(Gross)		
9,444,953	8,129,577	1,315,376	16.18
(Net)	(Net)		
7,479,316	6,585,746	893,570	13.57

Investor Awareness / Education Seminars

With a view to creating awareness of the dematerialisation facility and its benefits among the investors across the country your company conducted 220 Investors Awareness Programmes (IAPs) in the year 2010-11 some of which were in association with Bombay Stock Exchange Ltd. and some depository participants. During these IAPs, investors were educated on the procedures and precautions to be followed regarding their demat accounts, on-line trading, ASBA, demat of open ended mutual funds, etc. Many of these IAPs were conducted with the print and electronic media, which ensured a good turnout of investors and also excellent pre-event and post-event publicity of the IAPs. During the Seminars, information pamphlets in English, Hindi and other regional languages were distributed for the benefit of investors.

New Initiatives

- **Access to Demat Account through GPRS enabled mobile phone**

Your company has provided a facility which allows BOs to access their demat accounts through a GPRS enabled mobile phone. User is given following facilities:

- Portfolio valuation - Total portfolio valuation is displayed
- Balance for a selected ISIN - Free balance for the selected ISIN is displayed
- Balance View - Free balances for all the ISINs in the account are displayed
- Balance Transfer to a trusted account - On market / Normal pay-in / Early pay-in transfers to a trusted CM account (for easiest users)
- Easiest Transaction Inquiry

- **Uploading during End of Day (EOD) process**

In order to increase system uptime to users, your company has deployed facility to allow users to upload transaction files even when EOD of the system is in process, thereby extending the time window for uploading transaction files for processing.

- **De-statementization / Re-statementization of Mutual Fund Units**

Your company has provided a facility to receive allotment of mutual fund units in same demat account as equity holding and also for redemption of mutual fund units through Stock Exchange platform. This has enabled an investor to get rid of multiple statements issued by different mutual funds with an option to have Statement of Account (SoA) if he chooses to do so at a later date.

- **Single Report for transactions**

Your company has provided a single report download for different types of transactions which is generated multiple times during the day. This obviates the necessity of downloading multiple reports by DPs for updating of their back office. Number of reports required to be imported by DPs is reduced and back office updating is simplified.

Status of PAN compliance

As per SEBI directive, with effect from 1st January, 2007, existing account holders are not allowed to operate their demat accounts if they do not produce their PAN card for verification by the concerned depository participant. In accordance with these regulatory requirements, approximately 84,000 demat accounts were in frozen status as on 31st March, 2010. CDSL continued its efforts to make the demat accounts PAN-compliant. Consequently, the total number of frozen accounts was reduced to 62,000 out of which 59,000 accounts have securities holding.

Regulatory reforms

- **Transactions in Mutual Fund schemes through the Stock Exchange Infrastructure**

SEBI vide its communication to the Stock Exchanges and depositories instructed that settlement of the units of open ended mutual funds transacted through the order entry platform should be similar to settlement of equity transactions on the Stock Exchanges. Accordingly, your company launched Mutual Fund Phase 2 settlement with effect from 24th December, 2010.

Your company was instrumental in formulating the process of handling ELSS through the settlement system. This was started by the Stock Exchanges and the Depositories with effect from 4th March 2011.

Corporate Social Responsibility (CSR)

As a part of its corporate social responsibility, your company had decided to empower 'Physically Challenged' and 'Under Privileged' individuals by providing them training in capital market and depository operations and thereafter arrange for their suitable employment, to the extent possible.

Towards this endeavour, your company launched its first CSR program called "COPE-CDSL's Outreach Program For Empowerment" from 5th April, 2010 to 7th May, 2010. The selected candidates were imparted training on primary and secondary market operations, clearing and settlements, basics of mutual fund investments, compliance aspects, etc. and a 5-day full-time training program on depository operations. The successful candidates were, thereafter, placed as 'Interns' with some of the DPs of CDSL for a period of 3 months. In order to ensure that the DPs partnering CDSL in this initiative were not inconvenienced, a monthly stipend was paid to the candidates by CDSL.

After successful completion of the internship, all 18 candidates were successfully placed at various CDSL DPs. At a valedictory function held on 6th October, 2010, certificates were given to the candidates who successfully completed the training program as well as the internship. The entire cost of the training program, including internship, was borne by CDSL.

After the success of the COPE - I, your company has launched its COPE - II on 14th February, 2011.

New Projects

- **Setting-up a Depository in Nepal**

Your company had signed an agreement with Nepal Stock Exchange Limited (NEPSE) to set-up a depository and clearing and settlement system in Nepal, last year. The project is funded partly by Government of India. Your company has assisted Nepal in drafting their Central Securities Depository Regulations and Bye Laws. The depository system was successfully installed in Nepal on 31st March, 2011. The depository software was handed over by Indian Ambassador in Nepal to The Governor of Nepal Rashtra Bank on 31st March, 2011 at a function organised in Katmandu.

- **E-certificates**

In the year under review, your company has bid for the prestigious project of National Academic Depository. You will be pleased to know that your company has been selected by Central Board for Secondary Education (CBSE) to deploy the pilot project. The application development for the project has been done jointly with Infosys Technologies Ltd. The pilot is expected to be launched shortly.

Prevention of Money Laundering Act

The Prevention of Money Laundering Act, 2002 (PMLA) has been brought into force with effect from 1st July, 2005. CDSL and its depository participants fall under the category of 'intermediaries' under section 12 of the SEBI Act and hence, PMLA and the policy guidelines issued by the regulators to combat money laundering are applicable to their depository operations. As required under the guidelines, CDSL has designated Principal Officer and an Alternate Officer to ensure compliance with these guidelines. CDSL conducts training programmes and updates depository participants on compliance of the aforesaid guidelines.

Subsidiary of CDSL

CDSL Ventures Limited (CVL), the wholly owned subsidiary of your company, earned an income of ₹897.94 lakhs, for the financial year 2010 - 11 as against ₹328.41 lakhs in the previous year. Mandatory requirement of KYC norms for all investors in mutual funds irrespective of amount of investment has helped strengthen top line of CVL.

Ministry of Corporate Affairs has granted a general exemption to companies from complying with the provision of section 212(8) of the Companies Act 1956 pertaining to filing of separate financial statements for each subsidiary, subject to fulfillment of certain conditions. Accordingly, your company has presented the Annual Report, with stand alone financial results of your company and the consolidated financial statements duly audited by the statutory auditors. The consolidated financial statements are prepared in strict compliance with applicable Accounting Standards. The annual accounts of the subsidiary company and the related detailed information is available to shareholders of the holding company i.e. CDSL and subsidiary company at any point of time. The annual accounts of the subsidiary company are also kept for inspection by any shareholder at the Registered office of the holding company and of the subsidiary company.

Ownership Pattern

As at the end of the year under review, the shareholding pattern of your company is as under:

Category of shareholders	Equity Share Capital (₹ in '000)	Percentage of shareholding
Banks	468,646	44.84
Stock Exchanges	576,346	55.16
Others	8	Negligible
Total	1,045,000	100.00

Details of the equity shares held by the shareholders of the company are given in **Annex A** to the Directors' Report.

Fixed Deposits

Your company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

Directors

During the year under review, Shri N. Rangachary, who had been appointed as director on 7th July, 2010, was appointed as Chairman of your Company on 16th August, 2010. He is an independent director and non executive Chairman of the company. Shri L. P. Aggarwal sponsor director of BSE Ltd resigned with effect from 16th September, 2010.

The Board has placed on record its appreciation of the valuable services rendered by Shri L. P. Aggarwal during his tenure as director of the company.

Shri Madhu Kannan and Shri A. D. M. Chavali retire by rotation at the Thirteenth Annual General Meeting and are eligible for re-appointment.

Auditors

M/s. M. P. Chitale & Co., Statutory Auditors of your company, retire at the Thirteenth Annual General Meeting and are eligible for re-appointment. The Auditors have furnished a certificate to the effect that their appointment, if made, would be in accordance with the limit specified under Section 224(1B) of the Companies Act, 1956. Their appointment as Statutory Auditors of the company is required to be made by a Special Resolution pursuant to Section 224A of the said Act.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Considering the nature of operations of your company, the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to information to be furnished on conservation of energy and technology absorption are not applicable. The company has, however, used information technology extensively in its operations.

Details of foreign exchange earnings and outgo during the year under review are as under:

Particulars	Year ended 31st March, 2011 (₹ in million)	Year ended 31st March, 2010 (₹ in million)
Earnings	Nil	Nil
<u>Outgo</u>		
Travel expenses	1.47	1.04
Others	0.27	1.11
Total	1.74	2.15

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors reports that:

- i) in preparation of the annual accounts, the applicable accounting standards have been followed and proper explanations relating to material departure, if any, have been provided;
- ii) accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; and
- iv) the annual accounts have been prepared on a going-concern basis.

Implementation of Code of Corporate Governance

Code of Corporate Governance prescribed in listing agreement of stock exchange is not applicable to your company since it is not listed on any stock exchange. However, it has voluntarily adopted most of good corporate governance policies. The status of implementation of the Code of Corporate Governance is given in Annex A. Your company has also constituted Nomination Committee as per the recommendation made in the 'Corporate Governance-Voluntary Guidelines 2009', issued by the Ministry of Corporate Affairs.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year ended 31st March, 2011 is attached as **Annex B**.

Appointment of Directors

A brief resume of each director who is retiring and is eligible for re-appointment at the ensuing Annual General Meeting is given in **Annex C**.

Particulars of Employees

Information as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, is enclosed to this report.

Human Resource Development

Your company recognizes the value of its human assets as a critical resource. The company, therefore, continues to accord high importance to human resource development and consciously endeavors to enhance the quality and competence of its employees across cadres. It conducts induction programmes for new entrants. Nominating employees for training at reputed institutions and for attending seminars in India and abroad in capital market related areas, particularly relating to depositories, has always been a part of human resource development programme of the company. During the year under review the company organized programmes on effective communication skills, IT products and nominated for training programmes conducted by DTCC, USA and Asia-Pacific CSD groups. Industrial relations during the year continued to be cordial.

Acknowledgement

Your Directors place on record their sincere gratitude for the support, guidance and cooperation the company has received from Ministry of Finance SEBI and other regulatory agencies. The Directors also acknowledge with thanks the continuing support of the Beneficial Owners, Depository Participants, Stock Exchanges and Clearing Houses. The Directors also express their appreciation for the dedicated services of the employees whose performance, professionalism and strong commitment for rendering high quality services to the clientele of the company has been commendable.

For and on behalf of the Board
Sd/-

Place : Mumbai
Date : 26th April, 2011

N. Rangachary
Chairman

Corporate Governance

Company's Philosophy on Code of Corporate Governance

The company is committed to good corporate governance practices based on fairness, equity, accountability, transparency and commitment to ethical values. Its policies and business strategies aim at providing secure and efficient depository services to investors within the prescribed legal framework. Enhancing shareholder value and protecting the interests of all stakeholders by following high standards of corporate governance has always been the policy statement of the company.

Board of Directors

a) Composition

As on 31st March 2011, the Board consisted of eight directors including the Executive Director. Amongst seven non-executive directors, five are sponsor/nominee directors and two are independent directors. Shri N. Rangachary, who is an independent director, is also the non-Executive Chairman of the company. Details of directorship and Board Committee membership of CDSL's Directors in other public limited companies as on 31st March, 2011 are as under:

Name of the Director	Category	No. of directorships in other companies	No. of Board Committee memberships in other companies	No. of Chairmanships in Board Committees of other companies
Shri N. Rangachary, Chairman	Non-Executive - Independent	13	5	4
Shri T. S. Narayanasami	Non-Executive - Independent	10	9	1
Shri Madhu Kannan	Non-Executive	6	2	-
Shri Ashishkumar Chauhan	Non-Executive	5	1	-
Shri James Shapiro	Non-Executive	1	-	-
Shri Anjan Barua	Non-Executive	3	-	-
Shri A.D.M. Chavali	Non-Executive	2	-	-
Shri P. S. Reddy	Executive Director	1	1	-

b) Sitting fees / remuneration paid to Directors

Non - Executive Directors are paid sitting fee of ₹15,000/- for attending each Board meeting and ₹10,000/- for attending each meeting of the Board Committee. The Chairman is paid sitting fee of ₹20,000/- for attending each Board meeting and Board Committee meeting chaired by him, since he devotes more time and efforts in determining agenda items, reviewing the agenda notes on important issues, vetting minutes of the meetings and giving guidance on policy matters. Details of the sitting fees paid to the Non-Executive Directors during the year under review are as under:

Name of the Non-Executive Director	Amount in ₹
Shri S. S. Thakur	180,000
Shri N. Rangachary	211,500
Shri T. S. Narayanasami	156,500
Shri James Shapiro*	112,500
Shri M. R. Mayya	54,000
Shri Madhu Kannan *	135,000
Shri L. P. Aggarwal *	58,500
Shri Ashishkumar Chauhan *	121,500
Shri Prakash R. Kacholia	22,500
Shri Anjan Barua *	45,000
Shri A.D.M. Chavali *	63,000
Shri A.R. Kuppuswamy *	31,500

(* Sitting Fees are paid to the Nominating Institutions)

Shri P. S. Reddy, Executive Director is the whole-time director of the company. Details of the remuneration paid to him in the year 2010-11 is given in Schedule 11 (B) (4) to the Annual Accounts under the head "Managerial Remuneration".

c) Meetings and Attendance

During the year, the Board met six times i.e. on 16th June, 2010, 16th July, 2010, 16th August, 2010, 23rd September, 2010, 13th October, 2010 and 27th January, 2011. Details of attendance of the Directors at the Board meetings and the last Annual General Meeting are given hereunder:

Name of the Director	No. of Board meetings held during the tenure	No. of Board meetings attended	Attendance at the last AGM
Shri S. S. Thakur	2	2	Yes
Shri M. R. Mayya	2	2	Not applicable
Shri N. Rangachary	5	5	Yes
Shri Anjan Barua	6	2	No
Shri Madhu Kannan	6	6	Yes
Shri L. P. Aggarwal	3	3	Yes
Shri Ashishkumar Chauhan	6	5	Yes
Shri James Shapiro	5	5	Yes
Shri T. S. Narayanasami	5	5	Yes
Shri Prakash R. Kacholia	1	1	Not applicable
Shri A.D.M. Chavali	6	3	Yes
Shri A. R. Kuppuswamy	1	1	Not applicable
Shri V. V. Raut	2	2	Not applicable
Shri P. S. Reddy	6	6	Yes

To ensure smooth functioning of the company, the Board has constituted various Board committees, including Audit Committee, Remuneration Committee and Nomination Committee.

