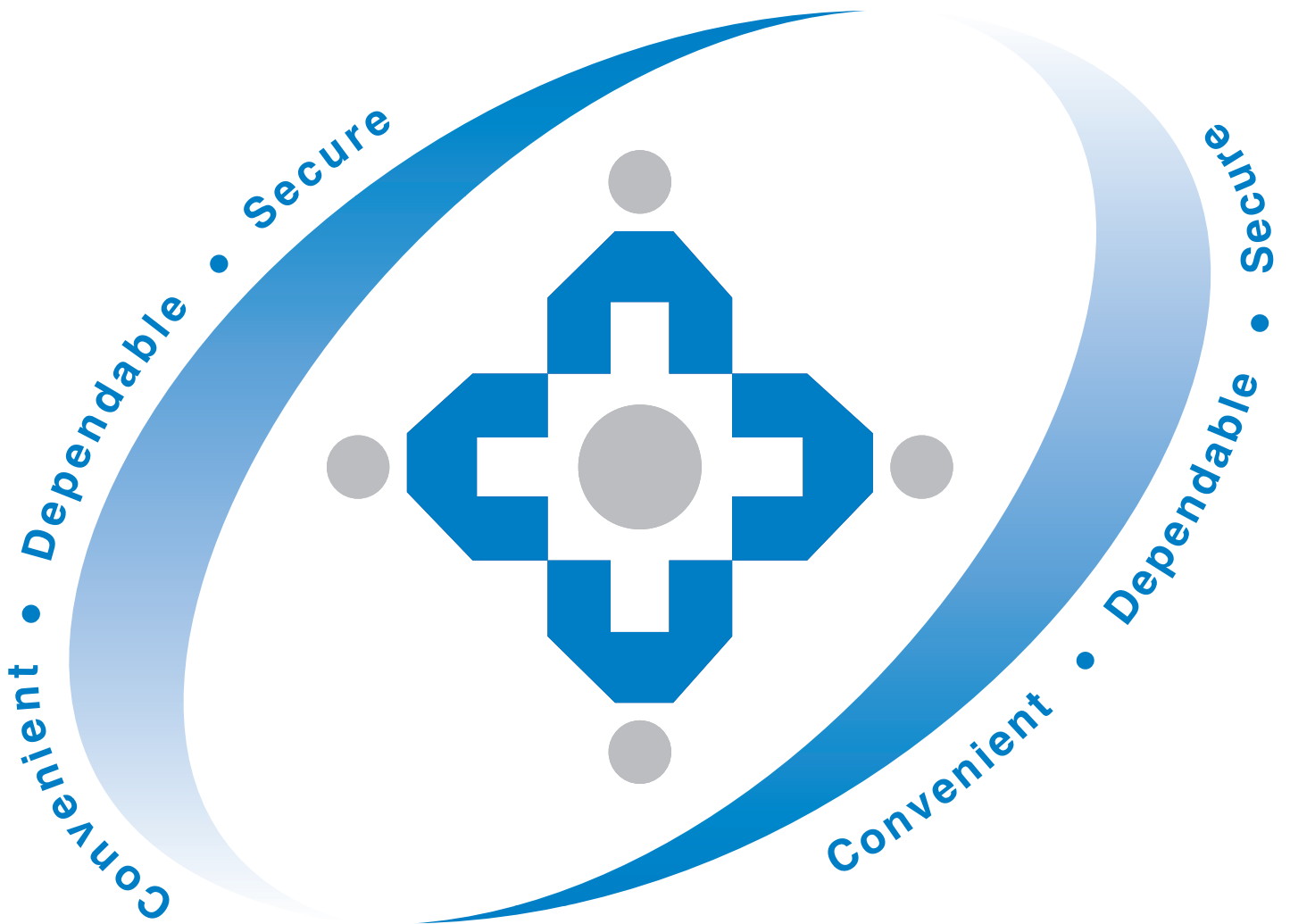


# ANNUAL REPORT

2006 - 2007



**Central Depository Services (India) Limited**

# CDSL DP NETWORK

## ANDHRA PRADESH

Hyderabad	1
Nizamabad	2
Proddatur	3
Secunderabad	4
Vijayawada	5
Visakhapatnam	6

## ASSAM

Guwahati	7
Tinsukia	8

## BIHAR

Gaya	9
Muzaffarpur	10
Patna	11

## CHANDIGARH

Chandigarh	12
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## CHHATTISGARH

Raipur	13
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## GOA

Panaji	14
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## GUJARAT

Ahmedabad	15
Anand	16
Bardoli	17
Bharuch	18
Bhavnagar	19
Borsad	20
Dahod	21
Dharmaj	22
Dhoraji	23
Gandhinagar	24
Jam Khambhaliya	25
Jamnagar	26
Junagadh	27
Khambhat	28
Mithapur	29
Nadiad	30
Palanpur	31
Rajkot	32
Surat	33
Vadodara	34
Vapi	35

## HARYANA

Ambala Cantt	36
Gurgaon	37
Hissar	38
Rohtak	39
Sirsa	40

## JHARKHAND

Dhanbad	41
Ranchi	42

## KARNATAKA

Bangalore	43
Belgaum	44
Hubli	45
Mangalore	46
Udipi	47

## KERALA

Kochi	48
Thiruvananthapuram	49
Thrissur	50

## MADHYA PRADESH

Bhopal	51
Guna	52
Gwalior	53
Indore	54
Jabalpur	55
Mandsaur	56
Piparaya	57
Shahdol	58

## MAHARASHTRA

Ahmednagar	59
Akola	60
Bhiwandi	61
Dhule	62
Dombivli	63
Ichalkranji	64
Jalgaon	65
Kolhapur	66
Mumbai	67
Nagpur	68
Nasik	69
Navi Mumbai	70
Pune	71
Sangamner	72
Sangli	73
Thane	74

## NEW DELHI

New Delhi	75
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## ORISSA

Bhubaneswar	76
Cuttack	77

## PUNJAB

Amritsar	78
Bathinda	79
Ludhiana	80
Mandi Gobindgarh	81

## RAJASTHAN

Abu Road	82
Alwar	83
Balotra	84
Bharatpur	85
Bhilwara	86
Bikaner	87
Chittorgarh	88
Churu	89
Hanumangarh	90
Hindaun	91
Jaipur	92
Jhunjhunu	93
Jodhpur	94
Kota	95
Sirohi	96
Sriganganagar	97
Udaipur	98

## UTTAR PRADESH

Agra	104
Allahabad	105
Bareilly	106
Bulandshahar	107
Kanpur	108
Lucknow	109
Meerut	110
Moradabad	111
Noida	112
Shamli	113
Varanasi	114

