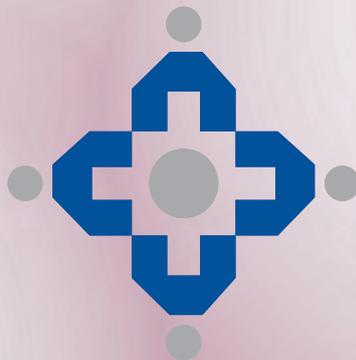
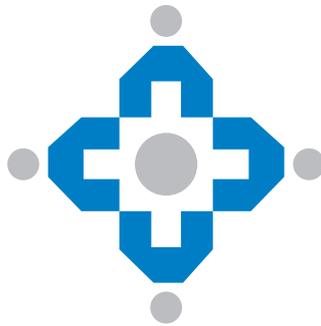




**ANNUAL REPORT**  
2008 - 2009



**Central Depository Services (India) Limited**



**CDSL**

Your Depository

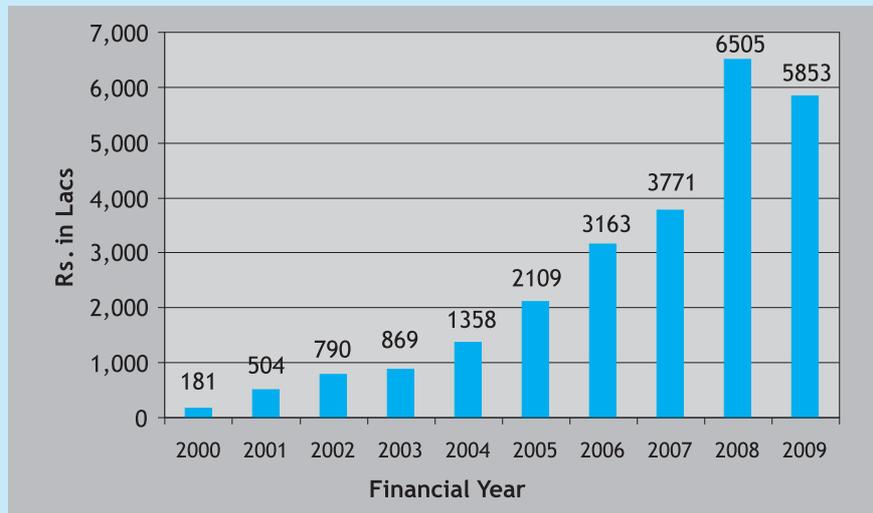
ISO 27001 Certified

## Financial Highlights

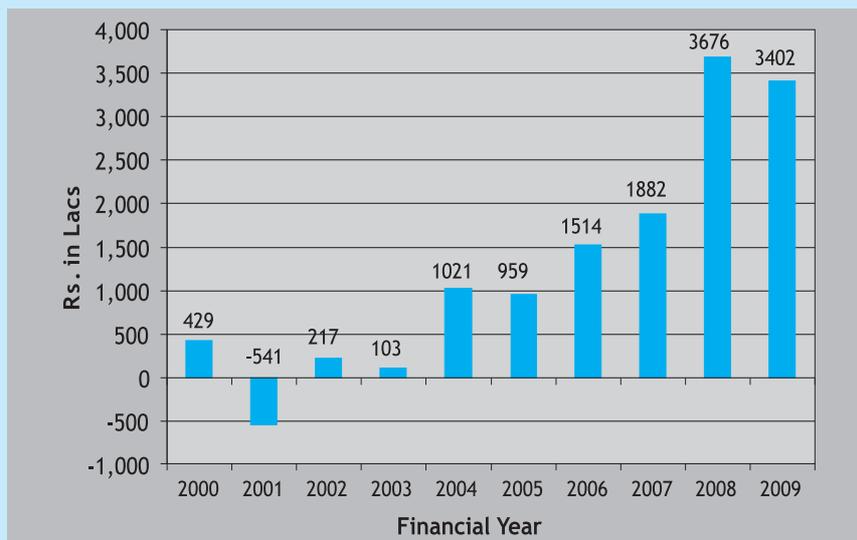
(Rs in lakhs)

Particulars	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Income from Operations	181.20	503.57	790.26	868.68	1357.57	2109.03	3163.18	3770.53	6505.27	<b>5852.51</b>
Other Income	1142.32	740.85	1310.70	781.51	1525.95	780.45	774.86	1066.29	1338.73	<b>1679.55</b>
Total Income	1323.52	1244.42	2100.96	1650.19	2883.52	2889.48	3938.04	4836.82	7844.00	<b>7532.06</b>
Total Expenditure	847.83	1783.21	1866.42	1466.48	1506.06	1504.42	1708.38	2205.01	2659.46	<b>2874.80</b>
Profit Before Tax	475.69	-538.79	234.54	183.71	1377.46	1385.06	2229.66	2631.81	5184.54	<b>4657.26</b>
Taxation	46.64	1.86	17.07	80.97	356.61	425.54	715.46	749.61	1509.11	<b>1255.19</b>
Profit After Tax	429.05	-540.65	217.47	102.74	1020.85	959.52	1514.20	1882.20	3675.43	<b>3402.07</b>
Equity	10100.00	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00	<b>10450.00</b>
Reserves & Surplus	434.77	-105.88	111.59	165.74	1186.59	2146.11	3660.31	4812.01	7170.84	<b>9350.31</b>
Net worth	10486.27	10278.98	10561.59	10615.74	11636.59	12596.11	14110.31	15262.01	17620.84	<b>19800.31</b>
Earning Per Share (Rs.)	0.42	0.00	0.21	0.10	0.98	0.92	1.45	1.80	3.52	<b>3.26</b>
Book Value Per Share (Rs.)	10.38	9.84	10.11	10.16	11.14	12.05	13.50	14.60	16.86	<b>18.95</b>
Return on Net Worth (%)	4.09	0.00	2.06	0.97	8.77	7.62	10.73	12.33	20.86	<b>17.18</b>

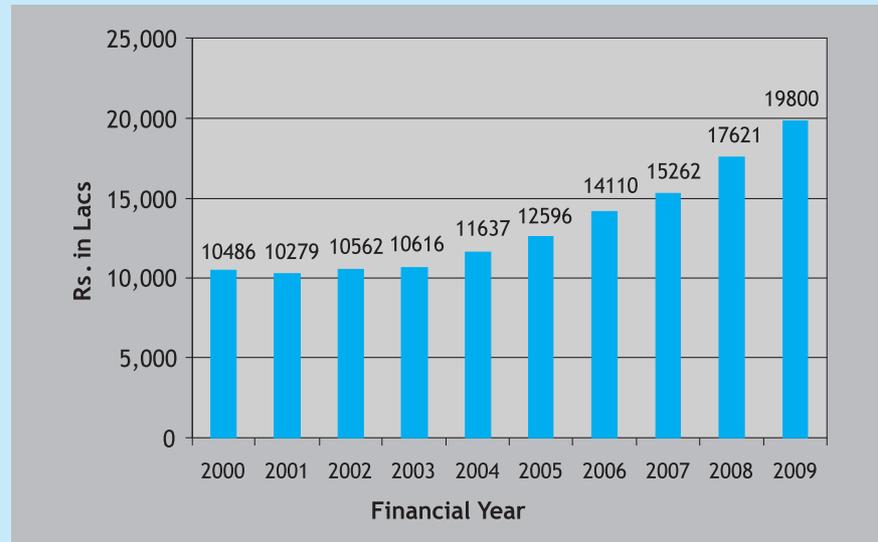
## Operational Income



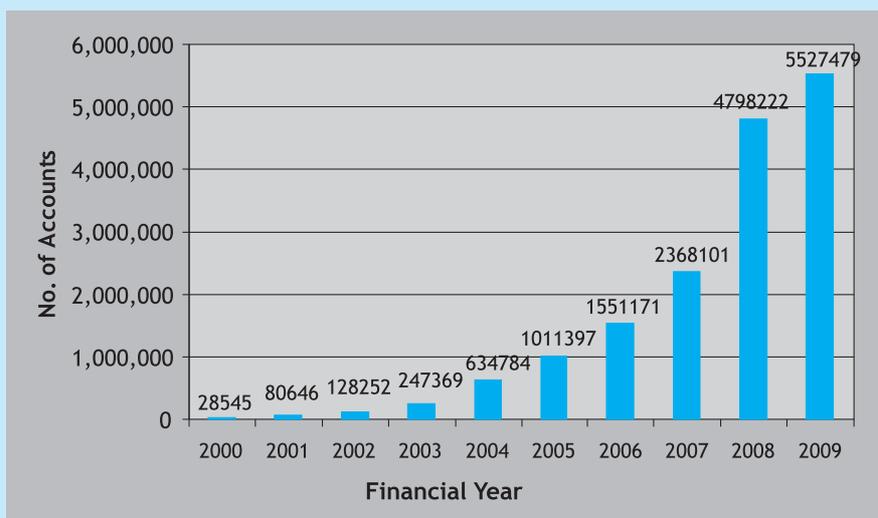
## Profit After Tax



## Net Worth



## BO Accounts



# Central Depository Services (India) Limited

## Board of Directors

Shri S. S. Thakur  
Shri M.R. Mayya  
Shri Anjan Barua  
Shri L. P. Aggarwal

Shri A. P. Ghugal

Shri Madhu Kannan

Shri Prakash R. Kacholia

Shri A.D.M. Chavali

Shri V. V. Raut  
Shri P. S. Reddy

*Chairman*

*Independent Director*

*Sponsor Director (State Bank of India)*

*Sponsor Director (Bombay Stock Exchange Limited)*

[Appointed on 23rd July, 2008]

*Sponsor Director (Bank of India)*

[Appointed on 15th November, 2008]

*Sponsor Director (Bombay Stock Exchange Limited)*

[Appointed on 12th June, 2009]

*Sponsor Director (Bombay Stock Exchange Limited)*

[Appointed on 12th June, 2009]

*Sponsor Director (Bank of Baroda)*

[Appointed on 12th June, 2009]

*Managing Director & CEO*

*Executive Director*

[Appointed with effect from 1st April, 2009]

## Management Team

Shri V. V. Raut  
Shri P. S. Reddy  
Shri Pramod Deshpande  
Shri Cyrus Khambata

Smt. Nayana Ovalekar

Shri Jitendra Chad

Shri Bharat Sheth

Shri Sunil Alvares

Shri Ramkumar K.