Audit Committee

a) Composition of the Committee

The Audit Committee consists of non-executive directors who possess expertise in the fields of finance, accounting, banking and capital market. The Statutory Auditors and heads of all functional departments are permanent invitees to the Audit Committee meetings. The Company Secretary acts as the secretary to the Committee. The following directors were members of the Committee as on 31st March, 2011 :

1. Shri N. Rangachary
2. Shri Madhu Kannan
3. Shri T. S. Narayanasami
4. Shri A.D.M. Chavali
5. Shri Anjan Barua

b) Role of the Audit Committee

The Audit Committee oversees the financial reporting process and disclosure of financial information. The Committee examines the annual financial statements and discusses in detail the adequacy of financial control systems with the external and internal auditors. The Committee reviews financial and risk management policies of the company and monitors its internal and concurrent audit functions. It also oversees the operations of depository participants on the basis of the audit and inspection reports submitted by empanelled auditors and the company's own inspection teams.

c) Meetings and Attendance

The Committee met three times during the year 2010-11 i.e. on 16th June, 2010, 12th October, 2010 and 27th January, 2011. The record of attendance of the members of the Committee at these meetings is given hereunder:

Sr. No.	Name of the member	No. of meetings held during the tenure	No. of meetings attended
1.	Shri S. S. Thakur (Resigned on 16th August, 2010)	1	1
2.	Shri N. Rangachary	2	2
3.	Shri Anjan Barua	3	-
4.	Shri A. R. Kuppuswamy (Resigned on 30th June, 2010)	1	1
5.	Shri Prakash Kacholia (Resigned on 9th July, 2010)	1	1
6.	Shri A. D. M. Chavali	3	1
7.	Shri Madhu Kannan	2	2
8.	Shri T. S. Narayanasami	2	2

Remuneration and Organisational Committee:

The Remuneration and Organisational Committee consists of non-executive directors and reviews annually the remuneration to be paid to the whole time directors. The Committee recommends fixation / revision in the remuneration for approval of the Board within the maximum limit approved by the members. The Committee also decides on recruitment and personnel policy of CDSL. The following directors were members of the Committee as on 31st March, 2011:

1. Shri N. Rangachary
2. Shri T. S. Narayanasami
3. Shri Madhu Kannan
4. Shri Anjan Barua

Nomination Committee:

In terms of Corporate Governance Voluntary Guidelines 2009 issued by Ministry of Corporate Affairs, the Board has constituted Nomination Committee in June, 2010 to recommend appointment of Independent Directors and Executive Directors for approval of the Board. The following directors are the members of this committee:-

1. Shri N. Rangachary
2. Shri T. S. Narayanasami
3. Shri Madhu Kannan
4. Shri Anjan Barua

Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior officers of the Company. All Board members and senior officers have affirmed compliance with the Code.

General Shareholder Information

Twelfth Annual General Meeting

Day & Date	Monday, 16th August, 2010
Time	2.30 p.m.
Venue	BSE Board Room, 26th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001
Book Closure	- Nil -
Payment of Dividend	₹ 1.20/- per share i.e.12%

Financial Year

The company's Financial Year commences from 1st April and ends on 31st March of the following year.

Listing on Stock Exchange

The shares of the company are not listed on any Stock Exchange.

Registrar and Transfer Agent

The company has established in-house facility for the purpose of recording issue/ transfer of shares in both physical and dematerialized form. Hence the company has not appointed any Registrar and Transfer Agent.

Shareholding Pattern

The company's issued and paid up capital of ₹104.50 crores consists of 10.45 crore shares of ₹10/- each. Details of the shares held by different shareholders as on 31st March, 2011 are as follows:

Sr. No.	Name	As on 31st March, 2011	
		No. of Shares held	%
1.	Bombay Stock Exchange Limited	56,634,600	54.20
2.	Bank of India	5,820,000	5.57
3.	Bank of Baroda	5,300,000	5.07
4.	State Bank of India	10,000,000	9.57
5.	HDFC Bank Ltd.	7,500,000	7.18
6.	Standard Chartered Bank Limited	7,500,000	7.18
7.	Canara Bank	6,744,600	6.45
8.	Union Bank of India	2,000,000	1.91
9.	Bank of Maharashtra	2,000,000	1.91
10.	The Calcutta Stock Exchange Limited	1,000,000	0.96
11.	Others	800	Negligible
	Total	104,500,000	100.00

Means of Communication

During the year under review, your company introduced a monthly newsletter "e-infoline", which is emailed to registered subscribers. The company also issues Communiqués to its depository participants and to Registrar and Transfer Agents as and when necessary. In addition to this the company disseminates information about important developments in the depository related areas to all users through its website-www.cdslindia.com. 'CDSL Infoline', a bi-monthly publication of the company, provides latest updates to the market participants.

Your Company also allows DPs to submit BO Grievance Reports and internal audit reports electronically.

Annual Report

Annual Report containing, inter alia, Audited Accounts, Directors' Report, Auditors' Report, Consolidated Financial Statements and other related information is circulated to all shareholders. The Management Discussion and Analysis Report and the Corporate Governance Report annexed to the Directors' Report also form part of the Annual Report.

Address for Correspondence

Any query on Annual Report may be addressed to Shri Satish Budhakar, Vice President- Legal & Company Secretary at the following address:

Central Depository Services (India) Limited

17th Floor, Phiroze Jeejeebhoy Towers,

Dalal Street, Mumbai - 400001

Tel : (Direct) 022 - 22722847 / 22728432

(Board) 22723333 / 22723224

Fax : 022 - 22722072

Email : satishb@cdslindia.com

For and on behalf of the Board

Sd/-

N. Rangachary

Chairman

Place : Mumbai

Date : 26th April, 2011

Management Discussion and Analysis Report

1. Introduction

Your company is engaged in the business of providing depository services in respect of various types of securities. It provides depository services to investors through depository participants and has put in place necessary infrastructure for recording allotment and transfer of securities in dematerialized form and to protect the interest of the investors. Since the commencement of its operations twelve years ago, the company has emerged as a convenient, dependable and secure depository and has accomplished high level of operational efficiency over the years.

2. Industry Structure and Developments

Your company as a depository extends its services to the investors through agents, i.e. the depository participants, who provide an interface between the depository and beneficial owners. The depository provides infrastructure for maintenance of records of the beneficial owners and facilitates transfer of securities. The Clearing houses / Clearing corporations of Stock Exchanges and Commodity Exchanges are electronically connected for processing settlement of transactions. The activities like dematerialization and rematerialisation of securities/ warehouse receipts, corporate actions such as issue of rights and bonus shares, consolidation, subdivision and redemption of securities and revalidation of warehouse receipts are carried out by the Issuers of securities or their Registrars and Transfer Agents who have established electronic connectivity with your company. With the admission of close ended mutual funds with the depository, beneficial owners can de-statementise / re-statementise their existing units and hold the same in their demat accounts.

3. Opportunities and Threats

The depository system has helped to enhance liquidity, facilitate faster transfer of securities, reduce transaction costs, and prevent various risks associated with the erstwhile system of holding securities in physical form. Currently, various types of securities such as equity shares, debentures, bonds, certificate of deposits, commercial paper are admitted with CDSL for dematerialization. Your company has also commenced admission of open ended Mutual Fund units, which can now be purchased on the mutual fund platform of BSE and NSE. With the issues pertaining to settlement of Mutual Funds being sorted out in December 2010, we expect more investors to take credit of mutual fund units in their demat accounts in order to obviate the problem of handling multiple folios for their investments in different mutual funds.

Though the current capital market environment remains favorable for enhancing the opportunities and demand for depository services, maintain the integrity, safety and efficiency of the system remains a challenging task due to increasing volumes and shorter settlement cycles.

4. Segment wise / product wise Performance

The depository services of CDSL cannot be classified into different business segments or products. Its performance may, therefore, be viewed in an integrated manner from the data furnished hereunder:

a. Operational highlights:

Sr. No.	Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010	Growth in percentage (%) terms
1.	Beneficial Owner Accounts			
	- Gross	9,444,953	8,129,577	16.18
	- Net	7,479,316	6,585,746	13.57
2.	Holdings of securities			
	Value (in million ₹)	10,814,170	8,389,280	28.90
	Volume (in million)	105,310	77,950	35.10
3.	Number of Depository Participants	544	497	9.46
4.	Securities settled			
	Value (in million ₹)	4,399,303	4,298,686	2.34

b. Financial Performance

The company registered a gross income of ₹ 1020.91 million in 2010-11 as against ₹ 1013.85 million in the previous financial year reflecting an increase of 0.70%. The Profit After Tax amounted to ₹ 480.39 million as against the Net Profit of ₹ 475.19 million in the previous year, reflecting a growth of 1.09% over the previous year. The financial performance of the company is mainly dependent on the capital market conditions.

5. Future Outlook

The transactions processed by your company are mainly related to settlement of trades on the stock exchanges. The volume of transactions, and consequently, CDSL's business prospects, is in a large measure determined by stock market sentiment and

activity level. With the economy expected to continue on the growth path, the stock markets are expected to remain firm with high trade level, which would significantly benefit the business of your company.

As witnessed in the past, an active and buoyant primary market would also contribute to CDSL's growth in areas of new account opening and transactions. Several large IPOs are lined up, and IPO collections are expected to be encouraging during the current financial year. Thus, prospects for maintaining a healthy growth in the business of CDSL in the current year seems encouraging.

6. Risk Management

Risk is managed under a comprehensive risk framework, with policies related to each of the relevant risks and a governance structure that makes clear the responsibilities for monitoring and control. All critical functional areas of the company are under concurrent audit, which is carried out by an independent firm of Chartered Accountants. An extensive internal audit covering all areas is also carried out by the independent firm of Chartered Accountants. Post audit reviews are carried out to ensure follow up on the observations made. The scope of the internal and concurrent audit is determined by the Audit Committee and the audit reports are reviewed by this Committee on regular basis.

CDSL has constituted a Risk Management Committee to assess and mitigate the risks involved in depository and depository participant business. The Committee meets periodically to review issues related to identification, assessment and containment of risks.

CDSL also sends SMS alerts directly to BOs for any debit or credit transaction, modifications in important client details like address, nominee etc., pledge transactions, credits received through dematerialization, IPOs and /or corporate actions.

CDSL has continued with its policy to lay more stress on compliance so as to ensure that the integrity of the depository system is not compromised, since this is a key driver for sustainable growth. CDSL has also obtained a comprehensive crime and liability insurance policy for ₹ 50 crores with one free re-instatement covering the company and its depository participants.

CDSL performs periodic Information Systems Audit with a view to secure its IT environment and to improve various IT related processes. The comprehensive System Audits which covers entire IT infrastructure is carried out by external system auditors. CDSL has benchmarked its IT practices with ISO27001 standard and is certified for the same by DNV. The Vulnerability Assessment /Penetration Testing Audits are also

carried out by external auditors at regular intervals. The compliance of audit is done promptly, the progress of which is monitored by Technology Development Advisory Committee.

7. Monitoring of DP Operations

It has been the endeavor of CDSL to evaluate adequacy of internal controls and procedures and to ensure adherence to compliance requirements by the depository participants, who provide an interface to investors in extending depository services.

In addition to the internal audit of depository participant operations, CDSL has also instructed depository participants to appoint independent Chartered Accountant firms to conduct concurrent audit of risk prone areas on 100% basis. CDSL also conducts regular inspection of depository participants and Registrar and Transfer Agents through its own staff and independent audit firms. In order to improve the efficiency of operations of depository participants and ensure compliance with the provisions of the Depositories Act, Rules, Regulations and the various communiqués issued by CDSL, the company has increased the number of inspections being conducted by its own staff.

CDSL has decided to continue to focus on '100% compliance by depository participants'. Accordingly, to enhance the overall compliance level, CDSL has taken initiatives to educate depository participants across the country. CDSL conducts compliance training programmes and guidance visits for depository participants and suggest improvements to achieve the objective of 100% compliance. To ensure that internal auditors of depository participants are equipped with knowledge about depository participant operations, CDSL conducts training for internal auditors of depository participants with special focus on auditing tools and procedures.

Cautionary Statement:

Statements in the Management Discussion and Analysis describing CDSL's objectives, expectations, and projections are based on experience relating to behavioural pattern of capital market. Actual results may vary in tandem with the capital market conditions and regulatory environment.

Place : Mumbai
Date : 26th April, 2011

For and on behalf of the Board
Sd/-
N. Rangachary
Chairman

Annex C

Profile of Directors who are liable to retire by rotation and seek reappointment during the year who hold the office until commencement of the Annual General Meeting.

Shri Madhu Kannan

Shri Kannan joined Bombay Stock Exchange Ltd. as Managing Director & CEO in May, 2009. Earlier he was employed with Bank of America - Merrill Lynch as Managing Director (Strategy and Business Development). In this role he focused on the development and execution of key strategic initiatives for Merrill Lynch in the emerging markets of Asia and Middle-East & North Africa (MENA) and the Global Sovereign Wealth Funds Group.

Prior to his employment with Bank of America-Merrill Lynch, Shri Kannan was Senior Vice President at NYSE Euronext. During his stint at NYSE Euronext, he served in various senior roles including Vice President - Corporate Client Group, Head of International Listings (Asia Pacific Region), and Managing Director - International Strategy and Business Development of the Exchange.

Shri Kannan was nominated as a Young Global Leader in 2007 by the World Economic Forum (WEF), based in Geneva, Switzerland.

Shri Kannan earned his degree B.E. (Hons.) in Electrical Engineering and Electronics, M.Sc (Hons.) in Economics from BITS, Pilani, India and M.B.A. in Finance from Vanderbilt University, USA.

Shri A. D. M. Chavali

Shri A.D.M. Chavali joined Bank of Baroda as directly Recruited Officer on 21st February, 1977. He is a post graduate and holds M.Sc. degree. He has in the last 32 years worked in various capacities viz. Dy. General Manager - Risk Management Department, Regional Head - Kolkata Region, Managing Director - BOB Asset Management Company, D.G.M. Branch Head - Corporate Finance Branch Mumbai, Assistant General Manager - Treasury Operations (Front Office), Chief Manager - Investments, Central Office, Senior Manager Credit - Industrial Finance Branch, Hyderabad. As General Manager of Bank of Baroda he is heading Treasury & Resource Management of the bank.

AUDITORS' REPORT

To,
The Members,
Central Depository Services (India) Limited

We have audited the attached Balance Sheet of CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED (the "Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as the "Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state 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 appears from our examination of those books;
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Act, to the extent applicable.
- (e) On the basis of written representations received by the Company from the directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Act.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with 'Significant Accounting Policies and Notes to Accounts' in Schedule '11' and other notes appearing elsewhere in the accounts, 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:
- i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii) in so far as it relates to the Profit & Loss Account, of the profit of the Company for the year ended on that date, and
 - iii) in so far as it relates to the Cash Flow Statement of the Company for the year ended on that date.

For M. P. Chitale & CO.
Chartered Accountants
Firm Reg. No. 101851W

Viraj Londhe
Partner
(Membership No. 45761)

Place : Mumbai
Date : 26th April, 2011

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 OF CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

1. 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 program of verification, which in our opinion provides for the physical verification of all the fixed assets at reasonable intervals and discrepancies observed during the verification have been properly dealt with in the books of account.

c) The company has not disposed of substantial part of fixed assets during the year.
2. The Company does not have any inventory. Therefore, the provisions of clause 4(ii) of the Order are not applicable to the Company.
3. The Company has not granted / taken any loans , secured or unsecured , to / from companies , firms or other parties covered in the register maintained under Section 301 of the Act.
4. There is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. There were no instances of continuing failure to correct major weaknesses in internal control system.
5. In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into a register in pursuance of section 301 of the Companies Act 1956.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. In respect of company's activities, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Act.
9. (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) There are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax or Cess which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at 31st March, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, during the year, the company has not taken any loan and no amounts were due towards principal or interest to financial institution, bank or debenture holders during the year.
12. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the company.