## UTTARANCHAL

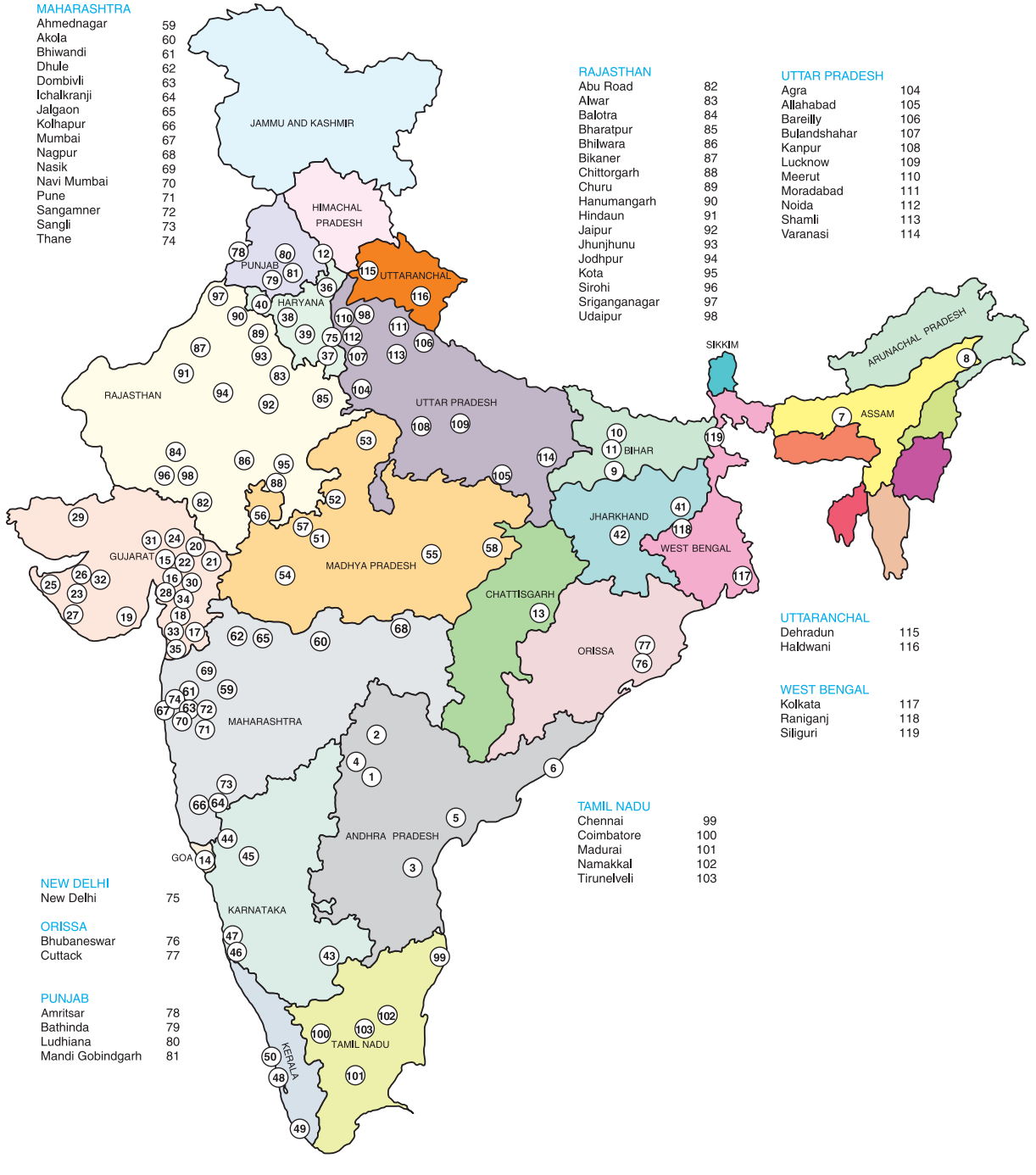
Dehradun	115
Haldwani	116

## WEST BENGAL

Kolkata	117
Raniganj	118
Siliguri	119

## TAMIL NADU

Chennai	99
Coimbatore	100
Madurai	101
Namakkal	102
Tirunelveli	103



\* Map not to scale

## Central Depository Services (India) Ltd.

### BOARD OF DIRECTORS

Shri S. S. Thakur	<i>Chairman</i>
Shri M.R. Mayya	<i>Independent Director</i>
Shri S. Sampath	<i>Sponsor Director (Bank of India)</i>
Shri Anil D. Parulkar	<i>Sponsor Director (Bank of Baroda)</i>
Shri Rajnikant Patel	<i>Sponsor Director (Bombay Stock Exchange Limited)</i>
Shri N. Raja	<i>Sponsor Director (State Bank of India)</i> <i>[Resigned on 13<sup>th</sup> December, 2006]</i>
Shri Anjan Barua	<i>Sponsor Director (State Bank of India)</i> <i>[Appointed on 20<sup>th</sup> December, 2006]</i>
Shri S. Jambunathan	<i>Sponsor Director (Bombay Stock Exchange Limited)</i> <i>[Resigned on 13<sup>th</sup> November, 2006]</i>
Shri C.M. Vasudev	<i>Sponsor Director (Bombay Stock Exchange Limited)</i> <i>[Appointed on 28<sup>th</sup> November, 2006]</i>
Shri Siddharth J. Shah	<i>Sponsor Director (Bombay Stock Exchange Limited)</i> <i>[Appointed on 9<sup>th</sup> May, 2006]</i>
Shri V. V. Raut	<i>Managing Director &amp; CEO</i>

### MANAGEMENT TEAM

Shri V. V. Raut	Managing Director & CEO
Shri P.S. Reddy	Chief Operating Officer
Shri Umesh P. Maskeri	Vice President - Legal & Company Secretary
Shri J. B. Ram	Vice President - Finance & Accounts
Shri Pramod Deshpande	Chief Technology Officer
Shri Cyrus Khambatta	<i>Vice President - Business Development (Currently on deputation to CDSL Ventures Ltd. as CEO with effect from 7<sup>th</sup> December, 2006)</i>
Shri Dominic Fernandes	Vice President - Operations

### AUDITORS

Lodha & Co.  
Chartered Accountants  
Dalal Street, Fort  
6, Karim Chambers,  
40 A.D. Marg (Hamam Street)  
Mumbai - 400 023

### REGISTERED OFFICE

17<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers,  
Mumbai - 400 001

### CONTENTS

Directors' Report .....	2
Auditors' Report .....	25
Annual Accounts .....	29
Schedules to the Accounts .....	31

## DIRECTORS' REPORT

Your Directors have great pleasure in presenting the Ninth Annual Report along with Audited Statement of Accounts of your company for the year ended 31<sup>st</sup> March, 2007. The Company has posted encouraging results and registered a healthy growth in all the spheres of its operations.

### Financial Highlights

Particulars	Year ended 31 <sup>st</sup> March 2007 (Rs. million)	Year ended 31 <sup>st</sup> March 2006 (Rs. million)
Income	483.68	393.80
Expenditure	171.58	124.53
Profit before Depreciation and Taxation	<b>312.10</b>	<b>269.27</b>
Depreciation	48.92	46.30
Profit before Tax	<b>263.18</b>	<b>222.97</b>
Provision for Taxation	84.42	76.66
Provision for Deferred Tax for the year	(9.46)	(5.11)
Profit after Tax	<b>188.22</b>	<b>151.42</b>
Tax adjustment of earlier years	4.52	Nil
Balance brought forward	361.81	212.21
Profit available for appropriation	<b>554.55</b>	<b>363.63</b>
Transfer to Beneficial Owners Protection Reserve	3.60	1.81
Proposed dividend	62.70	Nil
Tax (including surcharge and education cess on dividend)	10.65	Nil
Surplus carried to Balance Sheet	<b>477.60</b>	<b>361.82</b>

The income from operations during the year increased from Rs. 316.32 million to Rs. 377.05 million, recording a growth of 19% over the year 2005-06. Income from transactions rose from Rs. 161.20 million to Rs. 194.12 million, thus registering a substantial

increase of 20% over the previous year. Profit Before Tax (PBT) for the financial year 2006-07 at Rs. 263.18 million was also significantly higher than the previous year's level of Rs. 222.97 million. Profit After Tax (PAT) amounted to Rs. 188.22 million as against Rs. 151.42 million, reflecting an increase of 25% over the previous year.

### Dividend

Your Directors are pleased to recommend a maiden dividend of 6%, keeping in view the healthy growth in the company's earnings and profits.

### The Capital Market Environment

The stock markets continued to be buoyant, albeit with a few corrections during the course of the year. The BSE Sensex powered past the 14,700 mark in the second week of February, 2007 before settling down at 13072 at the end of the financial year. Economic fundamentals remained strong. FII and domestic mutual funds invested with renewed vigor in the stock markets. Retail involvement also did not lag behind and contributed in large measure to the resurgence of trading volumes. After the short-term slump in June-August 2006, a significant increase in trading volumes was witnessed, particularly during December 2006 to February 2007. The year 2006-07 also witnessed an upsurge in public equity offerings which mobilized resources aggregating to Rs. 24,993 crores as against the mobilization of Rs. 23,676 crores in 2005-06 and Rs. 21,432 crores in 2004-05. The equity mobilization in the year under review was in fact the highest in the history of the Indian capital market. Thus, the primary market has significantly enhanced the vibrancy of the capital market.

### Operational Highlights

Your company has achieved significant growth in its depository operations. This is amply reflected from the increase in the number of demat accounts opened, securities admitted, securities dematerialized and increase in the number of depository participants, as detailed below. Our focus on enhancement of operational efficiency, upgradation of technology, user friendly approach and investor education through seminars has resulted in the progress of the depository business.

### Admission of Securities

The number of securities admitted during the year increased from 10,168 as on 31<sup>st</sup> March, 2006 to 10,454 as on 31<sup>st</sup> March, 2007. Equity shares, preference shares, debt instruments, government securities, certificates of deposit, commercial papers and a host of other instruments are available for dematerialization by the investors. Details of the securities admitted with CDSL are as follows :

Securities	Year ended 31 <sup>st</sup> March 2007	Year ended 31 <sup>st</sup> March 2006	Increment over the previous year (%)
Equity Shares	5589	5479	2.01
Debt Instruments	4389	4325	1.48
Other Securities	476	364	30.77
<b>Total</b>	<b>10454</b>	<b>10168</b>	<b>2.81</b>

### Holding of Dematerialized Securities

The value and volume of the securities held with CDSL witnessed a substantial growth in the year under review as indicated below:

Holding of Securities	Year ended 31 <sup>st</sup> March 2007	Year ended 31 <sup>st</sup> March 2006	Increment over the previous year (%)
Value (in million Rs.)	29,38,650	21,82,420	34.65
Volume (in million)	31,250	27,220	14.81

### Depository Participants and DP Branches

During the year 2006-07, 53 new depository participants were registered as compared to 48 new registrations in the previous financial year. With this, the number of depository participants holding valid SEBI registration certificates has increased to 365 after taking into account the withdrawal / expiry of certificates of registration of 3 depository participants during the year. Consequently, investors from 123 cities spread across 25 States and one Union Territory can now avail of CDSL's depository services.

### Beneficial Owner Accounts

Your Directors are pleased to report that during the year under review, 10.12 lakh Beneficial Owner (BO) accounts were added (8.16 lakh net accounts), taking the total number of accounts opened to 28.73 lakh (23.68 lakh net accounts). The comparative figures of the

total number of BO accounts as on 31<sup>st</sup> March, 2007 and 31<sup>st</sup> March, 2006 are given in the following table:

Year ended 31 <sup>st</sup> March 2007	Year ended 31 <sup>st</sup> March 2006	Increment over the previous year's cumulative figure	
		Number	Percentage
(Gross) 28,73,508	(Gross) 18,61,288	(Gross) 10,12,220	(Gross) 54.38
(Net) 23,68,101	(Net) 15,51,171	(Net) 8,16,930	(Net) 52.66

### Securities Settled through CDSL System

During the year 2006-07, value of securities settled through the CDSL system registered growth, while the volume of securities settled through CDSL declined over the corresponding figure of the previous year. Details are given below:

Securities Settled	Year ended 31 <sup>st</sup> March 2007	Year ended 31 <sup>st</sup> March 2006	Difference over the previous year
Value (in million Rs.)	19,70,501	16,71,982	2,98,519
Volume (in million)	17,090	22,450	(5,360)

### Connectivity with Stock Exchanges for Settlement of Securities

On-market transactions are settled through the clearing house of BSE viz. BOI Shareholding Ltd. (BOISL) and National Securities Clearing Corporation Ltd. (NSCCL), the clearing corporation of NSE.

### Investor Awareness Education, Seminars and Exhibitions

As in the past, your company conducted several investor programmes and seminars in 2006-07 with a view to creating awareness of the dematerialisation facility and its benefits among the investors across the country. CDSL conducted 17 such investor seminars. In addition, CDSL officials participated in 14 radio programmes and 2 television programmes on the subject of dematerialisation. CDSL also participated in an 'Investor Mela' at Indore, where advantages of dematerialization, procedures to be followed and precautions to be taken by the investors in the form of 'Dos & Don'ts' were explained.