Shri Jignesh Gandhi

*Managing Director & CEO*

*Executive Director*

*Chief Technology Officer*

*Senior Vice President - Business Development*

*(Currently on deputation to CDSL Ventures Limited as CEO)*

*Vice President - Audit, Legal & Compliance*

*Vice President - Information Technology*

*Vice President - Accounts & Administration*

*Vice President - Business Development*

*Vice President - Operations*

*Vice President - New Projects*

## Company Secretary

Shri Satish L. Budhakar

## Bankers

Bank of India

## Auditors

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

## Registered Office

17th Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort  
Mumbai - 400 001

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## Directors' Report

Your Directors have pleasure in presenting the Eleventh Annual Report, along with Audited Statement of Accounts of your company for the year ended 31st March, 2009. The company has despite adverse capital market conditions posted satisfactory performance, as evidenced by the financial highlights mentioned below.

### Financial Highlights

Particulars	Year ended 31st March, 2009 (Rs. million)	Year ended 31st March, 2008 (Rs. million)
Income	753.21	784.40
Expenditure	247.84	215.75
Profit before Depreciation and Taxation	<b>505.37</b>	<b>568.65</b>
Depreciation	39.64	50.20
Profit before Tax	<b>465.73</b>	<b>518.45</b>
Provision for Taxation	127.89	163.94
Provision for Deferred Tax for the year	<b>(2.37)</b>	<b>(13.03)</b>
Profit after Tax	340.21	367.54
Balance brought forward	717.08	477.60
Profit available for appropriation	<b>1057.29</b>	<b>845.14</b>
Transfer to Beneficial Owners Protection Reserve	-	5.80
Proposed dividend	104.50	104.50
Tax (including surcharge and education cess on dividend)	17.76	17.76
Surplus carried to Balance Sheet	<b>935.03</b>	<b>717.08</b>

Your company registered an income of Rs. 753.21 million. 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 decreased from Rs. 650.52 million to Rs. 585.25 million, recording a fall of 10.03 % over the year

2007-08. However, other income comprising of interest on fixed deposits, income from mutual funds, etc. increased from Rs. 133.87 million to Rs. 167.95 million registering a growth of 25.45%. Profit Before Tax (PBT) for the financial year 2008-09 at Rs. 465.73 million was lower than the previous year's level of Rs. 518.45 million. Profit After Tax (PAT) amounted to Rs. 340.20 million as against the net profit of Rs. 367.54 million in the previous year, reflecting reduction in the bottom-line by 7.43%.

### Dividend

Your Directors recommend a dividend of Re.1/- per share for the year ended 31st March, 2009. As a stable dividend policy it is proposed to maintain the same rate of dividend as in the previous year, notwithstanding lower net profit for the year 2008 - 09. The dividend will be subject to dividend distribution tax to be paid by the company.

### The Capital Market Environment

The turmoil in the global financial markets led to a sharp fall in Indian stock markets as reflected by a 37.90% decline in the bellwether BSE Sensex over the year, bringing an end to the spectacular four year bull run. The stock markets recorded new lows and the Sensex crashed to an intraday low of 7,697.39 on 27th October, 2008. The impact of the unprecedented global financial meltdown initiated by the US sub-prime crisis, massive repatriation of funds from India by FIIs close to Rs. 50,000 crores and sharp drop in foreign fund in- flows were the major setbacks for the capital market in the year under review. The sheer scale of value destruction in a short span of time led to retail investors staying away from stock markets. The markets remained generally bearish throughout the year 2008-09 and the Sensex finally closed at 9,708.50.

The meltdown in stock markets also adversely impacted the performance of the primary market. The financial year 2008-09 recorded a sharp decline in the number of public issues which mobilized resources aggregating Rs. 2,082 crores as against Rs.54,511 crores in 2007-08 with rights issues also recording a sharp fall. The total capital raised during the year was just Rs. 14,720 crores as against Rs. 87,029 crores during the previous year.

### Operational Highlights

Despite the meltdown in the global and Indian equity markets, your company could register a reasonable growth in its depository operations during the year 2008 - 09. This is reflected in the increase in the number of demat accounts opened, securities admitted and increase in the number of the depository participants, as detailed below. In order to sustain the growth in its depository business the company continues to focus on enhancement of operational efficiency, upgradation of technology, user friendly approach and investor awareness education through seminars.

## Admission of Securities

The number of securities available for demat during the year increased from 10,763 on 31st March, 2008 to 11,361 on 31st March, 2009. 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 given below:

Securities	Year ended 31st March, 2009	Year ended 31st March, 2008	Increase over the previous year (%)
Equity Shares	6,213	5,943	4.54
Debt Instruments	4,432	4,392	0.91
Other Securities	716	428	67.29
Total	11,361	10,763	5.56

## Holding of Dematerialized Securities

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, 2009	Year ended 31st March, 2008	Increase over the previous year (%)
Value <i>(in million Rs.)</i>	4,594,480	5,966,070	(22.99)
Volume <i>(in million)</i>	70,810	49,820	42.13

## Depository Participants and their Branches

During the year 2008-09, 51 new depository participants (DPs) were registered as compared to 59 new registrations in the previous financial year. With this, the number of depository participants holding valid SEBI registration certificates increased to 468 after taking into account the withdrawal / expiry of the certificates of registration of 3 depository participants during the year. Consequently, investors from 123 cities spread across 23 States and one Union Territory can now avail of CDSL's depository services.

## Beneficial Owner Accounts

During the year under review, 12.75 lakh Beneficial Owner (BO) accounts were added, taking the total number of such accounts to 67.55 lakhs and the net outstanding number of BO accounts to 55.27 lakhs at the end of the year. The comparative figures of gross and net BO accounts as on 31st March, 2009 and 31st March, 2008 are given in the following table:

Year ended 31st March, 2009	Year ended 31st March, 2008	Increase over the previous year's cumulative figure	
		Number	Percentage
(Gross) 6,754,840	(Gross) 5,480,245	1,274,595	23.26%
(Net) 5,527,479	(Net) 4,798,222	729,257	15.20%

## Investor Awareness Education Seminars

With a view to creating awareness amongst investors of the dematerialisation facility, and the rights and responsibilities of investors across the country, your company conducted several investor awareness programmes in 2008-09. CDSL officials explained the advantages of dematerialization, procedures to be followed and precautions to be taken by the investors in the form of 'DOs & DONTs'. CDSL conducted 130 such investor awareness programmes, which received wide spread publicity in the print media and encouraging response from the investing public. Further, CDSL officials participated in television programmes on dematerialisation of securities. Your company also brought out a special edition of its bi-monthly newsletter "CDSL Infoline" in September 2008 with a focus on investor awareness.

## Software Enhancements

CDSL has upgraded operating systems of the production servers for achieving compatibility with future technology and also upgraded its database storages with the latest technology. This has enabled the company to service its customers more efficiently, provide better performance and cater to higher volumes of transactions during peak periods. The company has introduced additional features in settlement module viz. settlement pocket for the clearing members for better management of their settlement obligations and stock lending / borrowing module.

### **Additional features in web-based facilities easi and easiest**

Your company has deployed state-of-the-art technology for speedy processing of transactions and for ensuring business continuity. In pursuance of its aim of adding value to the services, the company has provided settlement pocket related reports for clearing members through easi / easiest system and auto easi registration facility to the investors opening demat accounts with CDSL. Both the internet facilities have gained further popularity during the year and are appreciated by users for their beneficial features in terms of customer convenience and protection.

### **Status of PAN compliance**

As per SEBI directive, on or after 1st April, 2006, all new accounts had to be opened by Depository Participants only after obtaining copy of PAN card and verification of the same on IT database. SEBI had also directed that with effect from 1st January, 2007, 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. In accordance with these regulatory requirements, 3.34 lakh demat accounts were in frozen status as on 31st March, 2008 out of which 1.2 lakh accounts contained holdings of securities. All the remaining PAN non-compliant accounts with nil balances have been closed during the year under review. As regards the accounts with securities balances, CDSL continued its efforts to make the demat accounts PAN-compliant. Consequently, as on 31st March, 2009, the number of demat accounts suspended for debit was reduced to 0.95 lakh accounts.