14. The Company is not dealing or trading in shares, securities, debentures or other securities.
15. On the basis of representation received from the company management the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not taken any term loan during the year.
17. During the year, the Company has not raised any funds.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered and recorded in the register maintained under Section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For M. P. Chitale & CO.
Chartered Accountants
Firm Reg. No. 101851W

Viraj Londhe
Partner
(Membership No. 45761)

Place : Mumbai
Date : 26th April, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	31.3.2011 ₹	31.3.2010 ₹
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,045,000,000	1,045,000,000
Reserves and Surplus	2	1,598,515,527	1,263,875,746
		2,643,515,527	2,308,875,746
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	473,653,218	468,066,742
Less : Depreciation		398,146,609	348,950,436
Net block		75,506,609	119,116,306
Investments	4	2,048,881,226	2,225,104,146
Deferred Tax Asset		26,271,791	26,526,000
Current Assets, Loans & Advances			
Interest accrued on Investments	5	19,109,810	12,616,134
Sundry Debtors		42,203,189	45,990,461
Cash and Bank balances		812,457,325	205,361,916
Loans and Advances		33,146,769	57,816,795
		906,917,093	321,785,306
Less:			
Current Liabilities & Provisions			
Liabilities	6	254,501,327	225,035,164
Provisions		159,559,865	158,620,848
		414,061,192	383,656,012
Net Current Assets		492,855,901	(61,870,706)
		2,643,515,527	2,308,875,746
Significant Accounting Policies and Notes to Accounts			
Schedules referred to above form an integral part of the Financial Statements	11		

As per our attached report of even date

For and on behalf of the Board of Directors

For **M. P. Chitale & Co.**
Chartered Accountants

Viraj Londhe
Partner

Satish Budhakar
Vice President (Legal)
& Company Secretary

N. Rangachary
Chairman

P. S. Reddy
Executive Director

Place : Mumbai,
Date : 26th April, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	2010-2011 ₹	2009-2010 ₹
INCOME			
Operational Income	7	841,886,015	812,117,516
Other Income	8	179,024,690	201,735,296
		<u>1,020,910,705</u>	<u>1,013,852,812</u>
EXPENDITURE			
Personnel Cost	9	113,520,326	97,004,293
Other Expenses	10	167,546,550	187,440,874
Depreciation		54,201,385	54,798,738
Prior period Adjustments		-	416,172
		<u>335,268,261</u>	<u>339,660,077</u>
Profit before Tax		<u>685,642,444</u>	<u>674,192,735</u>
Provision for Tax			
- Current Tax		204,800,000	205,600,000
- Deferred Tax		254,209	(6,806,000)
- Wealth Tax		205439	209507
Profit After Tax		480,382,796	475,189,228
Tax adjustment of earlier years			(118,091)
Balance of Profit brought forward from previous year		1,263,875,746	935,031,609
Profit available for appropriation		1,744,258,542	1,410,102,746
Proposed Dividend		125,400,000	125,400,000
Corporate Dividend Tax		20,343,015	20,827,000
Surplus carried to Balance Sheet		1,598,515,527	1,263,875,746
Basic & Diluted Earning Per Share of face value of ₹10 each		4.60	4.55
Significant Accounting Policies and Notes to Accounts	11		
Schedules referred to above form an integral part of the Financial statements			

As per our attached report of even date

For and on behalf of the Board of Directors

For M. P. Chitale & Co.
Chartered Accountants

Viraj Londhe
Partner

Satish Budhakar
Vice President (Legal)
& Company Secretary

N. Rangachary
Chairman

P. S. Reddy
Executive Director

Place : Mumbai,
Date : 26th April, 2011

Cash Flow Statement For the year ended March 31, 2011

	2010-2011 ₹	2009-2010 ₹
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAXES	685642444	674192735
Net Profit for non-cash items to be disclosed seperately		
Add : Depreciation	54201385	54798738
Provision for diminution in the value of investments	-	3947010
Provision for Doubtful Debts	(1,124,000)	4521000
Less : Profit from sale of Investments	(10622751)	(10389340)
Income from mutual funds	(63431406)	(85799540)
Rental Income	(5495041)	(2959958)
Provision no longer required written Back	(5754089)	0
Advisory Fees	(9972803)	(4533092)
Profit on sale of fixed assets(net)	(384529)	(1308231)
Interest Income on Fixed Deposits	(33770423)	(61102840)
Interest Income on Investment in Debt Instruments	(47223864)	(33246732)
	(123577521)	(136072985)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	562064923	538119751
Advisory Fees	9972803	4533092
Adjustment for changes in working capital		
Sundry Debtors	4911272	(21809622)
Loans and Advances	17,502,654	(18815472)
Current Liabilities and Provisions	30893606	25370329
	63280334	(10721673)
CASH GENERATED FROM OPERATIONS	625345257	527398078
Taxes Paid	(211341281)	(202051514)
A NET CASH PROVIDED BY OPERATING ACTIVITIES	414003976	325346564
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(10756999)	(64409530)
Proceeds from the sale of Fixed assets	548986	1572381
Purchase of Investments(Net)	192599760	(1002907566)
Rental Income	5495041	2959958
Dividend Received	63431406	85799540
Interest Received	74500612	86799466
Loan repayment from CVL	13500000	6500000
B NET CASH GENERATED FROM INVESTING ACTIVITIES	339318807	(883685751)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid including Dividend Distribution Tax	(146227374)	(122260001)
C NET CASH USED IN FINANCING ACTIVITIES	(146227374)	(122260001)
NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS (A+B+C)	607095409	(680599188)
Cash and Cash Equivalents at the beginning of the year	205361916	885961104
Cash and Cash Equivalents at the end of the year	812457325	205361916
	607095409	(680599188)
1. Cash and Cash Equivalents comprises of		
Cash and Cheques on Hand	536004	48163
With scheduled bank on Current Accounts	4456174	2848839
Deposit Account	807346905	202359527
With RBI - Current Account	118242	105387
	812457325	205361916

Notes :

The above statement has been prepared by using the indirect method as per Accounting Standard 3 - Cash Flow Statement issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

For and on behalf of the Board of Directors

For M. P. Chitale & Co.
Chartered Accountants

Viraj Londhe
Partner

Satish Budhakar
Vice President (Legal)
& Company Secretary

N. Rangachary
Chairman

P. S. Reddy
Executive Director

Place : Mumbai,
Date : 26th April, 2011

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 1 SHARE CAPITAL	31.3.2011 ₹	31.3.2010 ₹
Authorised 15,00,00,000 Equity shares of ₹ 10 each	<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, Subscribed and Paid-up 10,45,00,000 Equity shares of ₹10 each	<u>1,045,000,000</u>	<u>1,045,000,000</u>
SCHEDULE 2 RESERVES & SURPLUS		
Surplus as per Profit & Loss Account	<u>1,598,515,527</u>	<u>1,263,875,746</u>
TOTAL	<u>1,598,515,527</u>	<u>1,263,875,746</u>

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 3 FIXED ASSETS												
DESCRIPTION	GROSS BLOCK (AT COST)			AMORTISATION / DEPRECIATION			NET BLOCK		₹			
	As on 1.4.2010	Additions	As on 31.3.2011	Upto 31.3.2010	For the year 2010-2011	Deductions	Upto 31.3.2011	As on 31.3.2011	As on 31.3.2010	As on 31.3.2011	As on 31.3.2010	As on 31.3.2010
Building	17,376,753	-	17,376,753	17,375,753	-	-	17,375,753	1,000	1,000	1,000	1,000	1,000
Leasehold premises	53,152,326	-	53,152,326	9,611,106	5,315,233	-	14,926,339	38,225,987	43,541,220	38,225,987	43,541,220	43,541,220
Automated Depository System												
Computer Hardware	192,332,252	6,608,308	198,940,560	145,057,394	35,463,285	383,515	180,137,164	18,419,858	47,274,858	18,419,858	47,274,858	47,274,858
Computer Software	129,840,283	256,154	130,096,437	121,756,268	5,584,946	-	127,341,214	2,755,223	8,084,015	2,755,223	8,084,015	8,084,015
Equipment	29,032,128	1,138,295	30,170,423	22,267,883	3,013,105	1,705,564	23,575,424	4,874,328	6,764,245	4,874,328	6,764,245	6,764,245
Furniture & fixtures	35,686,891	599,676	36,286,567	25,918,895	2,647,966	-	28,566,861	7,719,706	9,767,996	7,719,706	9,767,996	9,767,996
Vehicles	10,646,109	2,154,566	12,800,675	6,963,137	2,176,850	2,916,133	6,223,854	3,510,507	3,682,972	3,510,507	3,682,972	3,682,972
Total	468,066,742	10,756,999	478,823,741	348,950,436	54,201,385	5,005,212	398,146,609	75,506,609	119,116,306	75,506,609	119,116,306	119,116,306
Previous Year	435,100,848	64,409,530	499,510,378	325,331,182	54,798,738	31,179,486	348,950,436	119,116,306	119,116,306	119,116,306	119,116,306	119,116,306

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 4 INVESTMENTS						
Particulars	31.03.2011			31.03.2010		
	Face Value (₹)	Quantity in nos.	₹	Face Value (₹)	Quantity in nos.	₹
Long Term Investments						
(Unquoted, Non Trade & Fully Paid up)						
1000000 Equity shares of Rs.10 each of CDSL Ventures Ltd. a subsidiary company at cost						
	10	1000000	10000000	10		9999930
Government Securities						
(Quoted, Non Trade)						
11.50% GOI 2015						
	1000	10	10375	1000		10375
Investments in Debt Securities						
(Quoted, Non Trade)						
11.35% IDBI Omni Bonds 2008-Sr.XV						
	1000000	100	100000000	1000000	100	100000000
6.85% IIFCL Bonds (Tax Free)						
	100000	1,300	130075000	100000	1,300	130075000
6.85% IIFCL Bonds (Tax Free)						
	100000	200	20050000	100000	200	20050000
12% Tata Capital Ltd.- NCD						
	1000	50,000	50000000	1000	50,000	50000000
9.62% L&T Finance						
	1000	28,106	28106000	1000	28,106	28106000
7.70% REC						
	1000000	50	49401550	1000000	50	49401550
7.90% REC						
	1000000	100	100462550	1000000	100	100462550
9.25% HDFC						
	1000000	50	50000000	-	-	-
9.75% HDFC						
	1000000	50	50000000	-	-	-
8.48% IDFC						
	1000000	50	50000000	-	-	-
6.05% IRFCL Bonds (Tax Free)						
	100000	500	50000000	-	-	-
Current Investments:						
Equity Shares						
[Quoted, Non Trade & Fully paid up]						
Reliance Power Ltd						
	10	1,113	313200	10	1,113	313200
Units of Mutual Fund						
Fortis Flexi Debt Fund -Regular -Growth Plan						
		-	-	10	964,950	10238889
Birla Cash Plus-Institutional Premium-Weekly Dividned						
	10	116,347	1166863	10	42,880	429947
Birla Savings Fund -Institutional-Daily Dividend -Reinvestment						
	10	46,326	463559	10	1,720,455	17216237
Birla Income Fund - Quarterly Dividend-Reinvestment						
	10	2,770,760	30503772	-	-	-
Birla Fixed Term Plan Series CO - Growth						
	10	5,500,000	55000000	-	-	-
Birla Fixed Term Plan Series CI - Growth						
	10	5,000,000	50000000	-	-	-
Birla Fixed Term Plan Series CW - Growth						
	10	3,854,462	38544620	-	-	-
Birla Fixed Term Plan Series CQ - Growth						
	10	3,550,000	35500000	-	-	-
Birla Fixed Term Plan Series CU - Growth						
	10	3,000,000	30000000	-	-	-
Birla Dynamic Bond Fund - Retail - Monthly Dividend - Reinvestment						
		-	-	10	7,914,523	82015050
Birla Short Term Fund-Retail-Monthly Dividend-Reinvestment						
		-	-	10	60,134	633313
Birla Short Term Fund-Inst-Daily Dividend-Reinvestment						
		-	-	10	2,355,752	23570480

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011

Particulars	31.03.2011			31.03.2010		
	Face Value (₹)	Quantity in nos.	₹	Face Value (₹)	Quantity in nos.	₹
Birla Fixed Term Plan-Institutional-Series BK-Growth	-	-	-	10	3,250,000	32500000
Birla Interval Income-Institutional - Quarterly-S2-Dividend-Reinvestment	-	-	-	10	3,000,000	30000000
DSP BlackRock Short Term Fund-Weekly Dividend Reinvestment	-	-	-	10	15,027,188	153035193
DSP BlackRock Fixed Maturity Plan-13M-Series 2-Dividend	10	3,000,000	30000000	10	3,000,000	30000000
DSP BlackRock Fixed Maturity Plan-12M-Series 13-Growth	10	5,450,000	54500000	-	-	-
DSP BlackRock Fixed Maturity Plan-12M-Series 5-Dividend	10	4,000,000	40000000	-	-	-
DSP BlackRock Fixed Maturity Plan-12M-Series 18-Growth	10	4,000,000	40000000	-	-	-
DSP BlackRock Fixed Maturity Plan-12M-Series 10-Growth	10	3,400,000	34000000	-	-	-
DSP BlackRock Fixed Maturity Plan-12M-Series 7-Growth	10	3,000,000	30000000	-	-	-
DWS Fixed Term Fund Series 67-Dividend Plan-Payout	10	3,000,011	30000000	10	3,000,011	30000000
DWS Fixed Term Fund Series 71-Growth	10	3,700,000	37000000	-	-	-
DWS Short Maturity Fund-Institutional-Weekly Dividend Option	-	-	-	10	3,511,513	36692506
DWS Money Plus Advantage Fund-Institutional Plan-Monthly Dividend Option	-	-	-	10	2,920,209	30993287
DWS Twin Advantage Fund-Monthly Dividend-Reinvest	-	-	-	10	5,783,176	62493948
HDFC Floating Rate Income Fund-Short Term Plan -Wholesale Option-Dividend Daily	10	1,042,630	10510646	10	9,734,252	98130024
HDFC Short Term Plan-Dividend Reinvest	-	-	-	10	5,070,702	53437627
HDFC 370D June 2010 (1) - Growth	10	4,000,000	40000000	-	-	-
HDFC Fixed Maturity Plan-14M Mar 2010-Quarterly Dividend-Payout	10	3,000,000	30000000	10	3,000,000	30000000
HDFC 370D March 2011 (4) - Growth	10	4,417,778	44177780	-	-	-
HDFC Debt Fund for Cancer Cure - 100% Dividend Donation Option	10	500,000	5000000	-	-	-
IDFC Fixed Maturity Plan-Half Yearly Series 12-Dividend	10	3,832,757	38327570	-	-	-
IDFC Fixed Maturity Plan Yearly Series 40-Growth	10	5,656,283	56562828	-	-	-
IDFC Fixed Maturity Plan-Half Yearly Series 9-Plan A-Dividend	-	-	-	10	3,014,640	30146400
IDFC Money Manager Fund-TP-Super Inst Plan C-Daily Dividend	-	-	-	10	10,798,380	108000000
IDFC-SSIF-ST-Plan D-Monthly Dividend	-	-	-	10	3,075,474	30986171
ING Income Fund -Institutional Plan-Quarterly Dividend Option	-	-	-	10	2,191,112	22806760
Kotak Bond (Short Term) -Monthly Dividend	-	-	-	10	7,878,159	79866645
Kotak Floater Short Term -Weekly Dividend	-	-	-	10	5,747	57511
Kotak Floater Long Term-Weekly Dividend	-	-	-	10	15,536	156759