### Revision of Tariff

Your company earlier used to levy a debit transaction charge of Rs. 5/- per transaction. After a detailed review of the existing tariff structure, and in view of the escalating cost of operations and compliance, CDSL decided to modify the same to the industry level by charging Rs. 6/- per debit transaction with effect from 1<sup>st</sup> December, 2006.

### ISO 27001 Certification

Your Directors are pleased to inform that Det Norske Veritas (DNV) after conducting detailed audit of the information security management system for depository services, awarded ISO 27001 Certification to CDSL on December 22, 2006. This certification is in line with the CDSL policy objective of achieving world class standards in its Information Security Management System. CDSL had earlier received BS7799 Certification and the ISO 27001 Certification is a step ahead in the same direction.

### Software Enhancements

Your company has enhanced the processing speed of the main application CDAS, including the Inter - Depository Transactions by fine-tuning some of the vital processes like End of Day, Online Inter-depository, reports generation and Pay - out. This has enabled CDSL to service the users more efficiently with enhanced transaction time window.

### Network Connectivity Enhancements

CDSL has also upgraded the networking equipment and deployed layer-3 switching technology for centralized management, better control of network connectivity and network security. This has greatly enhanced the availability and speed of system access to the users.

### easi and easiest

The two internet facilities – electronic access to securities information (**easi**), and electronic access to securities information and execution of secured transactions (**easiest**) introduced by your company continue to offer useful services to the users. **easi** allows Beneficial Owners and Clearing Members to view the status of their accounts, while **easiest** facilitates them to enter demat transactions over the Internet. During the year, your company introduced an upload facility for **easiest** transactions. Both the internet facilities have gained further popularity during the course of the year and are being viewed by the users as beneficial features in terms of customer convenience and protection. As on 31<sup>st</sup> March, 2007, CDSL had 53,953 demat account holders registered for **easi** and 5,563 users registered for **easiest**.



## Depository Reforms

The year under review witnessed significant reforms in the depository related areas at the initiative of SEBI. Some of the important reforms are as follows:

### a) Strengthening of Surveillance Mechanism

SEBI had advised the depositories to enhance and adopt a multi-faceted approach in their surveillance mechanism. Accordingly, your company has taken several steps in this direction, some of which are mentioned below.

CDSL carries out a process of identifying multiple demat accounts based on name, address and PAN card details of the holders. Depository participants are then instructed to verify the genuineness of such demat accountholders. Further, PAN card details provided by account holders are independently verified by CDSL with the Income Tax Department and instances where PAN card details are not matching with the Income Tax Department's database, are brought to the notice of the concerned depository participant, to get the same rectified.

### b) PAN Card made Compulsory for Opening / Operating of Demat Accounts

Last year SEBI had directed that verification of PAN card by depository participants was compulsory in respect of all demat accounts opened on or after 1<sup>st</sup> April, 2006. Further, SEBI had directed that with effect from 1<sup>st</sup> October, 2006 existing account holders would not be able to operate their demat accounts in case they do not produce their PAN card for verification by the concerned depository participant. On receipt of representation in this regard, SEBI extended the last date of submission of the PAN cards to 31<sup>st</sup> December, 2006 for the purpose of operation of the existing accounts which did not have PAN cards. In accordance with these directions, 6.07 lakh demat accounts were frozen on 1<sup>st</sup> January, 2007 out of which 2.61 lakh accounts contained holdings of securities.

CDSL continued its efforts to make the demat accountholders PAN-compliant. Consequently, as on 31<sup>st</sup> March, 2007 the number of demat accounts suspended for debit was reduced to 4.91 lakh. Of these accounts, 1.85 lakh accounts contained holdings of securities.

### Risk Management Measures

In order to address the concerns arising out of transfer of securities from the beneficial owners accounts without proper authorization by the concerned investors, SEBI decided to introduce safeguards in this regard and instructed the depositories in February, 2007 to put in place safeguards relating to issue and processing of delivery instruction slips. Accordingly, CDSL has issued necessary communiqué to the depository participants to implement the aforesaid SEBI direction.

### Prevention of Money-Laundering Act (PMLA)

SEBI intimated policy guidelines to comply with the provisions of Prevention of Money Laundering Act - 2002 (PMLA) which has come into force from 1<sup>st</sup> July, 2005. PMLA and the said policy guidelines are applicable to CDSL and depository participants also. CDSL has taken the following steps in this regard:

- Designated a Principal Officer and an Alternate Officer, who would be responsible for ensuring compliance with the provisions of the said Act and the guidelines referred to above.
- Formulated internal policy guidelines as applicable to CDSL.
- Advised DPs to prepare a proper policy framework for verification of client identity and address on the basis of the prescribed KYC documentation, retention of records, identification of suspicious transactions as per the guidelines on anti-money laundering measures and reporting of such transactions to Financial Intelligence Unit – India (FIU-IND), Ministry of Finance, New Delhi.
- Conducted awareness seminars for depository participants at 7 centres across the country on anti-money laundering measures and their implementation by them.

### Formation of Subsidiary

During the year, your company floated a subsidiary viz. CDSL Ventures Limited with the main object to establish, set up, operate and maintain an electronic system for creating, holding or maintaining any information, records, documents or database in electronic form. The subsidiary was incorporated on 25<sup>th</sup> September, 2006 and the Certificate of Commencement of Business was received on 14<sup>th</sup> November, 2006. The subsidiary has taken up the project of Centralized Record Keeping of Data relating to investors in Mutual Funds and the same is under implementation.

### Ownership Pattern

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

Category of shareholders	Share Capital (Rs. in '000)	Percentage of shareholding
Banks	652446	62.40
Stock Exchanges	392546	37.56
Others	8	0.04
Total	1045000	100.00

### 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 S. Jambunathan, nominated as a sponsor director by Bombay Stock Exchange Limited, resigned from the directorship and Shri C. M. Vasudev was appointed as a sponsor director in his place on 28<sup>th</sup> November, 2006. Shri C. M. Vasudev will hold office till the commencement of the ensuing Annual General Meeting.

Shri N. Raja, nominated as sponsor director by State Bank of India, resigned from the directorship and Shri Anjan Barua, Chief General Manager (Treasury) of the said bank was appointed as a sponsor director in his place on 20<sup>th</sup> December, 2006. Shri Anjan Barua will hold office till the commencement of the ensuing Annual General Meeting.

The Board of Directors has placed on record its appreciation of the services rendered by Shri S. Jambunathan and Shri N. Raja during their tenure as directors of the company.

The company has received necessary notices under Section 257 of the Companies Act, 1956 from shareholders proposing the candidature of Shri Anjan Barua and Shri C. M. Vasudev for appointment as directors. Shri S.S. Thakur and Shri M.R. Mayya retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as director of the company. The resolutions in this regard form part of the notice of the 9<sup>th</sup> Annual General Meeting and are recommended for approval by the members.

### Auditors

Lodha & Co., Statutory Auditors of your company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Auditors have furnished a certificate to the effect that their re-appointment, if made, would be in accordance with the limit specified under Section 224(1B) of the Companies Act, 1956. Their re-appointment 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 31 <sup>st</sup> March 2007 (Rs. in million)	Year ended 31 <sup>st</sup> March 2006 (Rs. in million)
Earnings	Nil	Nil
Outgo		
Traveling expenses	0.06	1.06
Expenditure on training	0.06	0.04
<b>Total</b>	<b>0.12</b>	<b>1.10</b>

#### Directors' Responsibility Statement

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

- i) in the 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 fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going-concern basis.

#### Implementation of Code of Corporate Governance

Your company has voluntarily decided to adopt the SEBI Code of Corporate Governance, although the same is not applicable to it, being an unlisted company. The status of implementation of the Code is given in **Annexure A**.

### 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, forms part of this report. However, the annual report and accounts are being sent to all the members excluding the statement containing the particulars of employees to be provided under section 217 (2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary in this regard.

### Human Resource Development

Employees are a critical resource for any organization, more so for a service provider like CDSL. Your company, therefore, continues to accord high importance to human resource development and makes efforts to enhance the quality and competence of its employees in different cadres. As part of the human resource development programme, the company nominates selected employees for training at reputed institutions connected with capital markets.

### Acknowledgement

Your Directors would like to place on record their sincere gratitude for the guidance and co-operation CDSL received from 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, and express their appreciation for the valuable services and dedicated efforts of the employees of the company which have enabled it to achieve impressive results on all fronts.

Place : Mumbai  
Date : 17<sup>th</sup> May, 2007

For and on behalf of the Board  
sd/-  
S. S. Thakur  
Chairman

## ANNEXURE A

### CORPORATE GOVERNANCE

#### Company's philosophy on Code of Corporate Governance

CDSL remains committed to maintaining high standards of corporate governance in order to enhance shareholder value and protect the interests of all stakeholders. The company's policies and business strategies aim to provide efficient depository services within the prescribed legal framework and in accordance with the cardinal principles of transparency, accountability and probity.