### **Settlement Pockets**

CDSL has introduced a new feature on 5th December, 2008 to enable the clearing members to hold securities settlement-wise in their settlement accounts. This will enable the clearing members to efficiently monitor and manage the settlements through Clearing Houses / Clearing Corporations.

### **Upload through easiest by Clearing Members having Power of Attorney**

CDSL has introduced a facility to clearing members, who have obtained Power of Attorney (POA) from their clients to upload transactions through CDSL's web based facility 'easiest'. This facility enables the clearing members who are registered for easiest to enter through 'easiest' debit instructions on behalf of clients who may have accounts with any DP of CDSL. Currently, a clearing member who is desirous of uploading on-market debit instructions using POA, has to approach as many DPs with whom his clients are maintaining accounts and upload DP specific instructions. The new facility eases the process flow by obviating the need to coordinate with several DPs. No other transactions including inter depository transactions will be allowed to be entered on behalf of the investor by the clearing member. As the transactions are uploaded using e-token, the transactions will be

secure. This facility will introduce ease of operations for the clearing members without the necessity of approaching the DP thereby ensuring speedier operations.

### Multiple Power of Attorney

CDSL has provided additional functionalities in the POA module aimed at fulfilling the requirements of DPs and clearing members in order to facilitate smooth functioning. The features available in the module are creation of POA master ID, multiple POA for single BO account, capturing details of authorized signatories, auto cancellation of POA, multiple signature file types, etc.

### Memorandum of Understanding

During the year under review, the company entered into Memorandum of Understanding (MoU) with the Japan Securities Depository Center, Inc. and The National Depository Center (Russia) to develop co-operative relationship for sharing information, exchange of views, providing training, etc. in depository related areas.

### Prevention of Money Laundering Act (PMLA)

In January 2006, SEBI had announced policy guidelines to comply with the provisions of Prevention of Money Laundering Act, 2002 (PMLA) which came into force from 1st July, 2005. CDSL has taken necessary action to comply with the said guidelines.

### Subsidiary of CDSL

CDSL Ventures Limited, the wholly owned subsidiary of your company, earned a profit before depreciation and taxation of Rs 56.30 lakhs and booked a loss of Rs. 66.25 lakhs after providing for depreciation of Rs.122.50 lakhs in the year 2008 - 09. The progress of the subsidiary's maiden project relating to centralized record keeping of the identity of mutual fund investors, known as the "KYC Project", in terms of the volume of KYC documents got affected due to reduction in fresh investments in mutual funds caused by the slow down in the economy and fall in the capital market. However, the buoyancy in the capital market witnessed since the commencement of the current financial year is expected to enhance investments in mutual funds and the volume of KYC records, resulting in increased revenue earnings of the subsidiary. Your Directors consider the project as financially viable.

## Ownership Pattern of CDSL

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

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

Details of the equity shares held by top ten shareholders of the company as on 31st March, 2009 are given in Annexure A to the Directors' Report. Currently, the sponsors of CDSL collectively hold 96.14% of equity shares of the company.

## 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 Ashok Kumar Rout, nominated as sponsor director by Bombay Stock Exchange Limited (BSE), resigned from the directorship and Shri L. P. Aggarwal, Chief Financial Officer of BSE was appointed as a sponsor director in his place on 23rd July, 2008. Shri L. P. Aggarwal will hold office till commencement of the Eleventh Annual General Meeting.

Shri Rajnikant Patel, nominated as sponsor director by Bombay Stock Exchange Limited (BSE), ceased to be sponsor director on the Board of CDSL with effect from 26th August, 2008 upon withdrawal of his nomination by BSE.

Shri Narendra Prasad, nominated as sponsor director by Bank of India, resigned from the directorship and Shri A. P. Ghugal, General Manager of the bank was appointed as a sponsor director in his place on 15th November, 2008. Shri A. P. Ghugal will hold office till commencement of the Eleventh Annual General Meeting.

Shri B. A. Prabhakar, nominated as sponsor director by Bank of Baroda, resigned from the directorship and Shri K. D. Lamba, Deputy General Manager (Treasury) of the bank was appointed as a sponsor director in his place on 15th November, 2008. Shri K. D. Lamba resigned as Director of the company with effect from 10th June, 2009.

Shri P. S. Reddy was appointed as whole-time director and designated as Executive Director for a period of 3 years with effect from 1st April, 2009 subject to the approval of members of the company in the Eleventh Annual General Meeting.

In terms of Article 108 of the Articles of Association of the company, Shri Siddharth Shah who was a director of a corporate member of Bombay Stock Exchange Ltd, and who was appointed on 9th May, 2006 on the Board of CDSL upon nomination by BSE, ceased to be the Director of the company on 8th May, 2009 on completion of his tenure of 3 years.

Shri Prakash Kacholia, nominated by BSE as sponsor director, was appointed as director on 12th June, 2009 in place of Shri Siddharth Shah. Shri Madhu Kannan, nominated by BSE as sponsor director was appointed on 12th June, 2009 in place of Shri Rajnikant Patel. Shri A. D. M. Chavali nominated as sponsor director by Bank of Baroda in place of Shri K. D. Lamba was appointed as director on 12th June, 2009. Shri Prakash Kacholia, Shri Madhu Kannan and Shri A. D. M. Chavali will hold office till commencement of the Eleventh Annual General Meeting.

The Board has placed on record its appreciation of the services rendered by Shri Ashok Kumar Rout, Shri Rajnikant Patel, Shri Narendra Prasad, Shri B. A. Prabhakar, Shri Siddharth Shah and Shri K. D. Lamba 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 L. P. Aggarwal, Shri A. P. Ghugal and Shri P. S. Reddy. Similar notices in respect of Shri Prakash Kacholia, Shri Madhu Kannan and Shri A. D. M. Chavali for appointment as directors are awaited. Shri S. S. Thakur retires by rotation at the Eleventh Annual General Meeting and being eligible, offers himself for re-appointment as director of the company. The resolutions in this regard form part of the notice of the 11th Annual General Meeting and are recommended for approval by the members.

### Auditors

Lodha & Co., Statutory Auditors of your company, retire at the Eleventh Annual General Meeting. They have been the statutory auditors of the company for the last 10 years. As a good corporate governance practice, your Directors recommend the appointment of M. P. Chitale & Co., Chartered Accountants in place of the retiring auditors. The new 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, 2009 (Rs. in million)	Year ended 31st March, 2008 (Rs. in million)
Earnings	Nil	Nil
Outgo		
Travel expenses	1.38	1.15
Others	1.61	0.25
<b>Total</b>	<b>2.99</b>	<b>1.40</b>

## Directors' Responsibility Statement

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

Being an unlisted company, SEBI Code of Corporate Governance is not applicable to your company. However, it has voluntarily decided to adopt the same. The status of implementation of the Code of Corporate Governance 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, is furnished in **Annexure D**.

## Human Resource Development

Human assets are a critical resource of your company. Therefore, the company accords high importance to human resource development and consciously endeavors to enhance the quality and competence of its employees across cadres. 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 a two day programme on "problem solving and decision making" by experts in the field of management to help its senior executives upgrade their managerial skills. A similar programme was also conducted for the middle management officers.

## Acknowledgement

Your Directors express their gratitude for the support, guidance and co-operation the company has received from SEBI and other regulatory agencies and place on record their appreciation for the continuing support of the Beneficial Owners, Depository Participants, Stock Exchanges and Clearing Houses. The Directors also express their appreciation for the dedicated and committed team of employees which has rendered high quality services to the clientele of the company and has contributed to the steady and healthy growth in its business operations.

For and on behalf of the Board  
Sd/-

Mumbai  
12<sup>th</sup> June, 2009

S. S. Thakur  
Chairman

## Annexure A

### Corporate Governance

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

The company believes in adopting and adhering 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, efficient and transparent depository services to investors within the prescribed legal framework. It has been the motto of CDSL to enhance shareholders' value and protect the interests of all stakeholders by following high standards of corporate governance.

#### Board of Directors

##### a) Composition

As on 31st March, 2009 the Board consisted of eight directors including the Managing Director and CEO. Amongst seven non-executive directors, five 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 31st March, 2009 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 S. S. Thakur, Chairman	Non-Executive - Independent	9	8*	4
Shri M.R. Mayya	Non-Executive Independent	2	1	1
Shri Siddharth J. Shah	Non-Executive	2	-	-
Shri Anjan Barua	Non-Executive	3	-	-
Shri L. P. Aggarwal	Non-Executive	1	-	-
Shri A. P. Ghugal	Non-Executive	-	-	-
Shri K. D. Lamba	Non-Executive	2	-	-
Shri V. V. Raut	Managing Director & CEO	1	1	-

\* The figure relates to membership in Audit and Investors Grievance Committees for which a ceiling has been prescribed in clause 49 of the Listing Agreement.