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011

Particulars	31.03.2011			31.03.2010		
	Face Value (₹)	Quantity in nos.	₹	Face Value (₹)	Quantity in nos.	₹
Kotak FMP 370 days Series 6 -Growth	10	4,000,000	40000000	-	-	-
Kotak FMP Series 28 -Growth	10	3,500,000	35000000	-	-	-
Kotak FMP Series 38 -Growth	10	3,429,072	34290720	-	-	-
Kotak FMP Series 39 -Growth	10	3,169,910	31699100	-	-	-
Kotak FMP Series 40 -Growth	10	3,300,391	33003910	-	-	-
Kotak Quaterly Interval Plan Series 4-Dividend	-	-	-	10	3,000,000	30000000
Kotak Quaterly Interval Plan Series 7-Dividend	-	-	-	10	3,263,351	32633575
Principal Income Fund-Institutional Plan-Dividend Reinvestment-Quarterly	-	-	-	10	62,732	710770
Principal Income Fund-Short term Plan-Institutional Plan-Dividend Reinvestment-Weekly	-	-	-	10	1,750,233	18957668
ICICI Prudential Banking and PSU-Debt Fund-Weekly Dividend-Reinvestment	-	-	-	10	3,012,332	30148381
ICICI Prudential Institutional Short Term Plan-Cummulative Option.	-	-	-	10	27,094	376340
ICICI Prudential Institutional Liquid Plan-Super Institutional-daily Dividend	100	2,260	226093	100	2,453	245448
ICICI Prudential Fixed Maturity Plan-Series 55-1 Year Plan F Cumulative	10	3,750,000	37500000	-	-	-
ICICI Prudential Fixed Maturity Plan-Series 56-1 Year Plan A Cumulative	10	3,600,000	36000000	-	-	-
ICICI Prudential Fixed Maturity Plan-Series 51-1Year Plan A Cumulative	-	-	-	10	3,500,000	35000000
ICICI Prudential Fixed Maturity Plan-Series 51-14 Months Plan D Dividend	10	3,500,000	35000000	10	3,500,000	35000000
ICICI Prudential Flexible Income Plan-Daily Dividend-Reinvestment	100	48,186	5094946	100	51,054	5398239
ICICI Prudential Long Term Floating Rate Plan C - Monthly Dividend-Reinvestment	10	5,164,679	51722311	-	-	-
ICICI Prudential Interval Half Yearly II Institutional Dividend	10	3,507,308	35076583	-	-	-
ICICI Prudential Institutional Short Term Plan-Monthly Dividend Reinvestment	-	-	-	10	2,788,207	34073984
ICICI Prudential Ultra Short Term Plan Premium Plus-Daily Dividend Reinvestment	-	-	-	10	5,313,236	53160625
Reliance Quarterly Interval Fund-Series II-Institutional Dividend Plan	-	-	-	10	90	900
Reliance Fixed Horizon Fund -XVI -Series 3 - Growth Plan	10	3,500,000	35000000	-	-	-
Reliance Fixed Horizon Fund -XVII -Series 1 - Growth Plan	10	4,000,594	40005943	-	-	-
Reliance Fixed Horizon Fund -XIX -Series 8 - Growth Plan	10	5,565,689	55656886	-	-	-
Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan	-	-	-	1000	102,681	102797687
SBI SHDF-Short Term-Institutional Plan-Weekly Dividend	-	-	-	10	5,720,880	57785397
SBI SHF-Ultra Short Term Fund-Institutional Plan-Weekly Dividend	-	-	-	10	3,032,284	30568903

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011

Particulars	31.03.2011			31.03.2010		
	Face Value (₹)	Quantity in nos.	₹	Face Value (₹)	Quantity in nos.	₹
Sundaram Fixed Term Plan-14 Months Series AA-Dividend	10	3,000,000	30000000	10	3,000,000	30000000
Sundaram Fixed Term Plan-15 Months Series Z-Dividend	10	3,000,000	30000000	10	3,000,000	30000000
Sundaram Fixed Term Plan BA 366 days - Growth	10	3,409,733	34097330	-	-	-
Sundaram Interval Fund-Quarterly-Plan E-Institutional Dividend	-	-	-	10	3,250,000	32500000
SundaramFlexible Fund Short Term Institutional-Monthly Dividend Reinvest	-	-	-	10	9,516,869	98333680
Templeton India Short Term Income Retail Plan-Weekly Dividend-Reinvestment	-	-	-	1000	34,997	38088311
Templeton Floating Rate Income Fund Long Term Plan Super Institutional Daily Dividend Reinvestment	-	-	-	10	5,226,422	52297886
Less: Provision for diminution in the value of investment			168,911			4,799,000
Total			<u>2,048,881,226</u>			<u>2,225,104,146</u>

Aggregate amount of investment	31.03.2011		31.03.2010	
	Book Value	₹ Market Value/ Repurchase Price	Book Value	₹ Market Value/ Repurchase Price
Quoted investment in :				
Units of Mutual Funds	1,360,631,462	1,383,259,516	1,741,484,541	1,748,113,000
Government Securities	10,375	11,600	10,375	11,600
Equity Shares	313,200	144,356	313,200	166,000
Debt Securities	678,095,100	682,064,751	478,095,100	504,031,000
Aggregate of quoted investments	2,039,050,137	2,065,480,223	2,219,903,216	2,252,321,600
Aggregate of unquoted investment in Equity Shares	10,000,000	-	10,000,000	-

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 5	31.3.2011	31.3.2010
CURRENT ASSETS, LOAN AND ADVANCES	₹	₹
Interest accrued on Investments	19,109,810	12,616,134
SUNDRY DEBTORS		
Over six months (net of service tax)	30,077,393	26,471,052
Others (net of service tax)	<u>32,425,796</u>	<u>40,943,409</u>
	62,503,189	67,414,461
Less : Provision for doubtful debts	<u>20,300,000</u>	<u>21,424,000</u>
	42,203,189	45,990,461
Secured by deposits with the Company and considered good	27,284,616	35,207,328
Unsecured and considered good	14,918,573	10,783,133
Considered doubtful	<u>20,300,000</u>	<u>21,424,000</u>
	62,503,189	67,414,461
CASH AND BANK BALANCES		
Cash on hand	5,590	48,163
Cheques in hand	530,414	-
Balances with Scheduled Banks:		
-in current account	4,456,174	2,848,839
-in term deposit accounts (inclusive of interest accrued ₹13521763; Previous year ₹ 2359527)	807,346,905	202,359,527
In current Account with Reserve Bank of India	118,242	105,387
	<u>812,457,325</u>	<u>205,361,916</u>
LOANS AND ADVANCES		
(Unsecured, considered good)		
Loan to CDSL Ventures Ltd., a subsidiary company inclusive of interest accrued ₹ Nil; (Maximum amount outstanding during the period ₹ 13500000; Previous year ₹20000000). Convertible into equity shares at par at the option of the Company.	-	13,500,000
Amount receivable from CDSL Ventures Ltd., a subsidiary company (Maximum amount outstanding during the year ₹ 29,08,644 ; Previous year ₹ 81,84,000).		1,474,487
Advances recoverable in cash or in kind or for value to be received	11,395,037	27,423,204
Income tax (net of provisions ₹ 907850071; Previous year ₹ 702345437)	20,146,834	13,814,206
Fringe Benefit tax (net of provisions of ₹ 20,80,580/-)	262,420	262,420
Deposit with The Stock Exchange, Mumbai	1,342,478	1,342,478
	<u>33,146,769</u>	<u>57,816,795</u>
SCHEDULE 6		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
(a) Due to Creditors other than Micro and Small Enterprises	15,596,389	24,274,451
(b) Due to Micro and Small Enterprises (Refer Note No. B (14) in Schedule 11)		
Security Deposit from depository participants & RTA	193,400,000	164,400,000
Income received in advance	32,992,625	24,647,504
Other liabilities	<u>12,512,313</u>	<u>11,713,209</u>
	254,501,327	225,035,164
PROVISIONS		
For Wealth Tax	205,439	209,507
For Leave Entitlement	9,172,715	11,596,073
For Gratuity	4,438,696	587,895
For Proposed Dividend	125,400,000	125,400,000
For Corporate Dividend Tax	<u>20,343,015</u>	<u>20,827,373</u>
	159,559,865	158,620,848

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2011**

SCHEDULE 7 OPERATIONAL INCOME	2010-2011 ₹	2009-2010 ₹
Fees towards:		
- Account Maintenance	17,247,370	14,565,892
- Transactions	327,042,165	374,123,392
- Settlements	21,531,430	20,341,774
- Users Facilities	43,853,376	42,412,435
- Annual Issuer charges (Net of contribution to Beneficial Owners Protection Fund ₹ 5867000; previous year ₹ 4686000 - refer Note 9 in Schedule 11)	307,765,278	259,971,089
- Training (Net of Training Expenses ₹ 876830; previous year ₹ 909168)	50,225	381,736
- Others	124,396,171	100,321,198
	841,886,015	812,117,516
SCHEDULE 8 OTHER INCOME		
Income from/Interest on :		
Fixed Deposits (TDS ₹ 3867515 ; previous year ₹ 7557000) [Net of contribution to Beneficial Owners Protection fund ₹1313600; Previous Year ₹ 1428638- refer Note 9 in Schedule 11]	33,770,423	61,102,840
Debt Instruments (TDS ₹ NIL)	47,223,864	33,246,732
Others (TDS ₹ 34968; previous year ₹ 143000)	2,363,349	2,117,853
Miscellaneous Income	6,435	277,710
Profit on sale of Investments (Net) *	10,622,751	10,389,340
Income from Mutual Funds *	63,431,406	85,799,540
Rent (TDS ₹ 530556; Previous year ₹ 266000)	5,495,041	2,959,958
Advisory fees (TDS ₹ 400000; Previous year ₹ Nil)	9,972,803	4,533,092
Profit / (loss) on sale of Fixed assets (Net)	384,529	1,308,231
Provisions no longer required written back	5,754,089	-
	179,024,690	201,735,296
(*Income from Current Investments)		

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2011**

SCHEDULE 9 PERSONNEL COST	2010-2011 ₹	2009-2010 ₹
Salaries and other allowances	99,721,779	85,755,474
Contribution to PF and other funds	8,438,466	4,666,355
Staff welfare expenses	5,360,081	6,582,464
	<u>113,520,326</u>	<u>97,004,293</u>
SCHEDULE 10 OTHER EXPENSES		
Rent	30,012,111	32,689,113
Rates & Taxes	21,324	653,386
Electricity & Water Charges	7,730,801	8,714,526
Insurance	14,010,866	13,935,589
Repairs and Maintenance :		
Computers	55,134,732	71,339,253
Others	2,509,363	3,059,541
Legal, Professional and Consultancy Fees	7,587,638	8,375,607
Auditors' Remuneration	627,105	514,443
Directors' Sitting Fees	1,300,000	1,045,000
Travelling and Conveyance	6,148,427	5,850,571
Annual SEBI Fees	1,000,000	1,000,000
Postage, Telephone & Communication Charges	17,334,395	13,532,534
Advertisement Expenses	641,000	631,000
Printing & Stationery	3,733,964	3,412,031
Business Promotion Expenses	2,615,475	2,502,064
Bad Debts Written off	14,046,172	8,515,847
Provision for Doubtful Debts/Advances	-	4,521,000
Provision for diminution in the value of investments	-	3,947,010
Miscellaneous Expenses	3,093,177	3,202,359
	<u>167,546,550</u>	<u>187,440,874</u>

SCHEDULE TO BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

SCHEDULE 11

Significant Accounting Policies and Notes to Accounts

Central Depository Services (India) Limited (CDSL) was set up with the objective of providing convenient, dependable and secure depository services at affordable cost to all market participants. A depository facilitates holding of securities in the electronic form and enables securities transactions to be processed by book entry by a Depository participants (DP) who as an agent of the depository, offers depository services to investors.

A. Significant Accounting Policies:

i. General

The financial statements are prepared on the basis of historical cost convention, on the accounting principles of a going concern and are in accordance with the applicable accounting standards. All expenses and income to the extent ascertainable with reasonable certainty are accounted for on accrual basis.

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including current liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable and results however are not likely to differ from these estimates materially. Any revision to accounting estimates is recognised prospectively

ii. Fixed Assets

Fixed assets are shown at their original cost of acquisition including taxes, duties, freights and other incidental expenses relating to acquisition and installation less accumulated depreciation.

iii. Software Costs

Systems Software, Application Software and additions of new modules thereto are capitalised and any modifications/changes thereto are charged to revenue.

iv. Depreciation/Impairment Loss

Depreciation on fixed assets is provided on Straight Line Method in the manner specified in Schedule XIV to the Companies Act, 1956 (hereinafter referred to as "the Act") at the rates mentioned below:-

Description of asset	Rates as per the Schedule XIV	Rates used
	%	%
Building	1.63	10
Computer Hardware/software	16.21	50
Office Equipment	4.75	20
Furniture & Fixtures	6.33	20
Vehicles	9.5	25

Assets costing ₹ 5,000 or less are fully written off in the year of purchase.
Leasehold premises amortized over a period of 10 years.

Additional depreciation is provided on technical evaluation from time to time as considered appropriate by the management. In case, the recoverable amount of the fixed assets is lower than its carrying amount, a provision is made for the impairment loss.

v. Investments

- a) Long term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.
- b) Current investments are stated at lower of cost and fair/market value on individual investment basis.

vi. Employees Benefits

Short term Employee Benefits are estimated and provided for.

Performance linked bonus is provided as and when the same is approved by the management.

Post Employment Benefits and Other Long term Employee Benefits are treated as follows:

(i) Defined Contribution Plans:

Provident Fund: The Provident fund plan is operated by Regional Provident Fund Commissioner (RPFC) and the contribution thereof are paid/provided for.

Contributions to the defined contribution plans are charged to Profit & Loss Account for the respective financial year.

(ii) Defined Benefits Plans:

a) **Gratuity:** Gratuity for employees is covered by Gratuity Scheme with Life Insurance Corporation of India and the contribution thereof is paid/provided for. Provision for Gratuity is made on the basis of actuarial valuation on Projected Unit Credit Method as at the end of the year.

b) **Long term compensated absences:** Provision for Leave encashment and enjoyable leave is made on the basis of actuarial valuation as at the end of the year.

Actuarial gains/losses at the end of the year accrued to the defined benefit plans are taken to Profit & Loss Account for the respective financial year and are not deferred.

vii. Income Tax

Provision for current tax is made on the basis of relevant provisions of the Income Tax Act, 1961. The deferred tax for timing differences between the book and tax profits for the year is accrued for, using the tax rates and laws those have been substantively enacted as of the balance sheet date. Deferred tax assets arising from differences are recognised to the extent that there is virtual certainty that these would be realised in future.

viii. Provisions and Contingent Liabilities

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of past event,
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of the obligation can be reliably estimated.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, such reimbursement is recognised to the extent of provision or contingent liability as the case may be, only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of;

- a) a present obligation arising from a past event, when it is not possible to estimate that an outflow of resources will be required to settle the obligation.
- b) a possible obligation, unless the probability of outflow of resources is remote.

B. Notes to Accounts:

1. Contingent liability not provided for:-

Claims against the Company not acknowledged as debts:

- a) The Company is a party in certain legal proceedings filed by beneficial owners/third parties in the normal course of business. The Company does not expect the outcome of these proceedings to have any material adverse effect on its financial conditions, results of operations and cash flow. Amount is not ascertainable.
- b) (i) The Commissioner of Service Tax, Mumbai has issued Show cause cum Demand Notice (SCN) on 21st October 2009 to CDSL demanding service tax amount of ₹ 17.91 crores on the charges recovered by CDSL for providing "Depository services" to DPs and RTAs for the period 2004-05 to 2008-09.

(ii) The Commissioner of Service Tax, Mumbai has issued Show cause cum Demand Notice (SCN) on 04th October 2010 to CDSL demanding service tax amount of ₹ 4.65 crores on the charges recovered by CDSL for providing "Depository services" to DPs and RTAs for the period 2009-10.

(iii) Company has obtained two legal opinions which states that CDSL is not liable for the service tax as demanded in the aforesaid notice. Company has filed a comprehensive reply based on jurisdiction and merits, vide its letter dated November 25, 2009 and November 2, 2010 to the SCNs respectively and requested for personal hearing in the matter. Till date no reply from Service Tax Department has been received.

- c) Bank Guarantee issued on behalf of the Company ₹ 50,00,000. (Previous year Nil) for the purpose of allotment of UIDAI Project.
- d) Claims not acknowledged as debts in respect of Income-tax demand, disputed by the Company in respect of following assessment years.

(₹)

	2010-11	2009-10
A Y 2004-05	16,14,354	16,14,354
A Y 2005-06	NIL	2,31,600
A Y 2006-07	NIL	14,82,076

The aforesaid demands are under appeal and these demands have been fully adjusted by the Income Tax department against refunds receivable.