#### Board of Directors

##### a) Composition

The Board consists of nine directors including the Managing Director and eight non-executive directors of whom six are sponsor directors and two are independent directors. Shri S. S. Thakur, 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 31<sup>st</sup> March, 2007 are as under:

Name of the Director	Category	No. of directorships in other public Companies	No. of Board Committee Memberships in other Companies	No. of Chairmanships in Board Committees of other Companies
Shri S. S. Thakur, Chairman	Non-Executive-Independent	8	5	1
Shri M.R. Mayya	Non-Executive-Independent	2	—	—
Shri N. Raja (appointed on 9 <sup>th</sup> May 2006 and resigned on 13 <sup>th</sup> December, 2006)	Non- Executive	1	—	—
Shri Anjan Barua (appointed on 20 <sup>th</sup> December, 2006)	Non-Executive	1	—	—
Shri S. Jambunathan (appointed on 9 <sup>th</sup> May 2006 and resigned on 13 <sup>th</sup> November, 2006)	Non-Executive	2	—	—

Name of the Director	Category	No. of directorships in other public Companies	No. of Board Committee Memberships in other Companies	No. of Chairmanships in Board Committees of other Companies
Shri Rajnikant Patel	Non-Executive	2	1	—
Shri C.M. Vasudev (appointed on 28 <sup>th</sup> November, 2006)	Non-Executive	5	—	—
Shri S. Sampath	Non-Executive	—	—	—
Shri Anil D. Parulkar	Non-Executive	2	1	—
Shri Siddharth J. Shah (appointed on 9 <sup>th</sup> May, 2006)	Non-Executive	5	—	—
Shri V. V. Raut	Managing Director & CEO	1	—	—

#### b) Sitting fees / remuneration paid to Directors

Non – Executive Directors are paid sitting fee of Rs. 7,500/- for attending each Board meeting and Rs. 4,000/- for attending each meeting of the Board Committee. The details of the sitting fees paid to the Directors for attending the meetings of the Board and its Committees during the year under review are as under:

Name of the Non-Executive Director	Amount in Rs.
Shri S. S. Thakur	1,56,000
Shri M. R. Mayya	1,16,000
Shri Rajnikant Patel	74,000
Shri N. Raja	23,000
Shri Anjan Barua	7,500
Shri S. Sampath	85,500
Shri Anil D. Parulkar	69,000
Shri S. Jambunathan	42,000
Shri C.M. Vasudev	7,500
Shri Siddharth Shah	88,500

Shri V.V. Raut, who is the Managing Director and Chief Executive Officer, is the only whole time director of the company. The total remuneration paid to Shri Raut in the year

2006 – 07 has been mentioned under the head “managerial remuneration” in Schedule II (B) being part of Notes to Accounts.

### c) Meetings and Attendance

During the year, the Board met eight times on (i) 9<sup>th</sup> May, 2006, (ii) 15<sup>th</sup> May, 2006, (iii) 10<sup>th</sup> July, 2006, (iv) 4<sup>th</sup> August, 2006, (v) 4<sup>th</sup> October, 2006, (vi) 28<sup>th</sup> November, 2006, (vii) 20<sup>th</sup> December, 2006 and (viii) 13<sup>th</sup> March, 2007. Details of attendance of 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	8	8	Yes
Shri M. R. Mayya	8	8	Yes
Shri Rajnikant Patel	8	4	No
Shri N. Raja	6	2	No
Shri Anjan Barua	2	1	Not Applicable
Shri S. Sampath	8	5	Yes
Shri Anil D. Parulkar	8	6	Yes
Shri S. Jambunathan	5	4	Yes
Shri C.M. Vasudev	3	1	Not Applicable
Shri Siddharth Shah	8	7	Yes
Shri V. V. Raut	8	8	Yes

To ensure smooth functioning of the company, the Board has constituted various committees, including Audit Committee and Remuneration 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, information technology 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 31<sup>st</sup> March, 2007:-

1. Shri S. S. Thakur
2. Shri Anjan Barua
3. Shri S. Sampath
4. Shri Anil D. Parulkar
5. Shri Siddharth Shah

#### b) Role of the 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 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 five times during the year 2006-07 on 8<sup>th</sup> May, 2006, 3<sup>rd</sup> July, 2006, 30<sup>th</sup> August, 2006, 25<sup>th</sup> November, 2006, and 21<sup>st</sup> February, 2007. 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 (appointed on 28 <sup>th</sup> November, 2006)	1	1
2.	Shri N. Raja (appointed on 9 <sup>th</sup> May, 2006 and resigned on 13 <sup>th</sup> December, 2006)	3	2
3.	Shri S. Jambunathan (appointed on 9 <sup>th</sup> May, 2006 and resigned on 28 <sup>th</sup> November, 2006)	3	1
4.	Shri S. Sampath	5	3
5.	Shri Anil D. Parulkar	5	3
6.	Shri Anjan Barua (appointed on 20 <sup>th</sup> December, 2006)	1	0
7.	Shri Siddharth Shah (appointed on 9 <sup>th</sup> May, 2006)	4	3

**Remuneration Committee:**

The Remuneration Committee consists of non-executive directors and reviews annually the remuneration to be paid to the Managing Director & CEO who currently is the only whole-time director of your company. The Committee recommends fixation / revision in his remuneration for the approval of the Board, within the maximum limit approved by the members. The present members of this Committee are Shri S. S. Thakur, Shri Rajnikant Patel, Shri S. Sampath, Shri Anjan Barua and Shri Siddharth Shah.

**General Shareholder Information****Eighth Annual General Meeting**

Day & Date	Friday, the 4 <sup>th</sup> August, 2006
Time	2.30 p.m
Venue	BSE Board Room, 26 <sup>th</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001
Book Closure	- Nil -
Payment of Dividend	- Nil -

**Financial Year :**

The company's Financial Year commences from 1<sup>st</sup> April and ends on 31<sup>st</sup> 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 connectivity for the purpose of shares in both physical and dematerialized form. Hence the Company has not appointed any Registrar and Transfer Agent.

**Share holdings**

The Company's issued capital of Rs. 104.50 crores consists of 10.45 crore shares of Rs. 10/- each, out of which 8.45 crores shares are held in dematerialized form and the remaining 2 crore shares are held in physical form. During the year under review, no application for transfer was received by the Company.

### Top 10 Shareholders as on 31<sup>st</sup> March, 2007

Sr. No.	Name	No. of Shares held	Percentage
1.	Bombay Stock Exchange Limited	3,82,54,600	36.61
2.	Bank of India	1,00,00,000	9.57
3.	Bank of Baroda	1,00,00,000	9.57
4.	State Bank of India	1,00,00,000	9.57
5.	HDFC Bank Ltd.	75,00,000	7.18
6.	Standard Chartered Bank	75,00,000	7.18
7.	Centurion Bank of Punjab Ltd.	75,00,000	7.18
8.	Canara Bank	67,44,600	6.45
9.	Union Bank of India	20,00,000	1.91
10.	Bank of Maharashtra	20,00,000	1.91
11.	Others	30,00,800	2.87
	<b>Total</b>	<b>10,45,00,000</b>	<b>100.00</b>

### Means of Communications

The Company disseminates relevant information through its website –[www.cdslindia.com](http://www.cdslindia.com) which contains material information about important developments in the depository related areas. The company also issues communiqués to its depository participants as and when necessary.

### Annual Report

Annual Report containing, inter alia, Audited Accounts, Directors' Report, Auditor's Report 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 Umesh P. Maskeri, Vice President – Legal & Company Secretary at the following address :

Central Depository Services (India) Limited  
17<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort, Mumbai - 400001  
Tel : 022 – 22723333 / 2272 3224  
Fax : 022 – 22723199  
Email : umeshm@cdslindia.com

### Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year ended 31<sup>st</sup> March, 2007 is attached as **Annexure 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 **Annexure C**.

Place : Mumbai  
Date : 17<sup>th</sup> May, 2007

For and on behalf of the Board  
sd/-  
S. S. Thakur  
Chairman

## ANNEXURE B

**Management Discussion and Analysis Report****1. Introduction**

Your company is engaged in the business of providing depository services to investors through depository participants. It has put in place necessary infrastructure for recording allotment and transfer of securities in dematerialized form. During the last eight years of operations, the company has successfully matured as a convenient, dependable and secure depository and accomplished high level of operational efficiency.

**2. Industry Structure and Developments**

As a depository, CDSL extends its services to investors through Depository Participants (DPs), who provide an interface between the depository and beneficial owners. The issuers of securities or their Registrars and Share Transfer Agents have established electronic connectivity with the depository to carry out activities like confirmation of dematerialization requests, corporate actions such as issue of additional securities, redemption, rematerialisation, etc of securities. In order to facilitate delivery of securities for settlement of on-market transactions, the clearing house/ clearing corporations of stock exchanges are electronically connected with the depository.

**3. Opportunities and Threats.**

The depository system has helped to enhance liquidity, facilitate faster transfer of securities, reduce transaction costs and settlement cycles, and prevent various risks associated with the erstwhile system of holding securities in physical form. With the sustained bull-run during the past 4 years, there has been an upsurge in the volume of securities traded on stock exchanges. Furthermore, there has been a substantial increase in the online trading segment. Since online trading has to be supported with an efficient depository system, it will be an opportunity for enhancing growth in the business of your company. The success of the depository system has opened avenues for utilization of CDSL's expertise in undertaking other services. The company has, in fact, floated a fully owned subsidiary, viz., CDSL Ventures Limited (CVL) to tap the emerging business opportunities. CVL has already been mandated by mutual funds to handle the work relating to KYC documentation requirements in respect of mutual fund investors. Though the current capital market environment remains favourable for enhancing the opportunities and demand for depository services, maintaining the integrity, safety and efficiency of the system remains a challenging task due to increasing volumes.

#### 4. Segment wise / product wise performance

As already mentioned, CDSL as a depository is engaged in extending depository services. The activities of the company cannot be classified into different business segments or products. Its impressive performance in the year 2006-07 can however be viewed in an integrated manner from the data furnished hereunder:

##### a. Operational highlights:

Sr. No.	Particulars	Year ended 31 <sup>st</sup> March, 2007	Year ended 31 <sup>st</sup> March, 2006	Growth in percentage (%) terms
1.	Beneficial Owner Accounts			
	– Gross	28,73,508	18,61,288	54.38
	– Net	23,68,101	15,51,171	52.66
2.	Holdings of securities			
	Value (in million Rs.)	29,38,650	21,82,420	34.65
	Volume (in million)	31,250	27,220	14.81
3.	Number of Depository Participants	365	312	16.99
4.	Securities settled			
	Value (in million Rs.)	19,70,501	16,71,982	17.85

##### b. Financial performance:

The gross income of the company rose to Rs. 483.68 million from Rs. 393.80 million reflecting a growth of 19% over the last year. The profit after tax also increased significantly to Rs. 188.22 million from Rs. 151.42 million, thus registering a growth of 24.30 % over the previous year.