## b) Sitting fees / remuneration paid to Directors

Non - Executive Directors are paid sitting fee of Rs. 10,000/- for attending each Board meeting and Rs. 5,000/- for attending each meeting of the Board Committee. The Chairman is paid sitting fee of Rs. 20,000/- for a Board meeting and Rs. 10,000/- for a 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 Rs.
Shri S. S. Thakur	3,70,000
Shri M. R. Mayya	1,05,000
Shri Rajnikant Patel	30,000
Shri Siddharth Shah	85,000
Shri Anjan Barua	30,000
Shri L. P. Aggarwal	45,000
Shri Narendra Prasad	35,000
Shri B. A. Prabhakar	45,000
Shri A. P. Ghugal	35,000
Shri K. D. Lamba	30,000

As on 31st March 2009, Shri V. V. Raut, Managing Director & Chief Executive Officer was the only whole-time director of the company. Details of the remuneration paid to him in the year 2008-09 are given in Schedule II (B) to the Annual Accounts under the head "Managerial Remuneration".

### c) Meetings and Attendance

During the year, the Board met five times i.e. on 23rd May, 2008, 4th July, 2008, 23rd July, 2008, 15th November, 2008 and 6th March, 2009. 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	5	5	Yes
Shri M. R. Mayya	5	5	Yes
Shri Rajnikant Patel	3	2	No
Shri Siddharth Shah	5	5	Yes
Shri Anjan Barua	5	2	No
Shri L. P. Aggarwal	3	3	Not applicable
Shri Narendra Prasad	3	1	No
Shri B. A. Prabhakar	3	3	No
Shri A. P. Ghugal	2	2	Not applicable
Shri K. D. Lamba	2	1	Not applicable
Shri V. V. Raut	5	4	Yes

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

### Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management officials have affirmed compliance with the Code.

### 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 31st March, 2009 :-

1. Shri S. S. Thakur
2. Shri Anjan Barua
3. Shri Siddharth Shah
4. Shri A. P. Ghugal
5. Shri K. D. Lamba

**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 four times during the year 2008-09 i.e. on 15th May, 2008, 2nd September, 2008, 11th December, 2008 and 4th February, 2009. 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	4	4
2.	Shri Siddharth Shah	4	4
3.	Shri Anjan Barua	4	1
4.	Shri Narendra Prasad (Resigned on 15th November, 2008)	2	1
5.	Shri B. A. Prabhakar (Resigned on 15th November, 2008)	2	2
6.	Shri A. P. Ghugal (Appointed on 15th November, 2008)	2	1
7.	Shri K. D. Lamba (Appointed on 15th November, 2008)	2	1

## Remuneration Committee

The Remuneration Committee consists of non-executive directors and reviews annually the remuneration to be paid to the whole time director(s). The Committee recommends fixation / revision in the remuneration for approval of the Board within the maximum limit approved by the members. The following directors were members of the Committee as on 31st March, 2009 :

1. Shri S. S. Thakur
2. Shri M. R. Mayya
3. Shri Anjan Barua
4. Shri A. P. Ghugal
5. Shri K. D. Lamba.

## General Shareholder Information

Tenth Annual General Meeting

Day & Date	Friday, the 4th July, 2008
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	10 %

## 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.

## Share holdings

The company's issued and paid up capital of Rs. 104.50 crores consists of 10.45 crore shares of Rs. 10/- each. During the year, 75 lacs shares of Rs. 10/- each were transmitted from Centurion Bank of Punjab Ltd. to HDFC Bank Ltd. upon merger of the former with the latter.

### Top 10 Shareholders as on 31st March, 2009

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.	1,50,00,000	14.36
6.	Standard Chartered Bank	75,00,000	7.18
7.	Canara Bank	67,44,600	6.45
8.	Union Bank of India	20,00,000	1.91
9.	Bank of Maharashtra	20,00,000	1.91
10.	The Jammu & Kashmir Bank Ltd.	20,00,000	1.91
11.	Others	10,00,800	0.96
	<b>Total</b>	<b>10,45,00,000</b>	<b>100.00</b>

### Means of Communication

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. 'CDSL Infoline', a bi-monthly publication of the company, provides latest updates to the market participants. The company also issues communiqués to its depository participants and to Registrar and Transfer Agents as and when necessary.

### Annual Report

Annual Report containing, inter alia, Audited Accounts, Director's 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 Satish Budhakar, Assistant Vice President- Legal & Company Secretary at the following address:

Central Depository Services (India) Limited  
17th Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort, Mumbai - 400001  
Tel : (Direct) 022 - 22722847  
(Board) 22723333 / 22723224 Extn. 8432  
Fax : 022 - 22722072  
Email : satishb@cdslindia.com

## Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year ended 31st March, 2009 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**.

Mumbai  
12<sup>th</sup> June, 2009

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

## Annexure B

### Management Discussion and Analysis Report

#### 1. Introduction

Your company has emerged as a convenient, dependable and secure depository and accomplished high level of operational efficiency over a period of ten years. 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.

#### 2. Industry Structure and Developments

The company as a depository extends its services to beneficial owners through depository participants registered with it. The clearing houses / clearing corporations of stock exchanges are electronically connected with the depository to facilitate delivery of securities for settlement of on-market transactions. The activities like dematerialization, rematerialisation of securities, corporate actions such as issue of rights and bonus shares, consolidation, subdivisions and redemption of securities are carried out by the issuers of securities or their Registrars and Transfer Agents who have established electronic connectivity with the company.

#### 3. Opportunities and Threats

The depository system has facilitated reduction in transaction costs and settlement cycles and mitigated various risks associated with the physical securities. Advanced technology has offered opportunity to investors to trade online. Since online trading has to be supported with an efficient depository system, the company has strengthened its IT Department by installing and constantly upgrading its hardware and software. The task of maintaining the integrity, safety and efficiency of the depository system while striving towards increased business volumes is a challenge which the company has all along met successfully.

#### 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, 2009	Year ended 31st March, 2008	Growth in percentage (%) terms
1.	Beneficial Owner Accounts			
	- Gross	6,754,840	5,480,245	23.26
	- Net	5,527,479	4,798,222	15.20
2.	Holdings of securities			
	Value (in million Rs.)	4,594,480	5,966,070	(22.99)
	Volume (in million)	70,810	49,820	42.13
3.	Number of Depository Participants	468	420	11.43
4.	Securities settled			
	Value (in million Rs.)	2,239,888	3,831,786	(41.55)

##### b. Financial Performance

The company registered gross income of Rs. 753.21 million in 2008 - 09 as against Rs. 784.40 million in the previous financial year reflecting a decrease of 3.97%. The profit after tax also declined from Rs. 367.54 million to Rs. 340.21 million, registering a reduction of 7.43 % over the previous year. The financial performance of the company was affected mainly due to adverse market conditions during the year under review.

#### 5. Future Outlook

The transaction volumes processed by CDSL remain generally linked to the level of stock indices. As the transactions processed by the depository are mainly related to settlement of trades on the stock exchanges, the volume of depository transactions and consequently, CDSL's business prospects are to a great extent determined by the level of stock market trading volumes.

The financial year 2008 - 09 witnessed unprecedented global financial meltdown caused by a chain of events in USA and Western Europe which affected the economies across the world. The acute global financial crisis has forced Governments worldwide to respond with unprecedented measures. The massive capital infusion by the Governments and central banks world wide seems to have resulted in moderating the meltdown. With easing inflation, reversal in the interest rate cycle, comfortable foreign currency reserves and stimulus financial packages India is relatively better placed for revival of its economy compared with many other emerging economies. The financial year 2009 - 10 has in fact commenced on a positive note. Signs of improvement in the economic growth and capital market in India are now clearly visible. The renewed optimism has been strengthened further by the political stability achieved following the recent General Elections and fresh economic reforms expected to be introduced by the new Government. The favourable developments have already triggered a sharp recovery in the stock markets as reflected by the surge in sensx from 9708 points at the end of 2008 - 09 to 15103 points on June 5, 2009. The growing volumes of trading in stock markets is expected to increase the depository transactions of CDSL and improve its financial performance in 2009 - 10.

## 6. Risk Management

The company has constituted a Risk Management Committee which meets periodically to review issues related to identification, assessment and containment of risks concerning the depository business. All critical functional areas of the company have been brought under concurrent audit, which is carried out by an external auditor. The auditor is also required to report on the risks involved in each segment of CDSL operations, compliance of risk mitigation measures put in place and deficiencies observed, if any, in the risk management system with suggestions for improvement in the system.

The turmoil in the capital market witnessed in the year 2008 - 09 has necessitated increased efforts towards risk minimization. The company has decided to lay more stress on compliance so as to ensure that the integrity of the depository system is not compromised, while efforts are made to increase business volumes. CDSL has increased the minimum networth requirement from Rs. 1.5 crore to Rs. 2 crore for registration of new stock broker depository participants.

With a view to mitigating residual risk in conducting depository operations, CDSL has taken a comprehensive crime and liability insurance policy for Rs. 50 crores with one free re-instatement covering the company and its depository participants.

## 7. Monitoring of DP Operations

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

To achieve the said objective, CDSL conducts regular inspection of its depository participants and Registrar and Transfer Agents through its own staff and independent firms of professionals. CDSL has considerably increased the number of inspections being conducted by its own staff. The underlying focus of these inspections is 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. With the approval of SEBI, CDSL and NSDL have jointly worked out an uniform penalty structure for depository participants for most of the non-compliances of regulatory requirements in depository operations. The penalties are levied to impress upon depository participants the importance of compliance with the regulatory requirements and to uphold the integrity and safety of the depository system.