2. Estimated amount of contracts to be executed on capital account and not provided for (net of advances) ₹ 47,32,012 (Previous Year ₹ 60,46,498).
3. The components of deferred tax assets are as under:

(₹)

	2010-11	2009-10
Deferred Tax Assets		
Provision for Doubtful Debts/Advances	65,86,335	71,17,000
Provision for Diminution in Value of Investments	27,406	7,97,000
Expenses allowed on payment basis	73,79,582	1,03,36,000
Depreciation	1,22,78,469	82,76,000
Total	2,62,71,792	2,65,26,000

4. Managerial Remuneration:

Managerial Remuneration under section 198 of the Companies Act, 1956 to the Managing Director & CEO and Executive Director are as under:

(₹)

	2010-11	2009-10
Salary and allowances	2,44,09,816	1,10,97,672
Company's Contribution to P.F.	4,45,500	5,71,791
Estimated value of perquisites	6,05,490	1,50,962
Total	2,54,60,806	1,18,20,425

Note:

- The above figures exclude provision for leave entitlement, contribution to the approved gratuity fund and group mediclaim, which are actuarially determined for the Company as a whole.
 - Above figures includes ₹ 1,83,04,813/- paid to Ex. MD & CEO Mr. V V Raut upon his resignation.
5. Fees towards users facilities (Schedule 7) are on account of facilities provided such as telecom leased lines, software and insurance.

6. Auditors' Remuneration:

(₹)

	2010-11	2009-10
Audit Fees	6,75,000	4,65,000
Tax Audit Fees	-	-
Out of Pocket Expenses (including service tax ₹ 69,525, Previous year ₹ 47,895)	82951	49,876
Total	7,57,951	5,14,876

7. Expenses in foreign currency (on payment basis)

(₹)

	2010-11	2009-10
Travelling Expenses	10,44,214	10,37,156
Others	7,81,533	11,11,800

8. VSAT connectivity facilities provided by the Bombay Stock Exchange Limited (BSE) are used by the Company as also by the Company's Depository Participants (DP's) and other users. As agreed with the BSE the user charges invoiced by the Company to the DPs and other users are recovered by the Company and passed on to the BSE and therefore, are not recognised as Company's revenues: ₹ 1,03,42,305 (Previous Year ₹ 1,46,85,757)
9. (a) Investor Education and Awareness Programme :
During the year, out of the penalty collected on account of late transfer of securities by Depository Participants to beneficial owner accounts, ₹ 3,35,163 (Previous Year ₹ 4,25,563) utilized for conducting various investor education and awareness programme. Balance of ₹ 16,71,647 (Previous year ₹ 10,27,873) is to be utilised for the said programme has been grouped under "Other Liabilities" in Schedule 6.
- (b) Beneficial Owner's Protection Fund :
As advised by SEBI, the Company had set up a Trust called "CDSL Beneficial Owner's Protection Fund"(BOPF) with the object of indemnification of losses suffered by Beneficial Owners. As per the rules of the said Fund, corpus is constituted mainly out of (a) penalties collected from Depository Participants (DPs) and (b) amount funded by the Company from time to time based on certain percentage of annual issuer fees and interest earned on security deposit from DPs. Details of the Fund account grouped under "Other Liabilities" Schedule 6 are given below :

(₹)

	Current Year	Previous Year
Opening Balance	92,83,028	1,15,15,315
Add :		
Penalties levied (net)	4,34,290	11,53,075
Other Contributions*	71,80,600	61,14,638
Less : Funded	89,81,000	95,00,000
Closing Balance	79,16,918	92,83,028
* Refer Schedule 7 & 8		

10. a) In the opinion of the Management, the Current Assets, Loans & Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and other known liabilities is adequate and is not in excess of what is required.
 - b) The accounts of certain sundry debtors, creditors and deposits are subject to confirmation/reconciliation and adjustments, if any. In the opinion of the management, adjustments as may be required in the above cases, to the stated values of the assets and liabilities on these accounts, would not be significant.
11. The Company is engaged in the business of providing depository services and there is no separate reportable segment as per Accounting Standard 17 on "Segment Reporting" prescribed in Companies (Accounting Standards) Rules, 2006.
12. The Company has made a strategic and long term investments of ₹ 1,00,00,000 in the equity shares of the subsidiary company CDSL Ventures Limited. The management is confident of realising its investments.
13. The Company has determined the liability for Employee Benefits as at March 31, 2011 in accordance with the revised Accounting Standard 15 on "Employee Benefits" prescribed in Companies (Accounting Standards) Rules, 2006.

a) Defined benefit plans-Gratuity-As per Actuarial Valuation on March 31, 2011

(₹)

	31-3-2011	31-3-2010
A Expenses Recognized in the statement of Profit & Loss Account for the year ended		
1 Current Service Cost	15,92,049	10,70,820
2 Past Service Cost	12,74,013	-
3 Interest Cost	3,47,985	3,41,787
4 Expected Return on Plan Assets	(3,37,802)	(3,11,335)
5 Net Actuarial (Gain)/ Loss recognized for the Period	16,61,240	(8,11,436)
6 Expenses recognized in statement of P&L A/c	45,37,485	2,89,836
B Net Asset / (Liability) recognized in the Balance Sheet		
1 Present Value of Obligation	83,46,180	55,43,403
2 Fair Value of Plan Assets	39,07,484	49,55,508
3 Funded Status	(44,38,696)	(5,87,895)
4 Unrecognised Actuarial Gain/ (Loss)	-	-
5 Net Assets / (Liability) recognized in the Balance Sheet	(44,38,696)	(5,87,895)
C Changes in present value of obligations		
1 Present Value of Obligation as at April 01, 2010	55,43,403	49,25,292
2 Interest Cost	3,47,985	3,41,787
3 Current Service Cost	15,92,049	10,70,820
4 Benefits Paid	(21,52,656)	(85,232)
5 Actuarial (Gain)/Loss on Obligation	17,41,386	(7,09,264)
6 Present Value of Obligation as at March 31,2011	83,46,180	55,43,403
D Changes in Fair Value of Plan Assets		
1 Fair Value of Plan Assets as at April 01 , 2010	49,55,508	32,41,370
2 Expected Return on Plan Assets	3,37,802	3,11,335
3 Contributions	6,86,684	13,85,863
4 Benefits Paid	(21,52,656)	(85,232)
5 Actuarial Gain / (Loss) on plan assets	80,146	1,02,172
6 Fair Value of Plan Assets as at March 31,2011	39,07,484	49,55,508

	31-3-2011	31-3-2010
E Fair Value of Plan Assets		
1 Fair Value of Plan Assets as at April 01,2010	49,55,508	32,41,370
2 Actual Return on Plan Assets	4,17,948	4,13,507
3 Contributions	6,86,684	13,85,863
4 Benefits Paid	(21,52,656)	(85,232)
5 Fair Value of Plan Assets as at March 31,2011	39,07,484	49,55,508
6 Funded Status	(44,38,696)	(5,87,895)
7 Excess of Actual over estimated return on Plan Assets	80,146	1,02,172
F Actuarial Gain / (Loss) Recognized		
1 Actuarial Gain/(Loss) for the period (Obligation)	(17,41,386)	7,09,264
2 Actuarial Gain / (Loss) for the period (Plan Assets)	80,146	1,02,172
3 Total Gain / (Loss) for the period	(16,61,240)	8,11,436
4 Actuarial Gain / (Loss) recognized for the period	(16,61,240)	8,11,436
5 Unrecognized Actuarial Gain / (Loss) at March 31,2011	-	-
G Movements in the Liability recognized in Balance Sheet		
1 Opening Net Liability	5,87,895	16,83,922
2 Expenses recognized in Profit & Loss A/c	45,37,485	2,89,836
3 Contribution Paid	(6,86,684)	(13,85,863)
4 Closing Net Liability	44,38,696	5,87,895
H Actuarial Assumptions		
1 Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
2 Discount Rate as at March 31,2011	8.00%	7.79%
3 Rate of Increase in Compensation	4.00%	4.00%

b) Gratuity is administered through Group Gratuity Scheme with Life Insurance Corporation of India. The expected return on plan assets is based on market expectation at the beginning of the year, for the returns over the entire life of the related obligations.

14. As at March 31, 2011, no supplier has intimated the company about its status as Micro or Small Enterprises or its Registration with appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

15. Related Party Disclosures:

(a) List of related parties and their relationship:			
<p>(i) Entities where control exists: CDSL Ventures Limited - Wholly owned subsidiary</p> <p>(ii) Holding Company: Bombay Stock Exchange Ltd - Shareholder with more than 50% interest in voting power.</p> <p>(iii) Key Managerial Personnel: Shri V V Raut - MD & CEO Shri P S Reddy - ED</p>			
(Amount in ₹.)			
(b)	Transactions during the year:	2010-2011	2009-2010
	Bombay Stock Exchange Limited:		
	- Custodial Fees and Corporate Action charges received	33030	36089
	- Payment towards VSAT usage charges, rent, electricity and other expenses	44463805	49704613
	- Sale of Computer Hardware	-	1531000
	- Reimbursement of expenses paid on behalf of Bombay Stock Exchange Limited	940536	368258
	- Dividend	67961520	38254600
	CDSL Ventures Limited		
	- Reimbursement received for rent, salaries etc	7967460	6749729
	- Interest received on loan	349677	1434486
	- Purchase of Computer Hardware	-	1250000
	- Loan Repaid	13500000	6500000
	Managerial remuneration		
	Shri V V Raut	2,05,34,993	68,75,080
	Shri P S Reddy	49,25,813	49,45,345
(c)	Balances at the year end:	31.3.2011	31.3.2010
	Bombay Stock Exchange Limited		
	- Deposit with BSE	1342478	1342478
	- Amount Payable/(Receivable)	(217312)	(1527919)
	- Face Value of Shares	566346000	382546000
	CDSL Ventures Limited:		
	- Investment in shares	10000000	10000000
	- Amount Receivable	-	1474487
	- Loans given	-	13500000

Notes :

- a) No amounts in respect of the related parties has been provided for as doubtful debts or written off/back during the year.
- b) Related party relationship is as identified by the Company and relied upon by the auditors.
- c) All the above transactions are in the ordinary course of the business of the Company.

16. Basic and Diluted Earning Per Share is calculated as under :-

	2010-2011	2009-2010
(i) Numerator - Net Profit as per Profit & Loss Account (₹)	48,03,82,796	47,51,89,228
(ii) Denominator - Weighted Average Number of Equity Shares outstanding during the year (No.'s)	10,45,00,000	10,45,00,000
(iii) Nominal Value of Shares (₹)	10.00	10.00
(iv) Basic and Diluted Earning Per Share	4.60	4.55

17. During the year, company has changed its accounting policy in respect of providing for short term employee benefits of Performance Linked Bonus (PLB). Due to this change, the PLB provision of ₹ 41,79,137 outstanding as on 31-03 2010 was no longer required and hence written back to relevant expense head. Due to change in policy in respect of PLB, unlike earlier year no provision has been made as on 31-03-2011 for PLB (Previous year PLB provision was ₹ 1,21,82,725/-). Due to this change in the policy, profit for the year 2010-11 is more and provisions are less to that extent. However the exact impact of non provision of PLB on the profits of the company can not be quantified.

18. Previous year's figures have been regrouped and rearranged wherever necessary, to conform to the current year's presentation.

Signatures to Schedules 1 to 11

For and on behalf of the Board of Directors

Satish Budhakar
Vice President (Legal)
& Company Secretary

N Rangachary
Chairman

P. S. Reddy
Executive Director

Place : Mumbai

Date : 26th April, 2011

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

1. Registration Details :

Registration Number	State Code	Balance Sheet Date
112443	11	31.03.2011

2. Capital Raised during the year (₹) :

Public Issue	Rights Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

3. Position of mobilization and deployment of funds (₹) :

Total Liabilities	Total Assets
305,75,76,719	305,75,76,719

Sources of Funds		Application of Funds	
Particulars	₹	Particulars	₹
Paid up Capital	104,50,00,000	Net Fixed Assets	7,55,06,609
Reserves and Surplus	159,85,15,527	Investments	204,88,81,226
Secured Loans	NIL	Net Current Assets	49,28,55,901
Unsecured Loans	NIL	Net Deferred Tax Assets	2,62,71,791
	264,35,15,527		264,35,15,527

4. Performance of the Company : (₹)

Total Income	Total Expenditure	Profit/ Loss before tax	Profit/ Loss after tax
102,09,10,705	33,52,68,261	68,56,42,444	48,03,82,796
Earnings Per share in ₹.		Dividend Rate (%)	
4.60		12% (Proposed)	

5. Generic names of three principal product / services of the Company (as per monetary terms);

Item No. (ITC Code)

Activity Description : **Providing Depository Services and settlement in respect of shares and security**

For and on behalf of the Board of Directors

Satish Budhakar
Vice President (Legal)
& Company Secretary

N Rangachary
Chairman

P. S. Reddy
Executive Director

Place : Mumbai
Date : 26th April, 2011

Statement pursuant to section 212 of the Companies Act, 1956, relating to subsidiary company

- | | | |
|---|---|---|
| 1 | Name of the subsidiary | : CDSL VENTURES LIMITED |
| 2 | Financial Year of the Subsidiary Company ended on | : 31 st March 2011 |
| 3 | Holding Company's interest as on above date
Number of shares | : 10,00,000 equity shares of
₹ 10 each, fully paid |
| | Extent of Holding | : 100% |
| 4 | The Net Aggregate amount of the Subsidiary's Profit/(Losses) so far as it concerns members of the holding company and is not dealt with in Holding Company's accounts | |
| | (i) for the financial year of the company | : ₹ 3,04,70,143 |
| | (ii) for the previous financial year of the subsidiary since it became the holding company's subsidiary | : ₹ 1,19,46,016 |
| 5 | Net aggregate amounts of the Profit/(Losses) of the subsidiary dealt with in company's account | |
| | (i) for the financial year of the company. | : NIL |
| | (ii) for the previous financial year of the subsidiary since it became the holding company's subsidiary | : NIL |

For and on behalf of the Board of Directors

Satish Budhakar
Vice President (Legal)
& Company Secretary

N Rangachary
Chairman

P. S. Reddy
Executive Director

Place : Mumbai
Date : 26th April, 2011

Auditors' Report on Consolidated Financial Statements

To,
The Board Of Directors
Central Depository Services (India) Limited

We have audited the attached Consolidated Balance Sheet of CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED (the Company) and its subsidiary (collectively referred to as "the Group") as at 31st March, 2011, and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial Statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding compounds. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. We did not audit the financial statements of subsidiary, whose financial statements reflect total assets of Rs. 2,54,76,634/- as at 31st March, 2011, total revenue of Rs.8,97,93,735/- and cash floes amounting to Rs. 11,22,598/- for the year then ended. These financial statements and other financial information have been audited by other auditor whose report have been furnished to us, and our opinion is based solely on the report of other auditor.
2. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS)21, Consolidated Financial Statements, (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and (AS) 27, Financial Reporting of Interest in joint Ventures, as notified by the Companies (Accounting Standards) Rules, 2006.