#### 5. Outlook

The Indian economy, as measured in terms of Gross Domestic Product (GDP), is estimated to have grown by 9.2% in 2006-07, up from 8.1% in 2005-06. This puts the 3-year average to the current year at 8.6%. According to the Central Statistical Organisation (CSO), the years since 2003-04 have historically witnessed the fastest growth. During this period the economy recorded 39% growth and the per capita GDP increased by 30%. The buoyancy in the stock markets in recent years has facilitated in maintaining sustained growth in depository services. CDSL, thus, registered impressive growth in the number of demat accounts opened, number of issuers

admitted, number of depository participants registered and the number of transactions processed, as indicated in the Directors' Report to the shareholders of the company.

The transactions processed by the depository are mainly related to settlement of trades on the stock exchanges. Therefore, the volume of transactions, and consequently, CDSL's business prospects, are in 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 levels, thus benefiting significantly the business of your company.

Moreover, an active and buoyant primary market would also contribute to CDSL's growth in areas of new account opening and transactions in dematerialised securities. Several large primary market issues are already lined up, and IPO collections are expected to touch record levels during the current financial year. Thus, prospects for maintaining a healthy growth in the business of CDSL in the current year looks encouraging.

#### 6. Risks and Concerns

The risks arising out of the operations of depository participants who service the beneficial owners are constantly monitored by CDSL through internal audit and inspection by independent audit agencies. The compliance requirements are also tracked and complied with an on-going basis. All critical functional areas of the company have been brought under concurrent audit, which is carried out by an external auditor. The residual risk, if any, is adequately covered by the comprehensive insurance policy obtained by the company for itself and the depository participants. With the increase in business volumes, steps have been taken to put into place an effective risk management system compatible with the size and type of operations as well as the management risk perception. The hardware and software will also be upgraded and fine - tuned from time to time in order to extend efficient depository services to the users. The company has decided to lay more stress on compliance so as to ensure that the integrity of the depository business is not compromised, which is a key driver for sustainable growth. CDSL has also taken the following new initiatives:

1. Setting-up of a surveillance cell.
2. CDSL has appointed a Chief Operating Officer to look after risk management and compliance functions, besides day-to-day operations.
3. Increasing the minimum networth requirement from Rs. 1 crore to Rs.1.5 crore for registration of a depository participant with CDSL.

## 7. Internal Control and System Adequacy

Section 16 of the Depositories Act casts an obligation on the depository to indemnify the beneficial owner for any loss caused due to the negligence of the depository or the participant. It has therefore been our endeavor to evaluate the adequacy of internal controls and procedures and ensuring adherence to compliance requirements by the Depository Participants, who are providing an interface to investors in extending the depository services.

To achieve this objective, CDSL conducts regular inspection of its depository participants and Registrar and Transfer Agents through their own staff and independent firms of professionals. The underlying focus of these inspections is to improve the efficiency of operations of the participants and ensure compliance with the provisions to the Depositories Act, Rules, Regulations and the various communiqués issued by CDSL. During the year, the company has taken various measures to further streamline and strengthen the audit and inspection function. With the assistance of a reputed and independent firm of Chartered Accountants, a thorough review of the audit and inspection system and procedures covering the operations of DPs and RTAs has been undertaken and a comprehensive Inspection Manual has been prepared to streamline the inspection system and make it more effective. With a view to further strengthen the risk management measures, depository participants have been advised to get concurrent audit of risk prone areas of their operations done on 100% basis.

The penalty structure for depository participants and RTAs has also been thoroughly revised with the focus on making it more deterrent against any non-compliance by these agencies.

To enhance the overall compliance level CDSL, has conducted compliance training programmes for DPs and their internal auditors across the country.

### CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing CDSL's objectives, expectations, predictions and assumptions may be 'forward looking' within the meaning of applicable statutory provisions and regulations. Actual results may, however, differ from those expressed herein. Important factors that could influence the company's operations include capital market conditions and regulatory environment.

For and on behalf of the Board  
sd/-

Place : Mumbai  
Date : 17<sup>th</sup> May, 2007

S. S. Thakur  
Chairman



## ANNEXURE C

**PROFILE OF DIRECTORS WHO ARE SEEKING REAPPOINTMENT AND FOR WHOM NOTICE HAS BEEN RECEIVED FOR ELECTION AS DIRECTORS.****SHRI S.S. THAKUR**

Shri S. S. Thakur is a Post Graduate in Commerce and is a Certified Associate of Indian Institute of Bankers (CAIIB). He has held important positions in his long professional career in the field of banking and foreign exchange. He was the Controller of Foreign Exchange, Reserve Bank of India, Senior Adviser of United Nations Development Programme and founder Chairman, HDFC Bank. He was also a public representative director on the Governing Board of Bombay Stock Exchange. Beside a CDSL Board member, he is on the Boards of several other Indian companies engaged in variety of business activities.

**SHRI M.R. MAYYA**

Shri M.R. Mayya is a Post Graduate in Economics from the University of Madras. He has had a long professional career and served in the Ministry of Civil Supplies, Forward Market Commission and Ministry of Finance-Stock Exchange Division. He also worked as Executive Director of Bombay Stock Exchange for a decade. He was also the Chairman of Inter – Connected Stock Exchange of India Limited and I S E Securities and Services Limited. As a professional with expertise in the area of capital market, he has contributed significantly to the development of both the primary and secondary markets.

**SHRI C.M. VASUDEV**

Shri C.M. Vasudev has a Masters Degree in Economics and Physics. He had joined the Indian Administrative Services in 1966. Mr. Vasudev has extensive experience of working at policy-making levels in the financial sector. He has worked as Executive Director of World Bank representing India, Bangladesh, Sri Lanka and Bhutan and chaired the World Bank's committee on development effectiveness with the responsibility of ensuring effectiveness of World Bank's operations.

Shri Vasudev has worked as Secretary, Ministry of Finance and has held various other key positions in the Government of India like Secretary, Department of Economic Affairs, Department of Expenditure and Department of Banking. He is a Public Interest Director on the Board of Bombay Stock Exchange Ltd. and is also on the Boards of some other companies.

#### SHRI ANJAN BARUA

Shri Anjan Barua is a Post Graduate in Physics (M.Sc. Physics). He possesses wide experience in areas of General Banking, Foreign Exchange and Debt Market. He joined State Bank of India as Probationary Officer in 1973. Prior to his posting as Chief General Manager (Treasury), he was Executive Vice – President, SBIDFHI, the largest primary Dealer of Securities in the country. He was also posted as a Dealer in Foreign Exchange in the SBI branch at Frankfurt from 1986 – 1991.

## AUDITORS' REPORT

### TO THE MEMBERS OF CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED

1. We have audited the attached Balance Sheet of CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED as at 31st March, 2007 and the Profit and Loss Account 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.
2. 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.
3. 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.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

- (d) In our opinion, the Balance Sheet and Profit and Loss Account 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 from directors as on 31st March, 2007, and taken on record by the Board of Directors, wherever applicable, we report that none of the directors is disqualified as on 31st March, 2007 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 the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007; and
- ii) in the case of the Profit & Loss Account, of the profit for the year ended as on that date.

For LODHA & CO.  
Chartered Accountants

R. P. Baradiya  
Partner  
(Membership No. 44101)

Place : Mumbai  
Date : 17<sup>th</sup> May, 2007

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2007 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) All the assets have been physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on such verification.
  - c) No substantial part of the fixed assets has been disposed off during the year.
2.
  - a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
  - b) The Company has not taken any loans, secured or unsecured, from companies, firm or other parties covered in the register maintained under Section 301 of the Act.
3. 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. The Company has neither purchased any inventory nor sold any goods. During the course of our audit, no major weakness has been noticed in the internal control systems.
4. There are no particulars of contracts or arrangements referred to in Section 301 of the Act which need to be entered in the register required to be maintained under that section.
5. No deposits within the meaning of Sections 58A or 58AA or any other relevant provision of the Act and rules framed thereunder have been accepted by the Company.
6. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

7. In respect of Company's activities, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Act.
8. (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, Customs Duty, Excise Duty, Cess and other 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, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute.
9. 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.
10. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. The Company has not obtained any term loan during the year.
12. The Company has not raised funds on short-term basis during the year.
13. 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 LODHA & CO.  
Chartered Accountants

Place : Mumbai  
Date : 17<sup>th</sup> May, 2007

R. P. Baradiya  
Partner  
(Membership No.44101)

### BALANCE SHEET AS AT MARCH 31, 2007

	Schedule	31.3.2007 Rs. in '000	31.3.2006 Rs. in '000
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	1,045,000	1,045,000
Reserves and Surplus	2	481,201	366,031
<b>Net Deferred Tax Liability</b>		—	5,153
		<u>1,526,201</u>	<u>1,416,184</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	307,205	408,116
Less : Depreciation		<u>246,701</u>	<u>318,817</u>
Net block		60,504	89,299
<b>Investments</b>	4	1,074,408	523,690
<b>Net Deferred Tax Asset</b>		4,309	—
<b>Current Assets, Loans &amp; Advances</b>			
Interest accrued on Investments	5	—	5,836
Sundry Debtors		23,813	18,591
Cash and Bank balances		546,088	831,658
Loans and Advances		<u>32,967</u>	<u>72,847</u>
		<u>602,868</u>	<u>928,932</u>
<b>Less:</b>			
<b>Current Liabilities &amp; Provisions</b>			
Liabilities	6	132,719	119,650
Provisions		<u>83,169</u>	<u>6,087</u>
		<u>215,888</u>	<u>125,737</u>
<b>Net Current Assets</b>		<u>386,980</u>	<u>803,195</u>
		<u>1,526,201</u>	<u>1,416,184</u>
<b>Significant Accounting Policies and Notes to Accounts</b>			
	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 Lodha & Co.**