CDSL has decided to focus on '100% compliance by depository participants'. Accordingly, to enhance the overall compliance level, CDSL has taken initiative to educate depository participants across the country. CDSL has conducted free-of-cost compliance training programmes for nearly 730 officials of depository participants. CDSL also conducts guidance visits for new depository participants to evaluate procedures and suggest improvements to achieve the objective of 100% compliance.

### Cautionary Statement

Statements in the Management Discussion and Analysis describing CDSL's objectives, expectations, predictions and assumptions are based on experience and natural prudence. Actual results may differ as the performance of the company varies with capital market conditions and regulatory environment.

Mumbai  
12<sup>th</sup> June, 2009

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

## Annexure C

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

#### 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 L. P. Aggarwal

Shri L. P. Aggarwal is a rank holder Chartered Accountant with more than 25 years of professional experience. Prior to joining Bombay Stock Exchange, he was the Chief Financial Officer (CFO) of IDBI Bank Ltd. He was with IDBI for about 23 years and has grown there from a Management Trainee to CFO. He was in-charge of the DP operations of IDBI and acquired deep knowledge and understanding of Indian equity and other financial markets. Presently, he is the Chief Financial Officer in Bombay Stock Exchange Ltd. and is a BSE nominee on Indian Clearing Corporation Ltd.

#### Shri A. P. Ghugal

Shri A. P. Ghugal is a Post Graduate and has done CAIIB Part - I. During 30 years of service in Bank of India, he had worked as officer and manager in bank branches and held the positions of Deputy Chief Officer, Development Manager and Chief Manager in Regional office / Zonal Office / Head office. He was also the Chief Regional Manager / Zonal Manager in Jharkhand, Ratnagiri and Kolhapur. He was instrumental in rural development and had implemented several schemes for the benefit of rural population. Shri Ghugal is presently General Manager of Bank of India.

#### Shri Prakash Kacholia

Shri Prakash Kacholia is a qualified Chartered Accountant having experience of 18 years in the capital market with a focus on the derivative segment. He is on the Boards of several other companies engaged in variety of business activities, including Bombay Stock Exchange Ltd, Emkay Global Financial Services Limited and BOI Shareholding Limited.

### 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 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. He has recently been posted as General Manager - Treasury & Resource Management of the bank.

### Shri P. S. Reddy

Shri P. S. Reddy is a Post Graduate in Economics having 21 years of experience in capital market related activities. He joined Bombay Stock Exchange in the year 1988 and had worked in various departments of the Exchange including Research & Statistics Department, Surveillance & Inspection Department, Listing Department and Corporate Relations Department. Presently, Shri Reddy is holding the position of Executive Director in Central Depository Services (India) Ltd.

## Annexure D

### Disclosure under Section 217 (2A) of the Companies Act, 1956

Information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 in respect of employees of the company is given below:

Name & Qualification	Age in years	Designation	Remuneration received (Rs.)	Experience (No. of years)	Date of commencement of employment	Last employment & designation
Shri V. V. Raut B.A.	56	Managing Director & CEO	55,92,500	34	8th December, 2005	BSE General Manager - Market Operations
Shri. P. S. Reddy M.A.	46	Chief Operating Officer*	32,28,033	21	8th November, 2006	BSE Chief General Manager - Surveillance & Inspection

\* Appointed as Executive Director with effect from 1st April, 2009.

Notes:

1. Remuneration includes basic salary and other allowances, company's contribution to provident fund and taxable value of perquisites.
2. The said executives are not relatives of any Directors of the company.
3. Employment of Shri Raut is on contractual basis on the terms and conditions approved by the Board of Directors and the shareholders of the company.

For and on behalf of the Board

Sd/-

S.S.Thakur

Chairman

Mumbai

12<sup>th</sup> June, 2009

## AUDITORS' REPORT

To,  
The Members  
Central Depository Services (India) Limited

1. We have audited the attached Balance Sheet of Central Depository Services (India) Limited (the "Company") as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both 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, 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 from directors as on 31st March, 2009, and taken on record by the Board of Directors, wherever applicable, we report that none of the directors is disqualified as on 31st March, 2009 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, 2009;
  - ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date and
  - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For LODHA & CO.  
Chartered Accountants

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

Mumbai  
12<sup>th</sup> June, 2009

**Annexure referred to in paragraph 3 of Auditors' Report of even date on the financial statements for the year ended 31st March, 2009 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 discrepancies were noticed on such verification.
- c) No substantial part of the fixed assets has been disposed off 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. 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 system.
5. 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.
6. No deposits within the meaning of Sections 58A, 58AA or any other relevant provision of the Act and rules framed there under have been accepted by the Company.
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, Cess which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at 31st March, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. The Company has not defaulted during the year in repayment of dues to any financial institution or bank or debenture holders.
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 investments.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loan during the year.
17. Funds raised on short-term basis have not been used for long term investment.

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 LODHA & CO.  
Chartered Accountants

Mumbai  
12<sup>th</sup> June, 2009

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

## BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	31.3.2009 Rs. in '000	31.3.2008 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	935,031	717,084
		1,980,031	1,762,084
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	435,100	330,785
Less : Depreciation		325,332	289,717
Net block		109,768	41,068
<b>Investments</b>	4	1,215,754	1,626,353
<b>Deferred Tax Asset</b>		19,720	17,343
<b>Current Assets, Loans &amp; Advances</b>			
Interest accrued on Investments	5	5,066	-
Sundry Debtors		28,702	34,706
Cash and Bank balances		885,961	302,459
Loans and Advances		49,395	48,670
		969,124	385,835
<b>Less:</b>			
<b>Current Liabilities &amp; Provisions</b>			
Liabilities	6	200,518	174,520
Provisions		133,817	133,995
		334,335	308,515
<b>Net Current Assets</b>		634,789	77,320
		1,980,031	1,762,084
<b>Significant Accounting Policies and Notes to Accounts</b>			
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 Lodha & Co.**

Chartered Accountants

**R.P.Baradiya**

Partner

**Satish Budhakar**

Asst. Vice President (Legal)  
& Company Secretary

**S.S.Thakur**

Chairman

**V.V.Raut**

Managing Director  
& CEO

Mumbai,  
12<sup>th</sup> June, 2009

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	2008-2009 Rs. in '000	2007-2008 Rs. in '000
<b>INCOME</b>			
Operational Income	7	585,251	650,527
Other Income	8	167,955	133,873
		<u>753,206</u>	<u>784,400</u>
<b>EXPENDITURE</b>			
Personnel Cost	9	74,885	62,533
Other Expenses	10	172,954	153,210
Depreciation		39,641	50,203
		<u>287,480</u>	<u>265,946</u>
<b>Profit before Tax</b>		<u>465,726</u>	<u>518,454</u>
Provision for Current Tax		126,800	163,200
Provision for FBT		870	700
Provision for Wealth Tax		226	45
Provision for Deferred Tax		(2,377)	(13,034)
<b>Profit After Tax</b>		<u>340,207</u>	<u>367,543</u>
Balance of Profit brought forward from previous year		717,084	477,601
<b>Profit available for appropriation</b>		<u>1,057,291</u>	<u>845,144</u>
Transfer to Beneficial Owners Protection Fund		-	5,800
Proposed Dividend		104,500	104,500
Corporate Dividend Tax		17,760	17,760
<b>Surplus carried to Balance Sheet</b>		<u>935,031</u>	<u>717,084</u>
Basic & Diluted Earning Per Share of face value of Rs.10 each		3.26	3.52
<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

**Satish Budhakar**  
Asst. Vice President (Legal)  
& Company Secretary

**S.S.Thakur**  
Chairman

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

Mumbai,  
12<sup>th</sup> June, 2009

## Cash Flow Statement For the year ended March 31, 2009

	2008-2009 Rs. in '000	2007-2008 Rs. in '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAXES	465726	518454
<b>Net Profit for non-cash items to be disclosed seperately</b>		
Add : Depreciation	39641	50203
Provision for diminution in the value of investments	(2102)	2954
Provision for Doubtful Debts	1081	2878
Loss on sale of fixed assets	27	-
Less : Profit from sale of Investments	(2240)	(6582)
Income from mutual funds	(107544)	(82872)
Interest Income	(53562)	(41565)
	(124699)	(74984)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	341027	443470
Adjustment for changes in working capital		
Sundry Debtors	4923	(13771)
Loans and Advances	(3651)	(7779)
Current Liabilities and Provisions	25639	37891
	26911	16341
<b>CASH GENERATED FROM OPERATIONS</b>	367938	459811
Taxes Paid	(124390)	(171837)
Funds transferred to BO protection fund	-	(3600)
<b>A NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	243548	284374
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	(108405)	(30767)
Proceeds from the sale of Fixed assets	37	-
Purchase of Investments	412702	(554899)
Profit on sale of Investments	2240	6582
Dividend Received	107544	82872
Interest Received	48496	41565
Loan to CVL	(400)	-
<b>B NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	462213	(454647)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid including dividend tax	(122260)	(73356)
<b>C NET CASH USED IN FINANCING ACTIVITIES</b>	(122260)	(73356)
<b>NET INCREASE / DECREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	583502	(243629)
Cash and Cash Equivalents at the beginning of the year	302459	546088
Cash and Cash Equivalents at the end of the year	885961	302459
	583502	(243629)
1. Cash and Cash Equivalents comprises of		
Cash and Cheques on Hand	6	2
With scheduled bank on		
Current Accounts	799	1059
Deposit Account	885052	301293
With RBI - Current Account	104	105
	885961	302459