3. Based on our audit as aforesaid, and on consideration of reports of other auditor on the separate financial statements and on the other financial information of the Components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March 2011;
 - ii. in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date. And
 - iii. in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For M. P. Chitale & Co.
Chartered Accountants
Firm Reg. No. 101851W

Viraj Londhe
Partner
(Membership No. 45761)

Place : Mumbai
Date : 26th April, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	31.3.2011 ₹	31.3.2010 ₹
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,045,000,000	1,045,000,000
Reserves and Surplus	2	1,613,992,160	1,248,882,236
		<u>2,658,992,160</u>	<u>2,293,882,236</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	515,463,309	500,883,228
Less : Depreciation		431,279,317	380,735,105
Net block		<u>84,183,992</u>	<u>120,148,123</u>
Investments	4	2,047,012,768	2,215,104,216
Deferred Tax Asset		26,870,026	26,526,000
Current Assets, Loans & Advances			
Interest accrued on Investments	5	19,109,810	12,616,134
Sundry Debtors		68,916,881	51,254,426
Cash and Bank balances		814,424,119	206,206,111
Loans and Advances		40,877,055	51,798,837
		<u>943,327,865</u>	<u>321,875,508</u>
Less:			
Current Liabilities & Provisions			
Liabilities	6	282,842,626	231,150,763
Provisions		159,559,865	158,620,848
		<u>442,402,491</u>	<u>389,771,611</u>
Net Current Assets		<u>500,925,374</u>	<u>(67,896,103)</u>
		<u>2,658,992,160</u>	<u>2,293,882,236</u>
Significant Accounting Policies and Notes to Accounts			
	11		
Schedules referred to above form an integral part of the Financial Statements			

As per our attached report of even date

For and on behalf of the Board of Directors

For M. P. Chitale & Co.
Chartered Accountants

Viraj Londhe
P Partner

Satish Budhakar
Vice President (Legal)
& Company Secretary

N Rangachary
Chairman

P. S. Reddy
Executive Director

Place : Mumbai,
Date : 26th April, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	2010-2011 ₹	2009-2010 ₹
INCOME			
Operational Income	7	931,028,424	842,983,166
Other Income	8	177,431,298	199,282,212
		<u>1,108,459,722</u>	<u>1,042,265,378</u>
EXPENDITURE			
Personnel Cost	9	119,726,342	102,170,147
Other Expenses	10	211,074,313	198,194,247
Depreciation		55,549,424	55,346,062
Prior period Adjustments			416,172
		<u>386,350,079</u>	<u>356,126,628</u>
Profit before Tax		<u>722,109,643</u>	<u>686,138,750</u>
Provision for Tax			
- Current Tax & MAT		212,068,095	206,100,000
- Deferred Tax		(344,026)	(6,806,000)
- MAT Credit Entitlement		(672,804)	(500,000)
- Wealth Tax		205,439	209,507
Profit After Tax		<u>510,852,939</u>	<u>487,135,243</u>
Tax adjustment of earlier years			(118,091)
Balance of Profit brought forward from previous year		1,248,882,236	908,092,084
Profit available for appropriation		1,759,735,175	1,395,109,236
Proposed Dividend		125,400,000	125,400,000
Corporate Dividend Tax		20,343,015	20,827,000
Surplus carried to Balance Sheet		1,613,992,160	1,248,882,236
Basic & Diluted Earning Per Share of face value of ₹ 10 each		4.89	4.66
Significant Accounting Policies and Notes to Accounts			
	11		
Schedules referred to above form an integral part of the Financial statements			

As per our attached report of even date

For and on behalf of the Board of Directors

 For M. P. Chitale & Co.
 Chartered Accountants

 Viraj Londhe
 P Partner

 Satish Budhakar
 Vice President (Legal)
 & Company Secretary

 N Rangachary
 Chairman

 P. S. Reddy
 Executive Director

 Place : Mumbai,
 Date : 26th April, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-2011 ₹	2009-2010 ₹
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAXES	722109643	686138750
Net Profit for non-cash items to be disclosed seperately		
Add : Depreciation	55549424	55346062
Provision for diminution in the value of investments	-	3947010
Provision for Doubtful Debts	(1,124,000)	4521000
Less : Profit from sale of Investments	(10622751)	(10389340)
Income from mutual funds	(64082732)	(87140903)
Rental Income	(3600000)	(600000)
Provision no longer required written back	(5754089)	0
Advisory Fees	(9972803)	(4533092)
Profit on sale of fixed assets(net)	(384529)	(1308232)
Interest Income on Fixed Deposits	(33770423)	(61102840)
Interest Income on Investment in Debt Instruments	(47223864)	(33246732)
	(120985767)	(134507067)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>601123876</u>	<u>551631683</u>
Advisory Fees	9972803	4533092
Adjustment for changes in working capital		
Sundry Debtors	(16538455)	(25257973)
Loans and Advances	15219913	(18829215)
Current Liabilities and Provisions	51644820	25699007
	60299081	(13855089)
CASH GENERATED FROM OPERATIONS	<u>661422958</u>	<u>537776594</u>
Taxes Paid	(214427518)	(204818972)
A NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>446995439</u>	<u>332957622</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(19750604)	(65495863)
Proceeds from the sale of Fixed assets	548986	2822381
Purchase of Investments(Net)	184468217	(1002907566)
Rental Income	3600000	600000
Dividend Received	64082732	87140902
Interest Received	74500612	86799466
B NET CASH USED IN INVESTING ACTIVITIES	<u>307449943</u>	<u>(891040680)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid including Dividend Distribution Tax	(146227374)	(122260000)
C NET CASH USED IN FINANCING ACTIVITIES	<u>(146227374)</u>	<u>(122260000)</u>
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	<u>608218008</u>	<u>(680343058)</u>
Cash and Cash Equivalents at the beginning of the year	206206111	886549169
Cash and Cash Equivalents at the end of the year	<u>814424119</u>	<u>206206111</u>
	<u>608218008</u>	<u>(680343058)</u>
1. Cash and Cash Equivalents comprises of		
Cash and Cheques on Hand	551736	54632
With scheduled bank on		
Current Accounts	6407236	3686565
Deposit Account	807346905	202359527
With RBI - Current Account	118242	105387
	<u>814424119</u>	<u>206206111</u>

Notes :

The above statement has been prepared by using the indirect method as per Accounting Standard 3 - Cash Flow Statement issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

For and on behalf of the Board of Directors

For M. P. Chitale & Co.
Chartered Accountants

Viraj Londhe
P Partner

Satish Budhakar
Vice President (Legal)
& Company Secretary

N Rangachary
Chairman

P. S. Reddy
Executive Director

Place : Mumbai,
Date : 26th April, 2011

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011.

SCHEDULE 1 SHARE CAPITAL	31.3.2011 ₹	31.3.2010 ₹
Authorised 150000000 Equity shares of ₹ 10 each	<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, Subscribed and Paid-up 104500000 Equity shares of ₹ 10 each	<u>1,045,000,000</u>	<u>1,045,000,000</u>
SCHEDULE 2 RESERVES & SURPLUS		
Surplus as per Profit & Loss Account	<u>1,613,992,160</u>	<u>1,248,882,236</u>
TOTAL	<u>1,613,992,160</u>	<u>1,248,882,236</u>

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

DESCRIPTION	GROSS BLOCK (AT COST)			AMORTISATION/DEPRECIATION			NET BLOCK			
	As on 1.4.2010	Additions	Deduction	As on 31.3.2011	Upto 31.03.2010	For the year 2010-2011	Deduction	Upto 31.3.2011	As on 31.3.2011	As on 31.3.2010
Building *	17,376,753	-	-	17,376,753	17,375,753	-	-	17,375,753	1,000	1,000
Leasehold premises	53,152,326	-	-	53,152,326	9,611,106	5,315,233	-	14,926,339	38,225,987	43,541,220
Automated Depository System										
Computer Hardware	213,549,169	8,063,658	383,538	221,229,289	166,173,584	35,577,965	383,515	201,368,034	19,861,255	47,375,585
Computer Software	140,816,401	4,966,439	-	145,782,840	131,964,940	6,296,073	-	138,261,013	7,521,827	8,851,461
Equipment	29,643,488	3,889,205	1,720,671	31,812,022	22,719,840	3,498,593	1,705,564	24,512,869	7,299,153	6,923,648
Furniture & fixtures	35,698,982	676,736	-	36,375,718	25,926,745	2,684,710	-	28,611,455	7,764,263	9,772,237
Vehicles	10,646,109	2,154,566	3,066,314	9,734,361	6,963,137	2,176,850	2,916,133	6,223,854	3,510,507	3,682,972
Total	500,883,228	19,750,604	5,170,523	515,463,309	380,735,105	55,549,424	5,005,212	431,279,317	84,183,992	120,148,123
Previous Year	468,080,004	64,246,861	31,443,636	500,883,228	356,568,529	55,346,062	31,179,486	380,735,105	120,148,123	

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SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 4 INVESTMENTS

Particulars	31.03.2011			31.03.2010		
	Face Value (₹)	Quantity in nos.	₹	Face Value (₹)	Quantity in nos.	₹
Government Securities						
(Quoted, Non Trade)						
11.50% GOI 2015	1000	10	10375	1000		10375
Investments in Debt Securities						
(Quoted, Non Trade)						
11.35% IDBI Omni Bonds 2008-Sr.XV	1000000	100	100000000	1000000	100	100000000
6.85% IIFCL Bonds (Tax Free)	100000	1,300	130075000	100000	1,300	130075000
6.85% IIFCL Bonds (Tax Free)	100000	200	20050000	100000	200	20050000
12% Tata Capital Ltd.- NCD	1000	50,000	50000000	1000	50,000	50000000
9.62% L&T Finance	1000	28,106	28106000	1000	28,106	28106000
7.70% REC	1000000	50	49401550	1000000	50	49401550
7.90% REC	1000000	100	100462550	1000000	100	100462550
9.25% HDFC	1000000	50	50000000		-	-
9.75% HDFC	1000000	50	50000000		-	-
8.48% IDFC	1000000	50	50000000		-	-
6.05% IRFCL Bonds (Tax Free)	100000	500	50000000		-	-
Current Investments:						
Equity Shares						
[Quoted, Non Trade & Fully paid up]						
Reliance Power Ltd	10	1,113	313200	10	1,113	313200
Units of Mutual Fund						
Fortis Flexi Debt Fund -Regular -Growth Plan		-	-	10	964,950	10238889
Birla Cash Plus-Institutional Premium-Weekly Dividned	10	116,347	1166863	10	42,880	429947
Birla Savings Fund -Institutional-Daily Dividend -Reinvestment	10	46,326	463559	10	1,720,455	17216237
Birla Income Fund - Quarterly Dividend-Reinvestment	10	2,770,760	30503772		-	-
Birla Fixed Term Plan Series CO - Growth	10	5,500,000	55000000		-	-
Birla Fixed Term Plan Series CI - Growth	10	5,000,000	50000000		-	-
Birla Fixed Term Plan Series CW - Growth	10	3,854,462	38544620		-	-
Birla Fixed Term Plan Series CQ - Growth	10	3,550,000	35500000		-	-
Birla Fixed Term Plan Series CU - Growth	10	3,000,000	30000000		-	-
Birla Dynamic Bond Fund - Retail - Monthly Dividend - Reinvestment		-	-	10	7,914,523	82015050
Birla Short Term Fund-Retail-Monthly Dividend -Reinvestment		-	-	10	60,134	633313
Birla Short Term Fund-Inst-Daily Dividend-Reinvestment		-	-	10	2,355,752	23570480
Birla Fixed Term Plan-Institutional-Series BK-Growth		-	-	10	3,250,000	32500000
Birla Interval Income-Institutional -Quarterly-S2-Dividend-Reinvestment		-	-	10	3,000,000	30000000
DSP BlackRock Short Term Fund-Weekly Dividend Reinvestment		-	-	10	15,027,188	153035193
DSP BlackRock Fixed Maturity Plan-13M-Series 2-Dividend	10	3,000,000	30000000	10	3,000,000	30000000

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

Particulars	31.03.2011			31.03.2010		
	Face Value (₹)	Quantity in nos.	₹	Face Value (₹)	Quantity in nos.	₹
DSP BlackRock Fixed Maturity Plan-12M-Series 13-Growth	10	5,450,000	54500000	-	-	-
DSP BlackRock Fixed Maturity Plan-12M-Series 5-Dividend	10	4,000,000	40000000	-	-	-
DSP BlackRock Fixed Maturity Plan-12M-Series 18-Growth	10	4,000,000	40000000	-	-	-
DSP BlackRock Fixed Maturity Plan-12M-Series 10-Growth	10	3,400,000	34000000	-	-	-
DSP BlackRock Fixed Maturity Plan-12M-Series 7-Growth	10	3,000,000	30000000	-	-	-
DWS Fixed Term Fund Series 67-Dividend Plan-Payout	10	3,000,011	30000000	10	3,000,011	30000000
DWS Fixed Term Fund Series 71-Growth	10	3,700,000	37000000	-	-	-
DWS Short Maturity Fund-Institutional-Weekly Dividend Option	-	-	-	10	3,511,513	36692506
DWS Money Plus Advantage Fund-Institutional Plan-Monthly Dividend Option	-	-	-	10	2,920,209	30993287
DWS Twin Advantage Fund-Monthly Dividend-Reinvest	-	-	-	10	5,783,176	62493948
HDFC Floating Rate Income Fund-Short Term Plan -Wholesale Option-Dividend Daily	10	1,042,630	10510646	10	9,734,252	98130024
HDFC Short Term Plan-Dividend Reinvest	-	-	-	10	5,070,702	53437627
HDFC 370D June 2010 (1) - Growth	10	4,000,000	40000000	-	-	-
HDFC Fixed Maturity Plan-14M Mar 2010-Quarterly Dividend-Payout	10	3,000,000	30000000	10	3,000,000	30000000
HDFC 370D March 2011 (4) - Growth	10	4,417,778	44177780	-	-	-
HDFC Debt Fund for Cancer Cure - 100% Dividend Donation Option	10	500,000	5000000	-	-	-
IDFC Fixed Maturity Plan-Half Yearly Series 12-Dividend	10	3,832,757	38327570	-	-	-
IDFC Fixed Maturity Plan Yearly Series 40-Growth	10	5,656,283	56562828	-	-	-
IDFC Fixed Maturity Plan-Half Yearly Series 9-Plan A-Dividend	-	-	-	10	3,014,640	30146400
IDFC Money Manager Fund-TP-Super Inst Plan C-Daily Dividend	-	-	-	10	10,798,380	108000000
IDFC-SSIF-ST-Plan D-Monthly Dividend	-	-	-	10	3,075,474	30986171
ING Income Fund -Institutional Plan-Quarterly Dividend Option	-	-	-	10	2,191,112	22806760
Kotak Bond (Short Term) -Monthly Dividend	-	-	-	10	7,878,159	79866645
Kotak Floater Short Term -Weekly Dividend	-	-	-	10	5,747	57511
Kotak Floater Long Term-Weekly Dividend	-	-	-	10	15,536	156759
Kotak FMP 370 days Series 6 -Growth	10	4,000,000	40000000	-	-	-
Kotak FMP Series 28 -Growth	10	3,500,000	35000000	-	-	-
Kotak FMP Series 38 -Growth	10	3,429,072	34290720	-	-	-
Kotak FMP Series 39 -Growth	10	3,169,910	31699100	-	-	-
Kotak FMP Series 40 -Growth	10	3,300,391	33003910	-	-	-
Kotak Quarterly Interval Plan Series 4-Dividend	-	-	-	10	3,000,000	30000000

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

Particulars	31.03.2011			31.03.2010		
	Face Value (₹)	Quantity in nos.	₹	Face Value (₹)	Quantity in nos.	₹
Kotak Quaterly Interval Plan Series 7-Dividend	-	-	-	10	3,263,351	32633575
Principal Income Fund-Institutional Plan-Dividend Reinvestment-Quarterly	-	-	-	10	62,732	710770
Principal Income Fund-Short term Plan-Institutional Plan-Dividend Reinvestment-Weekly	-	-	-	10	1,750,233	18957668
ICICI Prudential Banking and PSU-Debt Fund-Weekly Dividend-Reinvestment	-	-	-	10	3,012,332	30148381
ICICI Prudential Institutional Short Term Plan-Cummulative Option.	-	-	-	10	27,094	376340
ICICI Prudential Institutional Liquid Plan-Super Institutional-daily Dividend	100	2,260	226093	100	2,453	245448
ICICI Prudential Fixed Maturity Plan-Series 55-1 Year Plan F Cumulative	10	3,750,000	37500000	-	-	-
ICICI Prudential Fixed Maturity Plan-Series 56-1 Year Plan A Cumulative	10	3,600,000	36000000	-	-	-
ICICI Prudential Fixed Maturity Plan-Series 51-1Year Plan A Cumulative	-	-	-	10	3,500,000	35000000
ICICI Prudential Fixed Maturity Plan-Series 51-14 Months Plan D Dividend	10	3,500,000	35000000	10	3,500,000	35000000
ICICI Prudential Flexible Income Plan-Daily Dividend-Reinvestment	100	48,186	5094946	100	51,054	5398239
ICICI Prudential Long Term Floating Rate Plan C - Monthly Dividend-Reinvestment	10	5,164,679	51722311	-	-	-
ICICI Prudential Interval Half Yearly II Institutional Dividend	10	3,507,308	35076583	-	-	-
ICICI Prudential Institutional Short Term Plan-Monthly Dividend Reinvestment	-	-	-	10	2,788,207	34073984
ICICI Prudential Ultra Short Term Plan Premium Plus-Daily Dividend Reinvestment	-	-	-	10	5,313,236	53160625
Reliance Quarterly Interval Fund-Series II-Institutional Dividend Plan	-	-	-	10	90	900
Reliance Fixed Horizon Fund -XVI -Series 3 - Growth Plan	10	3,500,000	35000000	-	-	-
Reliance Fixed Horizon Fund -XVII -Series 1 - Growth Plan	10	4,000,594	40005943	-	-	-
Reliance Fixed Horizon Fund -XIX -Series 8 - Growth Plan	10	5,565,689	55656886	-	-	-
Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan	-	-	-	1000	102,681	102797687
SBI SHDF-Short Term-Institutional Plan-Weekly Dividend	-	-	-	10	5,720,880	57785397
SBI SHF-Ultra Short Term Fund-Institutional Plan-Weekly Dividend	-	-	-	10	3,032,284	30568903
Sundaram Fixed Term Plan-14 Months Series AA-Dividend	10	3,000,000	30000000	10	3,000,000	30000000
Sundaram Fixed Term Plan-15 Months Series Z-Dividend	10	3,000,000	30000000	10	3,000,000	30000000