Chartered Accountants

**R.P.Baradiya**

Partner

**Umesh P. Maskeri**Vice President (Legal)  
& Company Secretary**S.S.Thakur**

Chairman

**V.V.Raut**Managing Director  
& CEOPlace : Mumbai,  
Date : 17th May, 2007

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007**

	Schedule	2006-2007 Rs. in '000	2005-2006 Rs. in '000
<b>INCOME</b>			
Operational Income	7	377,053	316,318
Other Income	8	106,629	77,486
		<u>483,682</u>	<u>393,804</u>
<b>EXPENDITURE</b>			
Personnel Cost	9	51,835	36,002
Other Expenses	10	119,751	88,532
Depreciation		48,915	46,304
(Refer to note no.B(12) in Schedule 11)		<u>220,501</u>	<u>170,838</u>
<b>Profit before Tax</b>		<u>263,181</u>	<u>222,966</u>
Provision for Current Tax		83,900	76,100
Provision for FBT		510	553
Provision for Wealth Tax		13	5
Provision for Deferred Tax		<u>(9,462)</u>	<u>(5,112)</u>
<b>Profit After Tax</b>		188,220	151,420
Tax adjustment of earlier years		4,521	—
Balance of Profit brought forward from previous year		361,816	212,211
<b>Profit available for appropriation</b>		554,557	363,631
Transfer to Beneficial Owners Protection Reserve		3,600	1,815
Proposed Dividend		62,700	—
Corporate Dividend Tax		10,656	—
<b>Surplus carried to Balance Sheet</b>		477,601	361,816
<b>Significant Accounting Policies and Notes to Accounts</b>	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 Lodha & Co.**

Chartered Accountants

**R.P.Baradiya**

Partner

**Umesh P. Maskeri**Vice President (Legal)  
& Company Secretary**S.S.Thakur**

Chairman

**V.V.Raut**Managing Director  
& CEOPlace : Mumbai,  
Date : 17th May, 2007



**SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2007.**

<b>SCHEDULE 1 SHARE CAPITAL</b>	<b>31.3.2007 Rs. in '000</b>	<b>31.3.2006 Rs. in '000</b>
<b>Authorised</b>		
15,00,00,000		
Equity shares of Rs.10 each	<u>1,500,000</u>	<u>1,500,000</u>
<b>Issued, Subscribed and Paid-up</b>		
10,45,00,000		
Equity shares of Rs.10 each	<u>1,045,000</u>	<u>1,045,000</u>
<b>SCHEDULE 2 RESERVES &amp; SURPLUS</b>		
<b>Beneficial Owners Protection Reserve</b>		
Balance as per last Balance Sheet	4,215	2,400
Less : Amount transferred to Beneficial Owners Protection Fund	4,215	—
Add : Additions during the year	<u>3,600</u>	<u>1,815</u>
(Refer to note no.A(ix) in Schedule 11)	3,600	4,215
<b>Surplus as per Profit &amp; Loss Account</b>	<u>477,601</u>	<u>361,816</u>
<b>TOTAL</b>	<b><u>481,201</u></b>	<b><u>366,031</u></b>

### SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2007

<b>SCHEDULE 3 FIXED ASSETS</b>										
<b>Rs. in '000</b>										
<b>DESCRIPTION</b>	<b>GROSS BLOCK</b>				<b>DEPRECIATION **</b>				<b>NET BLOCK</b>	
	<b>As on 1.4.2006</b>	<b>Additions</b>	<b>Deductions</b>	<b>As on 31.3.2007</b>	<b>Upto 31.3.2006</b>	<b>For the year 2006-2007</b>	<b>Deductions</b>	<b>Upto 31.3.2007</b>	<b>As on 31.3.2007</b>	<b>As on 31.3.2006</b>
Building *	17,377	—	—	17,377	2,049	5,115	—	7,164	10,213	15,328
<u>Automated Depository System</u>										
Computer Hardware	232,832	14,747	120,138	127,441	192,549	29,159	120,138	101,570	25,871	40,283
Computer Software	109,259	2,152	—	111,411	105,229	3,658	—	108,887	2,524	4,030
Equipment	22,095	2,126	1,314	22,907	11,783	7,009	849	17,943	4,964	10,312
Furniture & fixtures	22,811	161	44	22,928	5,033	2,779	44	7,768	15,160	17,778
Vehicles	3,742	1,399	—	5,141	2,174	1,195	—	3,369	1,772	1,568
<b>Total</b>	<b>408,116</b>	<b>20,585</b>	<b>121,496</b>	<b>307,205</b>	<b>318,817</b>	<b>48,915</b>	<b>121,031</b>	<b>246,701</b>	<b>60,504</b>	<b>89,299</b>
Previous Year	399,612	27,713	19,209	408,116	291,538	46,304	19,025	318,817	89,299	
* Includes face value of shares in a co - operative society - Gross Block Rs. 500 (Previous year Rs. 500) ; Net Block Rs. 408 (Previous Year Rs.442)										
** Refer to note no. B(12) in Schedule 11										

**SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2007.**

<b>SCHEDULE 4 INVESTMENTS</b>					
<b>Particulars</b>	<b>Face Value (Rs.)</b>	<b>31.03.2007</b>		<b>31.03.2006</b>	
		<b>Quantity in nos.</b>	<b>Rs. in '000</b>	<b>Quantity in nos.</b>	<b>Rs. in '000</b>
<b>Long Term Investments</b>					
(Unquoted Non Trade & Fully Paid up)					
999993 Equity shares of Rs.10 each of CDSL Ventures Ltd. a subsidiary company at cost	10	—	10,000	—	—
<b>Government Securities</b>					
11.50% GOI 2015	10,000	—	10	—	10
<b>Debt Papers</b>					
COD-Indian Bank	100,000	—	—	1,000	98,161
HDFC CP	500,000	—	—	100	49,011
NABARD 5.90%, 2008	1,000,000	—	—	50	49,618
NCD EXIM Bank (5.75%)	1,000,000	—	—	50	49,611
COD-UCO Bank	100,000	—	—	500	48,713
8.50% HUDCO 2007 (Tax Free)	500,000	—	—	27	13,669
<b>Current Investments:</b>					
<b>Equity Shares</b>					
[Quoted, Non Trade & Fully paid up]					
Atek Infosys	2	—	—	750	179
Bank of Baroda Ltd.	10	—	—	14,402	3,312
Union Bank of India Ltd.	10	—	—	10,090	1,110
<b>Units of Mutual Fund</b>					
ABN AMRO Flexi Debt Fund - Regular - Quarterly Dividend	10	—	—	1,420	14,358
ABN AMRO Flexi Debt Fund -Regular - Growth Plan	10	964,950	10,239	964,950	10,239
ABN AMRO FTF Series 4 Quarterly Plan C	10	3,030,473	30,306	—	—
ABN AMRO FTP Series 4 Quarterly Plan E	10	3,012,208	30,123	—	—
ABN AMRO FTP Series 5-14 months Plan	10	5,000,000	50,000	—	—
ABN AMRO Long Term Floating Rate Fund - Institutional Monthly Dividend	10	288,742	2,906	—	—
Birla Cash Plus-Institutional Premium-Weekly Dividend	10	2,422,603	24,310	—	—
Birla Dynamic Bond Retail Growth	10	—	—	239,206	2,490
Birla Fixed Term Qtrly Series 7	10	3,000,000	30,000	—	—
Birla Floating Rate Fund Long Term Plan Growth	10	—	—	983,780	11,320
DWS Fixed Term Fund Series 22-Dividend Option	10	3,050,000	30,500	—	—
DWS Fixed Term Fund Series 23-Dividend Option	10	3,000,000	30,000	—	—
DWS Fixed Term Fund Series 27-Dividend Option	10	3,000,000	30,000	—	—
DWS Insta Cash Plus-Institutional Plan-Dividend	10	65,925	662	1,012,564	10,430
HDFC Cash Management Call Plan Growth	10	—	—	3,007,843	36,227
HDFC Cash Management Call Plan-Dividend	10	57,079	596	—	—
HDFC Cash Management Fund-Savings Plus-Dividend	10	60,481	606	—	—
HDFC FMP 15 M March 2007	10	1,500,000	15,000	—	—
HDFCFMP 13 M September,2006(1)	10	3,000,000	30,000	—	—

**SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2007.**

Particulars	31.03.2007			31.03.2006	
	Face Value (Rs.)	Quantity in nos.	Rs. in '000	Quantity in nos.	Rs. in '000
HSBC Floater Long Term Institutional	10	—	—	55,518	556
HSBC Liquid Plus -Inst. Plus-Dividend Plan	10	214,286	2,144	—	—
JM Equity & Derivative Fund - Dividend Option	10	—	—	1,744,360	18,003
JM Equity & Derivative Fund - Growth Option	10	—	—	1,912,116	20,411
JM Fixed Maturity Fund Series IV-13 months Plan F4-Dividend Plan	10	25,10,159	25,102	—	—
JM Fixed Maturity Fund Series IV-Quarterly plan 1-Dividend Plan	10	3,044,786	30,447	—	—
JM Fixed Maturity Fund -Series IV-Quarterly plan 2-F1-Dividend Plan	10	2,022,798	20,228	—	—
JM Floater Long Term Premium Dividend	10	—	—	3,445	35
JM High Liquidity Fund Growth	10	—	—	1,503	27
JM High Liquidity Fund Super Institutional Plan-Dividend Option	10	9,578	96	—	—
JM Money Manager Fund Super Plus Plan-Dividend Option	10	24,939	250	—	—
Kotak Bond Regular Growth	10	—	—	239,044	4,243
Kotak Flexi Debt - Growth	10	—	—	769,922	8,000
Kotak Floater Short Term	10	4,917	49	—	—
Kotak FMP 3M Series 10	10	4,038,979	40,390	—	—
Kotak FMP 3M Series 11	10	3,018,169	30,182	—	—
Kotak FMP 13M Series 2	10	5,000,000	50,000	—	—
Kotak FMP 6M Series 3	10	3,069,779	30,699	—	—
Kotak FMP Series 23 - Dividend	10	—	—	3,126,572	31,266
Kotak Income Plus Quarterly Dividend	10	—	—	518,203	5,734
LICMF Liquid Fund	10	100,131	1,099	—	—
LICMF FMP Series 17-3months plan	10	5,059,539	50,595	—	—
LICMF FMP Series 13-6 months Plan	10	3,003,724	30,037	—	—
LICMF FMPseries 15-13M	10	4,000,000	40,000	—	—
Principal Cash Management Fund Dividend	10	—	—	535,804	5,422
Principal Income Fund-Short term Plan-Institutional Plan-Dividend	10	8,256	90	—	—
Principal FMP 34 91days Series VII-Feb 07	10	2,000,000	20,000	—	—
Principal FMP 35 91days Series VIII-Feb 07	10	2,000,000	20,000	—	—
Principal FMP 31 Series III	10	3,000,000	30,000	—	—
Prudential ICICI Inst. Short Term - Cumm. ICICI Prudential Institutional Liquid Plan - Super Institutional -Dividend	10	10,753	107	—	—
ICICI Prudential FMP Series 34-6 months Plan-Retail Dividend	10	3,000,000	30,000	—	—
ICICI Prudential FMP Series 35-3 months Plan A-Retail Dividend	10	4,054,400	40,544	—	—
ICICI Prudential FMP Series 35-3 months Plan B-Retail Dividend	10	2,019,699	20,197	—	—
ICICI Prudential FMP Series 35-3 months Plan C-Retail Dividend	10	3,000,000	30,000	—	—
Reliance Fixed Horizon Fund I-Annual Plan I-Series I-Retail-Dividend Plan	10	3,000,000	30,000	—	—

**SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2007.**

Particulars	31.03.2007			31.03.2006	
	Face Value (Rs.)	Quantity in nos.	Rs. in '000	Quantity in nos.	Rs. in '000
Reliance Fixed Horizon Fund II-Quarterly Plan-series II-Institutional Dividend Plan	10	3,000,000	30,000	—	—
Reliance Fixed Horizon Fund II-Annual Plan-SeriesVI-Institutional-Dividend Plan	10	3,000,000	30,000	—	—
Reliance Fixed Horizon Fund II-Quarterly Plan-series V-Institutional Dividend Plan	10	3,000,000	30,000	—	—
Reliance Floating Rate Fund Growth	10	—	—	677,436	7,357
SBI Bluechip Fund	10	—	—	500	5,000
SBI Debt Fund Series- 90 Days (February 07)- Dividend	10	3,014,777	30,150	—	—
SBI Magnum Insta Cash Fund -Dividend Option	10	5,74,133	6,103	—	—
SBI Magnum Premier Liquid Fund -Dividend Option	10	7,182	72	—	—
StanChart Grindlays Floating Rate LongTerm	10	—	—	845	9,170
Tata Fixed Horizon Fund Series 9 Scheme D Monthly Dividend	10	3,019,339	30,193	—	—
Franklin Templeton Fixed Tenure Fund Series VII 370 days plan -Dividend	10	2,000,000	20,000	—	—
UTI Floating Rate STP Growth	10	—	—	255,150	2,912
Less: Provision for diminution in the value of investment			—		(121)
<b>Total</b>			<b>1,074,408</b>		<b>523,690</b>

Aggregate amount of investment:	31.03.2007 Rs.in '000		31.03.2006 Rs.in '000	
	Book Value	Market Value/ Repurchase price	Book Value	Market Value/ Repurchase price
Unquoted investment in :				
Units of Mutual Funds	1,064,398	1,070,568	210,417	212,015
Government Securities	10	—	10	—
Debt Securities	—	—	308,783	—
Quoted investment in Equity Shares	—	—	4,601	4,629
Un-quoted investment in Equity Shares	10,000	—	—	—

Note :- Units of Mutual Funds (various income funds ) of face value of Rs.10/- each purchased and sold / redeemed during the year - 116392063 units ( Previous year -1082197739 units)

**SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2007.**

<b>SCHEDULE 5 CURRENT ASSETS, LOAN AND ADVANCES SUNDRY DEBTORS</b>	<b>31.3.2007 Rs. in '000</b>	<b>31.3.2006 Rs. in '000</b>
Over six months	12,944	14,486
Others**	23,813	18,128
	36,757	32,614
Less : Provision for doubtful debts	12,944	14,023
	23,813	18,591
Secured by deposits with the Company and considered good	21,627	17,985
Unsecured and considered good	2,186	606
Considered doubtful	12,944	14,023
	36,757	32,614
**Includes Rs.1617 thousands (Previous year Rs.Nil) dues from CDSL Ventures Ltd.,subsidiary (Maximum amount outstanding during the year Rs.1617 thousands;Previous year Rs.Nil)		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	8	2
Cheques on Hand	207	183
Balances with Scheduled Banks:		
– in current account	320	1,246
– in term deposit accounts (inclusive of interest accrued Rs.11348 thousands; Previous Year Rs. 9474 thousands)	545,449	830,124
In current Account with Reserve Bank of India	104	103
	546,088	831,658
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good )		
Loan to CDSL Ventures Ltd., a subsidiary company inclusive of interest accrued Rs.88 thousands ( Maximum amount outstanding during the year Rs.13088 thousands; Previous year Rs.Nil). Convertible into equity shares at par at the option of the Company.		
	13,088	—
Advances recoverable in cash or in kind or for value to be received	5,308	4,630
Income tax (net of provisions Rs.206500 thousands;previous year Rs.155619 thousands)	13,333	4,467
Fringe Benefit tax less payments	38	—
Deposit with The Stock Exchange, Mumbai	1,200	63,750
	<b>32,967</b>	<b>72,847</b>
<b>SCHEDULE 6 CURRENT LIABILITIES &amp; PROVISIONS CURRENT LIABILITIES</b>		
Sundry Creditors - other than to Small Scale Industrial Undertakings)	7,950	5,359
Security Deposits from depository participants & RTAs	106,650	93,200
Other Deposits	7,500	7,500
Income received in advance	8,798	4,620
Other liabilities	1,821	8,971
	132,719	119,650
<b>PROVISIONS</b>		
For Wealth Tax	13	5
For Ex-Gratia	3,500	2,800
For Leave Encashment	5,084	2,505
For Gratuity	1,216	749
For Fringe Benefit Tax less payments	—	28
For Proposed Dividend	62,700	—
For Corporate Dividend Tax	10,656	—
	<b>83,169</b>	<b>6,087</b>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31ST MARCH, 2007**

<b>SCHEDULE 7 OPERATIONAL INCOME</b>	<b>2006-2007 Rs. in '000</b>	<b>2005-2006 Rs. in '000</b>
Fees towards:		
– Account Maintenance	8,336	6,361
– Transactions	194,118	161,206
– Settlements	11,307	10,492
– Users Facilities	30,130	23,873
– Issuer (Annual)	83,716	71,023
– Training (Net of Training Expenses Rs 973 thousands; P Y.Rs 687 thousands)	526	345
– Others	48,920	43,018
	<b>377,053</b>	<b>316,318</b>
<b>SCHEDULE 8 OTHER INCOME</b>		
Income from/Interest on :		
Fixed Deposits (TDS Rs.5075 thousands; P Y Rs.2957 thousands)	37,973	25,006
Debt Instruments *	5,356	3,770
Others	582	538
Miscellaneous Income	2,017	1,145
Profit on sale of Investments (Net) *	22,021	32,555
Income from Mutual Funds *	37,060	13,635
Rent (TDS Rs 94 thousands; P Y Rs 94 thousands)	420	420
Provisions no longer required written back	1200	417
	<b>106,629</b>	<b>77,486</b>
(* Income from Current Investments )		

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31ST MARCH, 2007**

<b>SCHEDULE 9 PERSONNEL COST</b>	<b>2006-2007 Rs. in '000</b>	<b>2005-2006 Rs. in '000</b>
Salaries and other allowances	45,524	31,398
Contribution to PF and other funds	4,147	2,726
Staff welfare expenses	2,164	1,878
	<b>51,835</b>	<b>36,002</b>
<b>SCHEDULE 10 OTHER EXPENSES</b>		
Rent	14,690	9,949
Rates & Taxes	3	44
Electricity & Water Charges	3,106	2,958
Insurance	8,912	6,315
Repairs and Maintenance :		
Computers	50,819	40,941
Others	1,310	1,179
Legal, Professional and Consultancy Fees	13,142	6,002
Directors' Sitting Fees	669	329
Travelling and Conveyance	3,482	4,234
Annual SEBI Fees	1,000	1,000
Postage, Telephone & Communication Charges	7,844	5,718
Advertisement Expenses	98	262
Printing & Stationery	4,049	1,949
Business Promotion Expenses	1,099	1,004
Bad Debts Written off	7,220	4,107
Loss on sale of Assets	454	69
Provision for Doubtful Debts/Advances	—	963
Miscellaneous Expenses	1,854	1,509
	<b>119,751</b>	<b>88,532</b>



## SCHEDULE TO BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2007

### SCHEDULE 11

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

##### 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	5
Computer Hardware/software	16.21	33.33
Office Equipment	4.75	10
Furniture & Fixtures	6.33	10
Vehicles	9.5	25

Assets costing Rs.5,000 or less are fully written off in the year of purchase.