**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 Lodha & Co.**  
Chartered Accountants

**R.P.Baradiya**  
Partner

**Satish Budhakar**  
Asst.Vice President (Legal)  
& Company Secretary

**S.S.Thakur**  
Chairman

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

Mumbai,  
12<sup>th</sup> June, 2009

### SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 1 SHARE CAPITAL	31.3.2009 Rs. in '000	31.3.2008 Rs. in '000
<b>Authorised</b> 15,00,00,000 Equity shares of Rs.10 each	1,500,000	1,500,000
<b>Issued, Subscribed and Paid-up</b> 10,45,00,000 Equity shares of Rs.10 each	1,045,000	1,045,000
<b>SCHEDULE 2 RESERVES &amp; SURPLUS</b>		
Surplus as per Profit & Loss Account	935,031	717,084
<b>TOTAL</b>	<b>935,031</b>	<b>717,084</b>

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2009

<b>SCHEDULE 3 FIXED ASSETS</b>											<b>Rs. in'000</b>
DESCRIPTION	GROSS BLOCK				AMORTISATION / DEPRECIATION				NET BLOCK		
	As on 1.4.2008	Addit ions	Deduc tions	As on 31.3.2009	Upto 31.3.2008	For the year 2008-2009	Deductions	Upto 31.3.2009	As on 31.3.2009	As on 31.3.2008	
Building *	17,377	-	-	17,377	16,067	1,309	-	17,376	1	1,310	
Leasehold premises	-	53,152	-	53,152	-	4,296	-	4,296	48,856	-	
<i>Automated Depository System</i>											
Computer Hardware	143,814	29,778	2,903	170,689	124,489	19,815	2,903	141,401	29,288	19,325	
Computer Software	115,312	7,126	-	122,438	111,309	4,303	-	115,612	6,826	4,003	
Equipment	22,623	5,705	1,187	27,141	19,723	2,920	1,123	21,520	5,621	2,900	
Furniture & fixtures	23,433	10,823	-	34,256	15,692	4,778	-	20,470	13,786	7,741	
Vehicles	8,226	1,821	-	10,047	2,437	2,220	-	4,657	5,390	5,789	
<b>Total</b>	<b>330,785</b>	<b>108,405</b>	<b>4,090</b>	<b>435,100</b>	<b>289,717</b>	<b>39,641</b>	<b>4,026</b>	<b>325,332</b>	<b>109,768</b>	<b>41,068</b>	
Previous Year	307,205	30,767	7,187	330,785	246,701	50,203	7,187	289,717	41,068		
*Includes face value of shares in a co - operative society - Gross Block Rs. 500 (Previous year Rs. 500) ; Net Block Rs. 308 (Previous year Rs.358)											

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 4 INVESTMENTS					
Particulars	Face Value (Rs.)	31.03.2009		31.03.2008	
		Quantity in nos.	Rs. in'000	Quantity in nos.	Rs. in'000
<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		10000		10,000
<b>Government Securities</b>					
11.50% GOI 2015	1000		10		10
<b>Current Investments:</b>					
Investments in Debt Securities					
(Unquoted & Non Trade )					
11.35% IDBI Omni Bonds 2008-Sr.XV	1000000	100	100,000	-	-
6.85% IIFCL Bonds (Tax Free)	100000	1,000	100,000	-	-
NCD Tata Capital Ltd. (12%)	1000	50,000	50,000	-	-
<b>Equity Shares</b>					
[Quoted, Non Trade & Fully paid up]					
Reliance Power Ltd	10	1,113	313	696	313
<b>Units of Mutual Fund</b>					
Fortis Flexi Debt Fund -Regular -Growth Plan	10	964950	10239	964,950	10,239
Fortis Series 12 Plan A -Institutional Dividend	10	10000000	100000	-	-
Fortis Flexible Short Term Plan Ser B Monthly					
Dividend-Reinvestment		-	-	5,000,000	50,000
Fortis FTP Series 5-14 months Plan		-	-	5,000,000	50,000
Fortis Money Plus Fund-Institutional Monthly Dividend	10	41270	414	79,227	795
Birla Cash Plus-Institutional Premium-Weekly Divided	10	40753	409	1,017	10
Birla Savings Fund -Institutional-Daily Dividend					
-Reinvestment	10	48469	485	14,536	145
Birla Dynamic Bond Fund - Retail - Monthly					
Dividend - Reinvestment	10	3240336	33343	-	-
Birla Short Term Fund-Retail-Monthly Dividend					
-Reinvestment	10	58425	615	55,065	580
Birla Short Term Fund-Inst-Daily Dividend-					
Reinvestment	10	3039672	30413	-	-
Birla Fixed Term Plan-Institutional-Series AS-Dividend-					
Reinvestment	10	3369056	33731	-	-
Birla Fixed Term Plan-Institutional-Series BK-Growth10					
Birla Interval Income-Institutional -Quarterly-S3-					
Dividend-Reinvestment	10	-	-	4,040,139	40,402
Birla Fixed Term Plan-Institutional-Series AA-					
Dividend-Payout	10	-	-	4,000,000	40,000
Birla Interval Income-Institutional -Quarterly-S1-					
Dividend-Reinvestment	10	-	-	655,879	6,559
Birla Fixed Term Plan-Institutional-Series AB-					
Dividend-Payout	10	-	-	3,000,000	30,000
Birla Quarterly Interval Fund-Series 7-					
Dividend-Reinvestment	10	-	-	2,023,814	20,238
Birla Interval Income-Institutional -Quarterly-S2-					
Dividend-Reinvestment	10	-	-	3,076,607	30,766

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2009

Particulars	Face Value (Rs.)	31.03.2009		31.03.2008	
		Quantity in nos.	Rs. in'000	Quantity in nos.	Rs. in'000
DWS Insta Cash Plus Fund-Institutional Plan-Daily Dividend Option	10	-	-	70,977	711
DWS Fixed Term Fund Series 24-Institutional Plan-Dividend Option	10	-	-	3,050,000	30,500
DWS Fixed Term Fund Series 32-Institutional Plan-Dividnd Option	10	-	-	5,000,000	50,000
DWS Fixed Term Fund Series 51-Institutional Plan-Dividend Option	10	5000000	50000	-	-
DWS Short Maturity Fund-Weekly Dividnd Option	10	2231791	22952	2,041,551	21,005
DWS Money Plus Fund-Institutional Plan-Daily Dividend Option	10	-	-	655,915	6,565
HDFC Floating Rate Income Fund-Short Term Plan -Wholesale Option-Dividnd Weekly	10	-	-	3,311,574	33,616
HDFC Floating Rate Income Fund-Short Term Plan -Wholesale Option-Dividnd Daily	10	23553	237	-	-
HDFC FMP 15 M March 2007 (5) -Wholesale Plan -Quarterly Dividend-Payout	10	-	-	1,500,000	15,000
HDFC FMP 13M March 2008 (VII) (2) -Wholesale Plan -Growth	10	3,102,150	31,021	3,102,150	31,021
HDFC 370D June 2008 (VIII) (1) - Wholesale Plan -Quarterly Dividend-Payout	10	4250000	42500	-	-
HSBC Fixed Term Fund Series 28-Institutional Growth	10	-	-	3,000,000	30,000
HSBC Fixed Term Fund Series 33-Institutional Dividend	10	-	-	3,000,000	30,000
HSBC Fixed Term Fund Series 63-Institutional -Growth	10	3239014	32390	-	-
HSBC Liquid Plus -Inst. Plus-Dividnd Plan	10	-	-	597,667	5,984
ING Income Fund -Institutional Plan-Quarterly Dividend Option	10	2102038	21841	1,975,694	20,541
ING Liquid Fund -Institutional -Daily Dividend Option	10	-	-	860,035	8,611
ING Fixed Maturity Fund -XXXII-Institutional Dividend-Payout	10	2500000	25000	3,000,000	30,000
ING Fixed Maturity Fund -XXXIV-Institutional Dividend-Payout	10	-	-	3,000,000	30,000
ING Fixed Maturity Fund -XXXV-Institutional Dividend-Payout	10	-	-	3,000,000	30,000
ING Fixed Maturity Fund -XXXVI-Institutional Dividend-Payout	10	-	-	4,000,000	40,000
ING Fixed Maturity Fund -47-Institutional Dividend-Payout	10	4500000	45000	-	-
ING Fixed Maturity Fund -48-Institutional Dividend-Payout	10	3000000	30000	-	-
JM Fixed Maturity Fund Series VII-13 months Plan 1 -Institutional Dividend Plan	10	-	-	3,119,334	31,194
JM Fixed Maturity Fund Series IV-13 months Plan F4-Dividnd Plan	10	-	-	2,730,519	27,316
JM Fixed Maturity Fund -Series IV-15 Months Plan 2 -Institutional Dividend	10	-	-	2,145,371	21,461
JM Interval Fund-Quarterly Plan 1-Institutional Dividend	10	-	-	3,685,346	36,858
JM Interval Fund-Quarterly Plan 5-Institutional Dividend	10	-	-	3,020,667	30,207