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

Particulars	31.03.2011			31.03.2010		
	Face Value (₹)	Quantity in nos.	₹	Face Value (₹)	Quantity in nos.	₹
Sundaram Fixed Term Plan BA 366 days - Growth	10	3,409,733	34097330	-	-	-
Sundaram Interval Fund-Quarterly-Plan E-Institutional Dividend	-	-	-	10	3,250,000	32500000
SundaramFlexible Fund Short Term Institutional-Monthly Dividend Reinvest	-	-	-	10	9,516,869	98333680
Franklin Templeton Fixed Tenure Fund Templeton India Short Term Income Retail Plan-Weekly Dividend-Reinvestment	-	-	-	1000	34,997	38088311
Templeton Floating Rate Income Fund Long Term Plan Super Institutional Daily Dividend Reinvestment	-	-	-	10	5,226,422	52297886
Birla Savings Fund -Institutional-Daily Dividend - Reinvestment	10	312941.454	3131542.54	-	-	-
Birla Fixed Term Plan Series CK Growth	10	500000	5000000	-	-	-
Less: Provision for diminution in the value of investment			168,911			4,799,000
Total			2,047,012,768			2,215,104,216

Aggregate amount of investment	31.03.2011		31.03.2010	
	Book Value	₹ Market Value/ Repurchase Price	Book Value	₹ Market Value/ Repurchase Price
Quoted investment in :				
Units of Mutual Funds	1,368,763,005	1,391,493,359	1,741,484,541	1,748,113,000
Government Securities	10,375	11,600	10,375	11,600
Equity Shares	313,200	144,356	313,200	166,000
Debt Securities	678,095,100	682,064,751	478,095,100	504,031,000
Aggregate of quoted investments	2,047,181,680	2,073,714,066	2,219,903,216	2,252,321,600

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 5	31.3.2011	31.3.2010
CURRENT ASSETS, LOAN AND ADVANCES	₹	₹
Interest accrued on Investments	19,109,810	12,616,134
SUNDRY DEBTORS		
Over six months (net of service tax)	30,077,393	26,471,052
Others (net of service tax)	59,139,488	46,207,374
	89,216,881	72,678,426
Less : Provision for doubtful debts	20,300,000	21,424,000
	68,916,881	51,254,426
CASH AND BANK BALANCES		
Cash on hand	21,322	54,632
Cheques in hand	530,414	-
Balances with Scheduled Banks:		
- in current account	6,407,236	3,686,565
- in term deposit accounts (inclusive of interest accrued ₹13521763 ; Previous year ₹ 2359527)	807,346,905	202,359,527
In current Account with Reserve Bank of India	118,242	105,387
	814,424,119	206,206,111
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	13,954,326	27,699,750
Income tax (net of provisions)	24,145,027	21,994,189
Fringe Benefit tax (net of provisions)	262,420	262,420
MAT credit entitlement	1,172,804	500,000
Deposit with The Stock Exchange, Mumbai	1,342,478	1,342,478
	40,877,055	51,798,837
SCHEDULE 6		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
(a) Due to Creditors other than Micro and Small Enterprises	38,528,585	29,354,470
(b) Due to Micro and Small Enterprises (Refer Note No.B(14) in Schedule 11)	-	-
Security Deposit from depository participants & RTA	193,400,000	164,400,000
Income received in advance	32,992,625	24,647,504
Other liabilities	17,921,416	12,748,789
	282,842,626	231,150,763
PROVISIONS		
For Wealth Tax	205,439	209,507
For Leave Entitlement	9,172,715	11,596,073
For Gratuity	4,438,696	587,895
For Proposed Dividend	125,400,000	125,400,000
For Corporate Dividend Tax	20,343,015	20,827,373
	159,559,865	158,620,848

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 6	2010-2011	2009-2010
OPERATIONAL INCOME	₹	₹
Fees towards:		
- Account Maintenance	17,247,370	14,565,892
- Transactions	327,042,165	374,123,392
- Settlements	21,531,430	20,341,774
- Users Facilities	43,853,376	42,412,435
- Annual Issuer charges (Net of contribution to Beneficial Owners Protection Fund)	307,765,278	259,971,089
- Training (Net of Training Expenses)	50,225	381,736
- Others	124,396,171	100,321,198
On Line Data Charges	79,549,041	25,443,778
Documents Storage Charges	9,593,368	5,421,872
	<u>931,028,424</u>	<u>842,983,166</u>
SCHEDULE 8		
OTHER INCOME		
Income from/Interest on :		
Fixed Deposits [Net of contribution to Beneficial Owners Protection fund]	33,770,423	61,102,840
Debt Instruments	47,223,864	33,246,732
Others	2,013,672	683,367
Miscellaneous Income	526,218	1,619,069
Profit on sale of Investments (Net) *	10,622,751	10,389,340
Income from Mutual Funds *	63,562,949	85,799,540
Rent	3,600,000	600,000
Advisory fees	9,972,803	4,533,092
Profit / (loss) on sale of Fixed assets (Net)	384,529	1,308,232
Provisions no longer required written back	5,754,089	-
	<u>177,431,298</u>	<u>199,282,212</u>
(* Income from Current Investments)		

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 9 PERSONNEL COST	2010-2011 ₹	2009-2010 ₹
Salaries and other allowances	105,560,349	90,732,010
Contribution to PF and other funds	8,566,609	4,764,855
Staff welfare expenses	5,599,384	6,673,282
	<u>119,726,342</u>	<u>102,170,147</u>
SCHEDULE 10 OTHER EXPENSES		
Rent	30,078,640	32,958,661
Rates & Taxes	32,824	658,106
Electricity & Water Charges	8,378,674	9,131,443
Insurance	14,061,791	14,014,262
Repairs and Maintenance :		
Computers	58,093,244	73,653,560
Others	2,509,363	3,059,541
Legal, Professional and Consultancy Fees	7,999,334	9,173,763
Auditors' Remuneration	684,539	556,412
Directors' Sitting Fees	1,370,000	1,065,000
Travelling and Conveyance	6,156,084	5,865,735
Annual SEBI Fees	1,000,000	1,000,000
Postage, Telephone & Communication Charges	19,948,697	14,785,270
Advertisement Expenses	641,000	631,000
Printing & Stationery	3,733,964	3,412,031
Business Promotion Expenses	2,741,475	2,716,857
Bad Debts Written off	14,046,172	8,515,847
Provision for Doubtful Debts/Advances	-	4,521,000
Provision for diminution in the value of investments	-	3,947,010
Miscellaneous Expenses	4,332,497	3,451,809
Point Of Service (POS) charges	35,266,015	5,076,940
	<u>211,074,313</u>	<u>198,194,247</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

SCHEDULE 11

A. Significant Accounting Policies:

i. Principles of consolidation

The consolidated financial statements relate to Central Depository Services (India) Limited ("the Company") and its subsidiary company CDSL Ventures Limited have been prepared on the following basis :

- a) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21- " Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- b) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

ii. Investments

Investments other than in subsidiary have been accounted as per Accounting Standard (AS) 13 - "Accounting for Investments".

iii. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the Unconsolidated Financial Statements of Central Depository Services (India) Limited and its subsidiary.

B. Notes to Accounts:

1. The subsidiary company considered in the consolidated financial statements are :-

<u>Name of the subsidiary</u>	<u>Country of Incorporation</u>	<u>Proportion of Ownership interest</u>
CDSL Ventures Limited	India	100 %

2. Contingent liability not provided for:-

Claims against the Company not acknowledged as debts:

- a) The Company is a party in certain legal proceedings filed by beneficial owners/third parties in the normal course of business. The Company does not expect the outcome of these proceedings to have any material adverse effect on its financial conditions, results of operations and cash flow. Amount is not ascertainable.

- b) (i) The Commissioner of Service Tax, Mumbai has issued Show cause cum Demand Notice (SCN) on 21st October 2009 to CDSL demanding service tax amount of ₹ 17.91 crores on the charges recovered by CDSL for providing "Depository services" to DPs and RTAs for the period 2004-05 to 2008-09.
- (ii) The Commissioner of Service Tax, Mumbai has issued Show cause cum Demand Notice (SCN) on 04th October 2010 to CDSL demanding service tax amount of ₹ 4.65 crores on the charges recovered by CDSL for providing "Depository services" to DPs and RTAs for the period 2009-10.
- (iii) Company has obtained two legal opinions which states that CDSL is not liable for the service tax as demanded in the aforesaid notice. Company has filed a comprehensive reply based on jurisdiction and merits, vide its letter dated November 25, 2009 and November 2, 2010 to the SCNs respectively and requested for personal hearing in the matter. Till date no reply from Service Tax Department has been received.
- c) Bank Guarantee issued on behalf of the Company ₹ 50,00,000. (Previous year Nil) for the purpose of allotment of UIDAI Project.
- d) Claims not acknowledged as debts in respect of Income-tax demand, disputed by the Company in respect of following assessment years.

(₹)

	2010-11	2009-10
A Y 2004-05	16,14,354	16,14,354
A Y 2005-06	NIL	2,31,600
A Y 2006 -07	NIL	14,82,076

The aforesaid demands are under appeal and these demands have been fully adjusted by the Income Tax department against refunds receivable.

3. Estimated amount of contracts to be executed on capital account and not provided for (net of advances) ₹ 47,32,012 (Previous Year ₹ 60,46,498).

4. The components of deferred tax assets are as under:

(₹)

	2010-11	2009-10
Deferred Tax Assets		
Provision for Doubtful Debts/Advances	65,86,335	71,17,000
Provision for Diminution in Value of Investments	27,406	7,97,000
Expenses allowed on payment basis	74,31,401	1,03,36,000
Depreciation	1,28,24,886	82,76,000
Total	2,68,70,028	2,65,26,000

5. Managerial Remuneration:

Managerial Remuneration under section 198 of the Companies Act, 1956 to the Managing Director & CEO and Executive Director are as under:

(₹)

	2010-11	2009-10
Salary and allowances	2,44,09,816	1,10,97,672
Company's Contribution to P.F.	4,45,500	5,71,791
Estimated value of perquisites	6,05,490	1,50,962
Total	2,54,60,806	1,18,20,425

Note:

1. The above figures exclude provision for leave entitlement, contribution to the approved gratuity fund and group mediclaim, which are actuarially determined for the Company as a whole.
2. Above figures includes ₹ 1,83,04,813/- paid to Ex. MD & CEO Mr. V V Raut upon his resignation.

6. The Group is engaged in providing depository and data processing services. The Group does not have any geographic segment. Since the revenue, profit or assets of the data processing services segment do not exceed 10% of the Group's revenue, profits or assets, the Group has one reportable segment i.e. Depository Services in terms of Accounting Standard 17 on 'Segment Reporting' as notified by the Companies (Accounting Standards) Rules, 2006.

Segment Information	2010-11	2009-10
I Segment Revenue		
(a) Depository Activity	841,886,015	812,117,516
(b) Unallocable	89,142,409	30,865,650
Total	931,028,424	842,983,166
Less : Inter Segment Revenue	-	-
Total Income	931,028,424	842,983,166
II Segment Results		
(a) Depository Activity	685,642,444	674,192,735
(b) Unallocable	36,467,199	11,946,016
Total	722,109,643	686,138,751
Add : Unallocated Corporate Income	-	-
Less : Unallocated Corporate Expenses	-	-
Profit before tax	722,109,643	686,138,751
Less : Income tax expense		
(a) Depository Activity	205,259,648	199,003,507
(b) Unallocable	5,997,055	-
Total	211,256,703	199,003,507
Profit after tax	510,852,939	487,135,244
	2010-11	2009-10
III Capital Employed *		
(a) Depository Activity	740,377,316	83,771,600
(b) Unallocable	17,345,092	23,500,000
Total	757,722,408	107,271,600

* Capital employed = Application of funds - Investments

7. Auditors' Remuneration:

(₹)

	2010-11	2009-10
Audit Fees	6,75,000	4,65,000
Tax Audit Fees	-	-
Out of Pocket Expenses (including service tax ₹ 69,525, Previous year ₹ 47,895)	82951	49,876
Total	7,57,951	5,14,876

8. Expenses in foreign currency (on payment basis)

(₹)

	2010-11	2009-10
Travelling Expenses	10,44,214	10,37,156
Others	7,81,533	11,11,800

9. Related Party Disclosures:

(a) List of related parties and their relationship:			
(i)	Holding Company: Bombay Stock Exchange Ltd - Shareholder with more than 50% interest in voting power.		
(iii)	Key Managerial Personnel: Shri V V Raut - MD & CEO Shri P S Reddy - ED		
(Amount in ₹.)			
(b)	Transactions during the year:	2010-2011	2009-2010
	Bombay Stock Exchange Limited:		
	- Custodial Fees and Corporate Action charges received	33030	36089
	- Payment towards VSAT usage charges, rent, electricity and other expenses	44463805	49704613
	- Sale of Computer Hardware	-	1531000
	- Reimbursement of expenses paid on behalf of Bombay Stock Exchange Limited	940536	368258
	- Dividend	67961520	38254600
	Managerial remuneration		
	Shri V V Raut	2,05,34,993	68,75,080
	Shri P S Reddy	49,25,813	49,45,345
(c)	Balances at the year end:	31.3.2011	31.3.2010
	Bombay Stock Exchange Limited		
	- Deposit with BSE	1342478	1342478
	- Amount Payable/ (Receivable)	(217312)	(1527919)
	- Face Value of Shares	566346000	382546000

Notes :

- a) No amounts in respect of the related parties has been provided for as doubtful debts or written off/back during the year.
- b) Related party relationship is as identified by the Company and relied upon by the auditors.
- c) All the above transactions are in the ordinary course of the business of the Company.

10. VSAT connectivity facilities provided by the Bombay Stock Exchange Limited (BSE) are used by the Company as also by the Company's Depository Participants (DP's) and other users. As agreed with the BSE the user charges invoiced by the Company to the DPs and other users are recovered by the Company and passed on to the BSE and therefore, are not recognised as Company's revenues: ₹1,03,42,305 (Previous Year ₹ 1,46,85,757)

11. **(a) Investor Education and Awareness Programme :**

During the year, out of the penalty collected on account of late transfer of securities by Depository Participants to beneficial owner accounts, ₹ 3,35,163 (Previous Year ₹ 4,25,563) utilized for conducting various investor education and awareness programme. Balance of ₹ 16,71,647 (Previous year ₹ 10,27,873) is to be utilised for the said programme has been grouped under "Other Liabilities" in Schedule 6.