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**

- a) Contribution to Provident Fund as per the Employees Provident Funds and Miscellaneous Provisions Act, 1952, is charged to Profit and Loss account.
- b) Liability for leave encashment is actuarially evaluated as at the year end and provided for.
- c) Gratuity Liability is provided/funded as per group gratuity scheme of Life Insurance Corporation of India on the basis of actuarial valuation taken at the year end.

**vii. Income Tax**

Provision for current tax and fringe benefit 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.

**ix. Beneficial Owners Protection Fund / Reserve**

CDSL Beneficial Owners Protection Fund set up in 2003-04 as advised by SEBI for indemnification of losses to the beneficial owners in accordance with the Depositories Act, 1996 read with SEBI (Depositories and Participants) Regulation, 1996 and as prescribed in the relevant rules, is funded every year. The Fund's application for registration as public charitable trust is pending with Joint Charity Commissioner, Greater Mumbai Region, Mumbai.

During the year, a sum of a) Rs.4215 thousands being the balance of the previous year was transferred to the Beneficial Owners Protection account and b) a sum of Rs. 3600 thousands has been contributed to the Beneficial Owners Protection Reserve .

**B. Notes to Accounts :**

1. Contingent liability not provided for :-
  - a) In the matter of writ petition filed during the year 2003-04 before the Hon'ble High Court of Bombay by Mr. B. G. Daga, the then Managing Director for his alleged wrongful removal, inter alia, having financial consequences, which is pending.
  - b) Claims against the Company not acknowledged as debts;
 

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.
  - c) In the IPO related matter, a penalty of Rs. 3 crores has been imposed by the Adjudication Officer, SEBI. CDSL disputes the tenability of the order and is in the process of preferring an appeal before the Securities Appellate Tribunal (SAT).
2. SEBI passed Disgorgement Order on 21<sup>st</sup> November, 2006 directing CDSL and two of its depository participants to jointly and severally disgorge a sum of Rs.25.80 crores . On an appeal, Securities Appellate Tribunal (SAT) has passed an interim order staying the operation of the said order.
3. Estimated amount of contracts to be executed on capital account and not provided for (net of advances) Rs.2350 thousands (Previous Year Rs.1136 thousands).

4. Deferred Tax Asset & Liability comprises timing differences on account of :-

	Current year (Rs. in '000)	Previous Year (Rs. In '000)
<b>Deferred Tax Assets</b>		
Provision for Leave Encashment	1711	843
Provision for Doubtful Debts /Advances	4359	4721
Provision for diminution in the value of Investments	—	12
	<u>(A) 6070</u>	<u>5576</u>
<b>Deferred Tax Liability</b>		
Depreciation	<u>(B) 1761</u>	<u>10729</u>
<b>Net Deferred Tax Asset/(Liability) (A-B)</b>	4309	(5153)

5. Managerial Remuneration :

Managerial Remuneration under section 198 of the Companies Act, 1956 to the Managing Director is as under :

	Current Year Rs. in '000	Previous Year Rs. in '000
Salary and allowances	3489	2156
Company's Contribution to P.F.	221	156
Estimated value of perquisites	26	24
<b>Total</b>	<b>3736**</b>	<b>2336</b>

Notes :

- Appointment of Shri V.V.Raut as Managing Director & CEO is subject to any order that may be passed by the Bombay High Court in a writ petition as mentioned in para no.B(1)(a) above.
  - The above figures exclude provision for leave encashment, contribution to the approved gratuity fund and group mediclaim, which are actuarially determined for the Company as a whole.
  - \*\* Includes Rs.415 thousands towards performance linked bonus subject to the approval of shareholders.
6. Fees towards users facilities (Schedule 7) are on account of facilities provided such as telecom leased lines, software and insurance.

7. Auditors' Remuneration :

	Current year (Rs. in '000)	Previous Year (Rs. in '000)
Audit Fees	220	200
Tax Audit Fees	55	50
For Certification	—	5
Out of Pocket Expenses (including service tax Rs.34 thousands, Previous year Rs. 31 thousands)	47	41
<b>Total</b>	<b>322</b>	<b>296</b>

8. Expenses in foreign currency (on payment basis)

	Current Year Rs. in '000	Previous Year Rs. in '000
Travelling Expenses	594	1057
Others	590	35

9. VSAT connectivity facilities provided by the Stock Exchange, Mumbai (BSE) are used by the Company as also by 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: Rs 14019 thousands (Previous Year Rs. 14450 thousands)
10. (a) "Other Liabilities" in Schedule 6 include the balance of Rs. 680 thousands (Previous year Rs. 2675 thousands) net of Rs.3459 thousands (Previous year Rs.2173 thousands ) spent during the year out of the penalty collected on account of late transfer of securities to beneficial owner accounts and to be utilised for Investor Education and Awareness Programme as per SEBI requirements.
- (b) No amount is due to be credited to Investor Education & Protection Fund as required under section 205C of the Companies Act, 1956.
11. 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 not in excess of what is required.
12. During the year, the rates of depreciation on fixed assets has been revised as stated in para no. A (iv) above. In compliance with the Accounting standard – 6

"Depreciation Accounting", such change has been given effect to retrospectively and accordingly, charge of depreciation to the Profit & Loss A/c for the year is higher by Rs.21,659 thousands (including Rs.16,575 thousands for the earlier years) and profit before tax and net block of fixed assets is lower to that extent.

13. During the year the Company has made a strategic and long term investments of Rs. 10000 thousands in the equity shares of the subsidiary company CDSL Ventures Limited and also given a loan of Rs.13000 thousands to the said subsidiary company. The management is confident of realising its investments and recovering the loan in due course.
14. Basic and Diluted Earning Per Share is calculated as under :-

	Current Year	Previous Year
(i) Numerator - Net Profit as per Profit & Loss Account (Rs. In '000)	188220	151420
(ii) Denominator – Weighted Average Number of Equity Shares outstanding during the year (No.'s In '000)	104500	104500
(iii) Nominal Value of Shares (Rs.)	10.00	10.00
(iv) Basic and Diluted Earning Per Share	1.80	1.45

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

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Signatures to Schedules 1 to 11.

For and on behalf of the Board of Directors

**Umesh P. Maskeri**  
Vice President (Legal)  
& Company Secretary

**S.S. Thakur**  
Chairman

**V.V. Raut**  
Managing Director  
& CEO

Place : Mumbai

Date : 17<sup>th</sup> May, 2007

## 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	31.03.2007

### 2. Capital Raised during the year ( amount Rs. In thousands):

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

### 3. Position of mobilisation and deployment of funds (amount Rs. in thousands):

Total Liabilities	Total Assets
1742089	1742089

Sources of Funds		Application of Funds	
Particulars	Amount	Particulars	Amount
Paid up capital	10,45,000	Net Fixed Assets	60,504
Reserves and Surplus	4,81,201	Investments	10,74,408
Secured Loans	NIL	Net Current Assets	3,86,980
Unsecured Loans	NIL	Net Deferred Tax Assets	4,309
	15,26,201		15,26,201

### 4. Performance of the Company (amount Rs. in thousands):

Total Income	Total Expenditure	Profit/Loss before tax	Profit/Loss after tax
4,83,682	2,20,501	2,63,181	1,88,220
Earnings per share in Rs.		Dividend Rate (%)	
1.80		6%	

### 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 securities.

For and on behalf of the Board of Directors

**Umesh P. Maskeri**  
Vice President (Legal)  
& Company Secretary

**S.S. Thakur**  
Chairman

**V.V. Raut**  
Managing Director  
& CEO

Place : Mumbai

Date : 17<sup>th</sup> May, 2007

### 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	:	31st March 2007
3	Holding Company's interest as on above date		
	Number of Shares	:	999993 equity shares of Rs.10 each, fully paid
	Extent of Holding	:	99.9993%
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	:	(Rs.11588 thousands)
	(ii) for the previous financial year of the subsidiary since it became the holding company's subsidiary	:	Not Applicable
5	Net aggregate amounts of the Profit/(Losses) of the subsidiary dealt with in the 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	:	Not Applicable

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For and on behalf of the Board of Directors

**Umesh P. Maskeri**  
Vice President (Legal)  
& Company Secretary

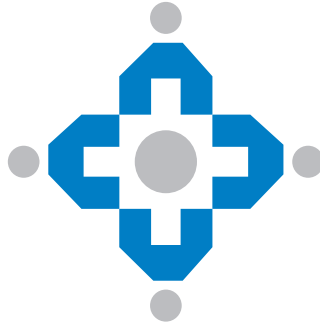
**S.S. Thakur**  
Chairman

**V.V. Raut**  
Managing Director  
& CEO

Place : Mumbai

Date : 17<sup>th</sup> May, 2007





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[www.cdslindia.com](http://www.cdslindia.com)

## CDSL Regional Offices

### Northern Region

#### New Delhi Office

514, New Delhi House, 5<sup>th</sup> Floor,  
27, Barakhamba Road,  
New Delhi-110 001.  
Telefax: 011-41511917

#### Jaipur Office

Jaipur Stock Exchange, Ground Floor,  
J.L.N. Marg, Malviya Nagar,  
Jaipur-302 017.  
Mobile No: 9314647826

#### Ludhiana Office

Ludhiana Stock Exchange,  
Feroze Gandhi Market,  
Ludhiana-141 001.  
Mobile No: 9872603304

### Western Region

#### Gujarat Office

BSE Investor Service Centre,  
804, Corporate House,  
Opposite Torrent House,  
Near Income Tax, Ahmedabad-388 009.  
Phone:079-32936232/66610755/27540445

### Eastern Region

#### Kolkata Office

BSE Investor Service Centre,  
1<sup>st</sup> Floor, Kishor Bhavan,  
17, R.N. Mukherjee Road,  
Kolkata-700 001.  
Phone: 033-32974880/22130530

### Southern Region

#### Chennai Office:

BSE Investor Service Centre,  
4th Floor, Exchange Building,  
No. 11, Second Line Beach,  
Chennai-600 001.  
Phone: 9380281944

#### Hyderabad Representative

Phone: 93470 33350