(b) Beneficial Owner's Protection Fund :

As advised by SEBI, the Company had set up a Trust called "CDSL Beneficial Owner's Protection Fund"(BOPF) with the object of indemnification of losses suffered by Beneficial Owners. As per the rules of the said Fund, corpus is constituted mainly out of (a) penalties collected from Depository Participants (DPs) and (b) amount funded by the Company from time to time based on certain percentage of annual issuer fees and interest earned on security deposit from DPs. Details of the Fund account grouped under "Other Liabilities" Schedule 6 are given below :

(₹)

	Current Year	Previous Year
Opening Balance	92,83,028	1,15,15,315
Add :		
Penalties levied (net)	4,34,290	11,53,075
Other Contributions*	71,80,600	61,14,638
Less : Funded	89,81,000	95,00,000
Closing Balance	79,16,918	92,83,028
* Refer Schedule 7 & 8		

12. a) In the opinion of the Management, the Current Assets, Loans & Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and other known liabilities is adequate and is not in excess of what is required.

- b) The accounts of certain sundry debtors, creditors and deposits are subject to confirmation/reconciliation and adjustments, if any. In the opinion of the management, adjustments as may be required in the above cases, to the stated values of the assets and liabilities on these accounts, would not be significant.
13. The Company has determined the liability for Employee Benefits as at March 31, 2011 in accordance with the revised Accounting Standard 15 on "Employee Benefits" prescribed in Companies (Accounting Standards) Rules, 2006.
- a) Defined benefit plans-Gratuity-As per Actuarial Valuation on March 31, 2011

(₹)

	31-3-2011	31-3-2010
A Expenses Recognized in the statement of Profit & Loss Account for the year ended		
1 Current Service Cost	16,59,676	10,70,820
2 Past Service Cost	12,74,013	-
3 Interest Cost	3,51,433	3,41,787
4 Expected Return on Plan Assets	(3,37,802)	(3,11,335)
5 Net Actuarial (Gain)/ Loss recognized for the Period	16,57,516	(8,11,436)
6 Expenses recognized in statement of P&L A/C	46,04,836	2,89,836
B Net Asset / (Liability) recognized in the Balance Sheet		
1 Present Value of Obligation	84,13,531	55,43,403
2 Fair Value of Plan Assets	39,07,484	49,55,508
3 Funded Status	(45,06,047)	(5,87,895)
4 Unrecognised Actuarial Gain/ (Loss)	-	-
5 Net Assets / (Liability) recognized in the Balance Sheet	(45,06,047)	(5,87,895)
C Changes in present value of obligations		
1 Present Value of Obligation as at April 01, 2010	55,86,509	49,25,292
2 Interest Cost	3,51,433	3,41,787
3 Current Service Cost	16,16,570	10,70,820
4 Benefits Paid	(21,52,656)	(85,232)
5 Actuarial (Gain)/Loss on Obligation	17,37,662	(7,09,264)
6 Present Value of Obligation as at March 31,2011	84,13,531	55,43,403

	31-3-2011	31-3-2010
D Changes in Fair Value of Plan Assets		
1 Fair Value of Plan Assets as at April 01 , 2010	49,55,508	32,41,370
2 Expected Return on Plan Assets	3,37,802	3,11,335
3 Contributions	6,86,684	13,85,863
4 Benefits Paid	(21,52,656)	(85,232)
5 Actuarial Gain / (Loss) on plan assets	80,146	1,02,172
6 Fair Value of Plan Assets as at March 31,2011	39,07,484	49,55,508
E Fair Value of Plan Assets		
1 Fair Value of Plan Assets as at April 01,2010	49,55,508	32,41,370
2 Actual Return on Plan Assets	4,17,948	4,13,507
3 Contributions	6,86,684	13,85,863
4 Benefits Paid	(21,52,656)	(85,232)
5 Fair Value of Plan Assets as at March 31,2011	39,07,484	49,55,508
6 Funded Status	(45,06,047)	(5,87,895)
7 Excess of Actual over estimated return on Plan Assets	80,146	1,02,172
F Actuarial Gain / (Loss) Recognized		
1 Actuarial Gain/(Loss) for the period (Obligation)	(17,37,662)	7,09,264
2 Actuarial Gain / (Loss) for the period (Plan Assets)	80,146	1,02,172
3 Total Gain / (Loss) for the period	(16,57,516)	8,11,436
4 Actuarial Gain / (Loss) recognized for the period	(16,57,516)	8,11,436
5 Unrecognized Actuarial Gain / (Loss) at March 31,2011	-	-
G Movements in the Liability recognized in Balance Sheet		
1 Opening Net Liability	5,87,895	16,83,922
2 Expenses recognized in Profit & Loss A/c	46,04,836	2,89,836
3 Contribution Paid	(6,86,684)	(13,85,863)
4 Closing Net Liability	45,06,047	5,87,895
H Actuarial Assumptions		
1 Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
2 Discount Rate as at March 31,2011	8.00%	7.79%
3 Rate of Increase in Compensation	4.00%	4.00%

- b) Gratuity is administered through Group Gratuity Scheme with Life Insurance Corporation of India. The expected return on plan assets is based on market expectation at the beginning of the year, for the returns over the entire life of the related obligations.

14. Basic and Diluted Earning Per Share is calculated as under :-

(₹)

	2010-11	2009-10
(i) Numerator - Net Profit as per Profit & Loss Account (Amount in ₹)	51,08,52,867	48,71,35,316
(ii) Denominator - Weighted Average Number of Equity Shares outstanding during the year (No.'s)	10,45,00,000	10,45,00,000
(iii) Nominal Value of Shares (₹)	10.00	10.00
(iv) Basic and Diluted Earning Per Share	4.89	4.66

15. During the year, company has changed its accounting policy in respect of providing for short term employee benefits of Performance Linked Bonus (PLB). Due to this change, the PLB provision of ₹ 41,79,137 outstanding as on 31-03-2010 was no longer required and hence written back to relevant expense head. Due to change in policy in respect of PLB, unlike earlier year no provision has been made as on 31-03-2011 for PLB (Previous year PLB provision was ₹ 1,21,82,725/-). Due to this change in the policy, profit for the year 2010-11 is more and provisions are less to that extent. However the exact impact of non provision of PLB on the profits of the company can not be quantified.
16. Previous year's figures have been regrouped and rearranged wherever necessary, to conform to the current year's presentation.

Signatures to Schedules 1 to 11

For and on behalf of the Board of Directors

Satish Budhakar
 Vice President
 Legal & Company Secretary

N Rangachary
 Chairman

P. S. Reddy
 Executive Director

Place : Mumbai
 Date : 26th April, 2011

CDSL DP NETWORK

ANDHRA PRADESH

- Hyderabad AP 1
- Nizamabad AP 2
- Vijayawada AP 3
- Visakhapatnam AP 4

ASSAM

- Guwahati AS 1
- Tinsukia AS 2

BIHAR

- Gaya BR 1
- Muzaffarpur BR 2

CHANDIGARH

- Chandigarh CH 1

CHATTISGARH

- Raipur CT 1

GOA

- Panaji GA 1

GUJARAT

- Ahmedabad GJ 1
- Anand GJ 2
- Bardoli GJ 3
- Bhavnagar GJ 4
- Gandhinagar GJ 5
- Jamnagar GJ 6
- Nadiad GJ 7
- Palanpur GJ 8
- Rajkot GJ 9
- Surat GJ 10
- Vadodara GJ 11

HARYANA

- Ambala Cantt HR 1
- Faridabad HR 2
- Gurgaon HR 3
- Hissar HR 4
- Sirsa HR 5

JHARKHAND

- Jamshedpur JH 1
- Ranchi JH 2

KARNATAKA

- Bangalore KA 1
- Belgaum KA 2
- Mangalore KA 3
- Udipi KA 4

KERALA

- Ernakulam KL 1
- Kochi KL 2
- Thiruvananthapuram KL 3
- Thrissur KL 4

MADHYA PRADESH

- Bhopal MP 1
- Guna MP 2
- Gwalior MP 3
- Indore MP 4
- Jabalpur MP 5
- Shahdol MP 6

MAHARASHTRA

- Ahmednagar MH 1
- Akola MH 2
- Jalgaon MH 3
- Jalna MH 4
- Kolhapur MH 5
- Mumbai MH 6
- Nagpur MH 7
- Nasik MH 8
- Navi Mumbai MH 9
- Pune MH 10
- Thane MH 11

NEW DELHI

- New Delhi DL 1

ORISSA

- Cuttack OR 1

PUNJAB

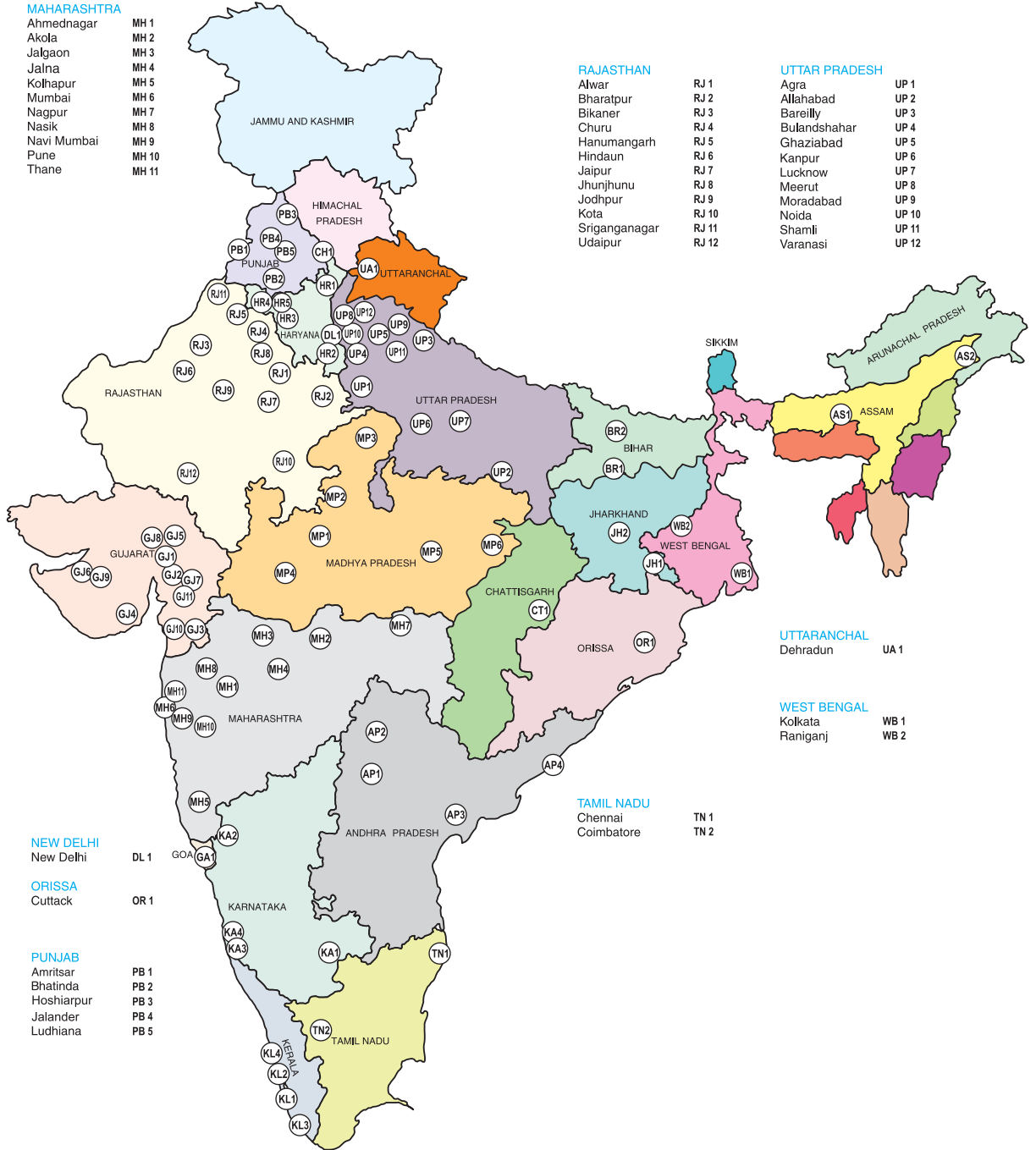
- Amritsar PB 1
- Bhatinda PB 2
- Hoshiarpur PB 3
- Jalandar PB 4
- Ludhiana PB 5

RAJASTHAN

- Alwar RJ 1
- Bharatpur RJ 2
- Bikaner RJ 3
- Churu RJ 4
- Hanumangarh RJ 5
- Hindaun RJ 6
- Jaipur RJ 7
- Jhunjhunu RJ 8
- Jodhpur RJ 9
- Kota RJ 10
- Sriganganagar RJ 11
- Udaipur RJ 12

UTTAR PRADESH

- Agra UP 1
- Allahabad UP 2
- Bareilly UP 3
- Bulandshahar UP 4
- Ghaziabad UP 5
- Kanpur UP 6
- Lucknow UP 7
- Meerut UP 8
- Moradabad UP 9
- Noida UP 10
- Shamli UP 11
- Varanasi UP 12



* Map not to scale



Central Depository Services (India) Limited

C o n v e n i e n t ♦ D e p e n d a b l e ♦ S e c u r e

17 th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.
Phone : 91-22-2272 3333, Fax : 91-22-2272 3199 / 2272 2072
www.cdslindia.com

CDSL Regional Offices

Western Region

Ahmedabad

Mr. Utpal Shah
BSE Investor Service Centre,
804, Corporate House,
Opposite Torrent House,
Near Income Tax,
Ahmedabad - 380 009
Phone: 079 - 32936232
Email: utpals@cdslindia.com

Northern Region

New Delhi

Mr. Prateek Mohan
514, New Delhi House,
5th Floor,
27 Barakhamba Road,
New Delhi - 110 001
Phone: 011 - 41511917
Email: prateekm@cdslindia.com

Jaipur

Mr. Yashwant Gupta
Room No. 379, 3rd Floor,
Jaipur Stock Exchange Building,
J.L.N. Marg, Malviya Nagar,
Jaipur - 302 017
Mobile No.: (0) 9314647826
Email: yashwantg@cdslindia.com

Ludhiana

Mr. Inderjeet Singh
214, Ludhiana Stock Exchange
Building, Feroze Gandhi Market,
Ludhiana - 141 001
Mobile No.: (0) 9872603304
Email: inderjitp@cdslindia.com

Eastern Region

Kolkata

Mr. Moloy Biswas
Horizon, 2nd Floor,
Opp. Exide Building,
57, Jawaharlal Nehru Road,
Near Rabindra Sadan Metro,
Kolkata - 700 071
Phone: 033 - 32974880
Email: moloyb@cdslindia.com

Southern Region

Chennai

Mr. AR. Vaasudevan
BSE Investor Service Center
No:4, Vijaya Towers, III Floor,
Kodambakkam High Road,
Chennai - 600 034
Mobile No.: (0) 9381995000
Email: vasudevan@cdslindia.com

Hyderabad

Mr. Shiva Prasad Venishetty
No. 5, 1st Floor, 3-6-275
The Hyderabad Stock Exchange
Building, Himayat Nagar,
Hyderabad - 500 029
Phone: 040 - 30722562
Email: shivap@cdslindia.com

Kochi

Mr. Shibunath T.
BSE Investor Service Centre,
4th Floor, M.E.S,
Dr. P.K. Abdul Gafoor
Memorial Culture Complex,
Judges Avenues, Kaloor,
Kochi - 682017
Mobile No.: (0) 9895449539
Email: shibunatht@cdslindia.com

Bengaluru

Mr. C. S. Harisha
No. 34 & 35, Annapurna Complex,
South End Road, Basavanagudi,
Bangalore - 560 004
Mobile No.: (0) 9902103263
Email: csharisha@cdslindia.com