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2009

Particulars	Face Value (Rs.)	31.03.2009		31.03.2008	
		Quantity in nos.	Rs. in'000	Quantity in nos.	Rs. in'000
JM Fixed Maturity Fund Series XI-Yearly Plan-Institutional Dividend Plan	10	5285273	52862	-	-
JM Fixed Maturity Fund Series Xlii-Yearly Plan-Institutional Dividend Plan	10	3327679	33278	-	-
JM High Liquidity Fund Super Institutional Plan-Dividend Option	10	-	-	10,128	101
JM Money Manager Fund Super Plus Plan-Dividend Option	10	-	-	28,640	287
JP Morgan India Liquid Plus Fund -Dividend Plan	10	-	-	50,846	509
Kotak Bond (Short Term) -Monthly Dividend	10	2182934	21976	8,351,117	84,365
Kotak Floater Short Term -Weekly Dividend	10	5578	56	5,226	52
Kotak FMP 12M Series 3 Institutional -Dividend	10	1031568	10316	-	-
Kotak FMP 12M Series 7 Institutional -Dividend	10	5231467	52317	-	-
Kotak FMP 13M Series 2 -Institutional Dividend-Reinvestment	10	-	-	5,433,068	54,338
Kotak FMP 6M Series 3	10	-	-	-	-
Kotak Quarterly Interval Plan Series 6 -Dividend Reinvestment	10	-	-	3,023,304	30,233
LICMF FMP series 31-13 Months -Dividend Plan	10	-	-	5,251,496	52,516
Principal Floating Rate Fund FMP -Institutional Option -Daily Dividend Reinvestment	10	-	-	1,086,981	10,883
Principal Income Fund-Institutional Plan-Dividend Reinvestment-Quarterly	10	59581	674	4,392,410	51,736
Principal Income Fund-Short term Plan-Institutional Plan-Dividend Reinvestment-Weekly	10	1633572	17695	1,518,171	16,445
Principal Fixed Maturity Plan (FMP-47) 385 days-Series VII-June 08-Institutional Dividend Plan	10	5000000	50000	-	-
Prudential ICICI Institutional Short Term Plan-Cummulative Option.	10	27,094	376	27,094	376
ICICI Prudential Institutional Liquid Plan-Super Institutional-daily Dividend	10	596173	5962	1,146,746	11,468
ICICI Prudential Flexible Income Plan-Daily Dividend -Reinvestment	10	74265	785	2,823,671	29,856
ICICI Prudential Interval Fund II -Quarterly Interval Plan B-Retail Dividend-Reinvestment	10	-	-	3,080,910	30,809
ICICI Prudential Interval Fund II -Quarterly Interval Plan C-Retail Dividend-Reinvestment	10	-	-	4,278,525	47,285
ICICI Prudential Interval Fund -Quarterly Interval Plan 1-Retail Dividend-Reinvestment	10	-	-	5,231,074	52,311
Reliance Fixed Horizon Fund II-Annual Plan-Series VI-Institutional-Dividend Plan	10	-	-	3,000,000	30,000
Reliance Fixed Horizon Fund IV-Annual Plan-Series I-Institutional Dividend Plan	10	-	-	3,000,000	30,000
Reliance Fixed Horizon Fund -VI-Series 2-Institutional Dividend Plan	10	-	-	3,500,000	35,000
Reliance Quarterly Interval Fund-Series II-Institutional Dividend Plan	10	90	1	90	1
Reliance Quarterly Interval Fund-Series III-Institutional Dividend Plan	10	-	-	3,069,167	30,693

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2009

Particulars	Face Value (Rs.)	31.03.2009		31.03.2008	
		Quantity in nos.	Rs. in'000	Quantity in nos.	Rs. in'000
Reliance Fixed Horizon Fund IV-Annual Plan-Series II-Institutional Dividend Plan	10	-	-	3,000,000	30,000
Reliance Fixed Horizon Fund -X-Series 3 - Super Institutional Dividend Plan	10	3000000	30000	-	-
Reliance Short Term Fund -Retail Plan- Dividend Plan	10	-	-	636,364	6,757
Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan	1000	4127	4132	13,414	13,414
Reliance Liquid Fund -Treasury Plan -Institutional Option-Daily Dividend Option	10	363665	5559	-	-
SBI Magnum Insta Cash Fund -Dividend Option	10	80338	858	1,224,932	13,045
SBI Magnum Premier Liquid Fund -Institutional-Dividend Option	10	8097	81	7,613	76
SBI Debt Fund Series- 370 Days-2-Institutional Dividend	10	3000000	30000	-	-
Sundaram BNP Paribas Fixed Term Plan K - Institutional Dividend	10	3060722	31285	-	-
Franklin Templeton Fixed Tenure Fund Series VII 370 days plan -Dividend	10	-	-	2,000,000	20,000
Templeton India Short Term Income Retail Plan- Weekly Dividend-Reinvestment	1000	32100	34977	29,435	32,104
Templeton Fixed Horizon Fund Series II-Plan A-Institutional	10	-	-	3,400,000	34,000
Templeton Fixed Horizon Fund Series VII-Plan C-Institutional	10	3,000,000	30000	3,000,000	30,000
Less: Provision for diminution in the value of investment			852		2,954
<b>Total</b>			<b>1,215,754</b>		<b>1,626,353</b>

Aggregate amount of investment	31.03.2009		31.03.2008	
	Book Value	Market Value/ Repurchase Price	Book Value	Market Value/ Repurchase Price
Unquoted investment in :				
Units of Mutual Funds	956,282	955,629	1,618,984	1,616,030
Government Securities	10	-	10	-
Equity Shares	10,000	-	10,000	-
Debt Securities	250,000	-	-	-
Aggregate of unquoted investments	1,216,292	955,629	1,628,994	1,616,030
Aggregate of quoted investment in Equity Shares	313	114	313	221

Note :- Units of Mutual Funds (various income funds) of face value of Rs.10/- each purchased and sold / redeemed during the year -168362686 units ( Previous year -178995705 units)

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 5 CURRENT ASSETS, LOAN AND ADVANCES SUNDRY DEBTORS	31.3.2009 Rs. in '000	31.3.2008 Rs. in '000
Over six months	16,092	15,252
Others	29,513	35,276
	45,605	50,528
Less : Provision for doubtful debts	16,903	15,822
	28,702	34,706
Secured by deposits with the Company and considered good	27,545	33,570
Unsecured and considered good	1,157	1,136
Considered doubtful	16,903	15,822
	45,605	50,528
<b>CASH AND BANK BALANCES</b>		
Cash on hand	6	2
Balances with Scheduled Banks:		
-in current account	799	1059
-in term deposit accounts (inclusive of interest accrued Rs.30028 thousands; Previous Year Rs. 14793 thousands)	885,052	301,293
In current Account with Reserve Bank of India	104	105
	885,961	302,459
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Loan to CDSL Ventures Ltd., a subsidiary company inclusive of interest accrued Rs.Nil; Previous year Rs.Nil (Maximum amount outstanding during the year Rs.25600 thousands; Previous year Rs.22305). Convertible into equity shares at par at the option of the Company.	20,000	19,600
Amount receivable from CDSL Ventures Ltd., a subsidiary company (Maximum amount outstanding during the year Rs.6770 thousands; Previous year Rs.5471 thousands).	1,194	-
Advances recoverable in cash or in kind or for value to be received	8,955	6,498
Income tax (net of provisions Rs.499127 thousands; previous year Rs.369700 thousands)	17,807	21,177
Fringe Benefit tax ( net of provisions of Rs. 2081 thousands; previous year Rs.1211 thousands)	162	118
Deposit with The Stock Exchange, Mumbai	1,277	1,277
	49,395	48,670
<b>SCHEDULE 6 CURRENT LIABILITIES &amp; PROVISIONS CURRENT LIABILITIES</b>		
Sundry Creditors		
(a) Due to Creditors other than Micro and Small Enterprises	17,896	17,049
(b) Due to Micro and Small Enterprises (Refer Note No. B (14) in Schedule 11)	-	-
Security Deposit from depository participants & RTA	152,350	130,350
Other Deposits	-	7,500
Income received in advance	15,880	12,510
Other liabilities	14,392	7,111
	200,518	174,520
<b>PROVISIONS</b>		
For Wealth Tax	226	45
For Leave Entitlement	9,647	10,290
For Gratuity	1,684	1,400
For Proposed Dividend	104,500	104,500
For Corporate Dividend Tax	17,760	17,760
	133,817	133,995

## SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE 7 OPERATIONAL INCOME	2008-2009 Rs. in '000	2007-2008 Rs. in '000
Fees towards:		
- Account Maintenance	13,220	9,980
- Transactions	269,036	374,139
- Settlements	20,805	17,889
- Users Facilities	44,251	38,523
- Annual Issuer charges (Net of contribution to Beneficial Owners Protection Fund Rs.2600 thousands; previous year Rs.Nil- Refer Note No.B 9(b) in Schedule 11 )	142,840	106,179
- Training (Net of Training Expenses Rs 1095 thousands; previous year Rs.1319 thousands)	639	870
- Others	94,460	102,947
	<b>585,251</b>	<b>650,527</b>
SCHEDULE 8 OTHER INCOME		
Income from/Interest on :		
Fixed Deposits (TDS Rs.10243 thousands ; P Y Rs.8860 thousands)[ Net of contribution to Beneficial Owners Protection fund Rs.1200 thousands; Previous Year Rs.Nil- Refer Note No.B 9(b) in Schedule 11)	47,979	39,622
Debt Instruments * (TDS Rs.NIL)	5,583	-
Others (TDS Rs. 332 thousands; P Y Rs.307 thousands)	2,108	1,942
Miscellaneous Income	329	2,435
Profit on sale of Investments (Net) *	2,240	6,582
Income from Mutual Funds *	107,544	82,872
Rent (TDS Rs 14 thousands; P Y Rs 87 thousands)	70	420
Provisions no longer required written back	2,102	-
	<b>167,955</b>	<b>133,873</b>
(*Income from Current Investments)		

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31ST MARCH, 2009**

<b>SCHEDULE 9 PERSONNEL COST</b>	<b>2008-2009 Rs. in '000</b>	<b>2007-2008 Rs. in '000</b>
Salaries and other allowances	66,664	54,341
Contribution to PF and other funds	5,094	4,801
Staff welfare expenses	3,127	3,391
	<u>74,885</u>	<u>62,533</u>
<b>SCHEDULE 10 OTHER EXPENSES</b>		
Rent	27,935	20,205
Rates & Taxes	2,493	41
Electricity & Water Charges	7,906	4,857
Insurance	17,207	12,362
Repairs and Maintenance :		
Computers	70,007	64,555
Others	2,307	1,655
Legal, Professional and Consultancy Fees	9,792	12,007
Directors' Sitting Fees	815	687
Travelling and Conveyance	4,804	4,092
Annual SEBI Fees	1,000	1,000
Postage, Telephone & Communication Charges	9,132	8,300
Advertisement Expenses	168	140
Printing & Stationery	3,589	3,286
Business Promotion Expenses	2,314	2,245
Bad Debts Written off	9,155	9,362
Loss on sale of Assets	27	-
Provision for Doubtful Debts/Advances	1,081	2,878
Provision for diminution in the value of investments	-	2,954
Miscellaneous Expenses	3,222	2,584
	<u>172,954</u>	<u>153,210</u>

## SCHEDULE TO BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

### 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 Rs.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. 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 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 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.

#### B. Notes to Accounts:

1. Contingent liability not provided for:-

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. Amount not ascertainable.

2. Estimated amount of contracts to be executed on capital account and not provided for (net of advances) Rs.2818 thousands (Previous Year Rs.10183 thousands).

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

(Rs. In Thousands)

	2008-09	2007-08
<b>Deferred Tax Assets</b>		
Provision for Doubtful Debts/Advances	5,745	5,378
Provision for Diminution in Value of Investments	97	335
Expenses allowed on payment basis	7,006	5397
Depreciation	6,872	6,233
<b>Total</b>	<b>19,720</b>	<b>17,343</b>

4. Managerial Remuneration:

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

(Rs. In Thousands)

	2008-09	2007-08
Salary and allowances	5213	4072
Company's Contribution to P.F.	324	238
Estimated value of perquisites	56	126
<b>Total</b>	<b>5593</b>	<b>4436</b>

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.

5. Fees towards users facilities (Schedule 7) are on account of facilities provided such as telecom leased lines, software and insurance.

## 6. Auditors' Remuneration:

(Rs. In Thousands)

	2008-09	2007-08
Audit Fees	300	265
Tax Audit Fees	75	65
Out of Pocket Expenses (including service tax Rs.39 thousands, Previous year Rs. 41 thousands)	54	55
<b>Total</b>	<b>429</b>	<b>385</b>

## 7. Expenses in foreign currency (on payment basis)

(Rs. In Thousands)

	2008-09	2007-08
Travelling Expenses	1375	1152
Others	1606	259

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: Rs 16271 thousands (Previous Year Rs. 15068 thousands)

## 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, Rs.461 thousands (Previous Year Rs.2983 thousands) utilized for conducting various investor education and awareness programme. Balance of Rs.206 thousands (Previous year Rs. Nil) 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" in Schedule 6 are given below:

(Rs. In Thousands)

	Current Year	Previous Year
<b>Opening Balance</b>	5800	3600
Add :		
Penalties levied	7715	-
Other Contributions*	3800	5800
Less : Funded	5800	3600
<b>Closing Balance</b>	11515	5800
* Refer Schedule 7 & 8		

- c) Investor Education & Protection Fund :  
No amount is required to be credited to Investor Education & Protection Fund as contemplated under section 205C of the Companies Act, 1956.
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 Rs. 10000 thousands in the equity shares of the subsidiary company CDSL Ventures Limited and also given a loan of Rs.20000 thousands to the said subsidiary company. The management is confident of realising its investments and recovering the loan in due course.
13. The Company has determined the liability for Employee Benefits as at March 31, 2009 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, 2009

(Rs. In Thousands)

	31-3-2009	31-3-2008
<b>A Expenses Recognized in the statement of Profit &amp; Loss Account for the year ended</b>		
1 Current Service Cost	946	826
2 Past Service Cost	839	727
3 Interest Cost	331	267
4 Expected Return on Plan Assets	(267)	(248)
5 Net Actuarial ( Gain)/ Loss recognized for the Period	(165)	28
6 Expenses recognized in statement of P&L A/c	844	1600
<b>B Net Asset / (Liability) recognized in the Balance Sheet</b>		
1 Present Value of Obligation	4925	4476
2 Fair Value of Plan Assets	3241	2876
3 Funded Status	(1683)	(1600)
4 Unrecognised Actuarial Gain/ (Loss)		
5 Net Assets / (Liability) recognized in the Balance Sheet	(1683)	(1600)
<b>C Changes in present value of obligations</b>		
1 Present Value of Obligation as at April 01, 2008	4476	3777
2 Interest Cost	331	267
3 Current Service Cost	946	826
4 Benefits Paid	(684)	(419)
5 Actuarial (Gain)/Loss on Obligation	(143)	25
6 Present Value of Obligation as at March31, 2009	4925	4476
<b>D Changes in Fair Value of Plan Assets</b>		
1 Fair Value of Plan Assets as at April 01, 2008	2876	1895
2 Expected Return on Plan Assets	266	248
3 Contributions	761	1155
4 Benefits Paid	(684)	(419)
5 Actuarial Gain / (Loss) on plan assets	22	(3)
6 Fair Value of Plan Assets as at March 31, 2009	3241	2876

	31-3-2009	31-3-2008
<b>E Fair Value of Plan Assets</b>		
1 Fair Value of Plan Assets as at April 01,2008	2876	1895
2 Actual Return on Plan Assets	288	245
3 Contributions	761	1155
4 Benefits Paid	(684)	(419)
5 Fair Value of Plan Assets as at March 31,2009	3241	2876
6 Funded Status	(1683)	(1600)
7 Excess of Actual over estimated return on Plan Assets	22	(3)
<b>F Actuarial Gain / (Loss) Recognized</b>		
1 Actuarial Gain /(Loss) for the period (Obligation)	143	(25)
2 Actuarial Gain /(Loss) for the period (Plan Assets)	22	(3)
3 Total Gain / (Loss) for the period	165	(28)
4 Actuarial Gain / (Loss) recognized for the period	165	(28)
5 Unrecognized Actuarial Gain / (Loss) at March 31,2009		
<b>G Movements in the Liability recognized in Balance Sheet</b>		
1 Opening Net Liability	1600	1882
2 Expenses recognized in Profit & Loss A/c	845	873
3 Contribution Paid	(761)	(1155)
4 Closing Net Liability	1684	1600
<b>H Actuarial Assumptions</b>		
1 Mortality	LIC(1994-96) Ult	LIC(1994-96) Ult
2 Discount Rate as at March 31,2009	7.00%	8.00%
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, 2009, 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:		
(i)	<b>Entity where control exists:</b> CDSL Ventures Limited - Wholly owned subsidiary	
(ii)	<b>Associates:</b> Bombay Stock Exchange Ltd - Shareholder with substantial interest in voting power.	
(iii)	<b>Key Managerial Personnel:</b> Shri V. V. Raut - MD & CEO	
(Rs. '000)		
(b) Transactions during the year:	2008-2009	2007-2008
Bombay Stock Exchange Limited:		
- Custodial Fees and Corporate Action charges received	13	29
- Payment towards VSAT usage charges, rent, electricity and other expenses	47852	36652
CDSL Ventures Limited		
- Reimbursement received for rent, salaries etc	5157	3980
- Interest received on loan	1613	1491
Shri V V Raut		
Managerial remuneration	5593	4436
(c) Balances at the year end:	31.3.2009	31.3.2008
Bombay Stock Exchange Limited		
- Deposit received	1277	1277
- Amount Payable	1114	1785
<b>CDSL Ventures Limited:</b>		
- Investment in shares	10000	10000
- Amount Receivable	1194	-
- Loans given	20000	19600

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 :-

	2008-2009	2007-2008
(i) Numerator - Net Profit as per Profit & Loss Account (Rs. In '000)	340,207	367,543
(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	3.26	3.52

17. 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

**Satish Budhakar**  
Asst. Vice President (Legal)  
& Company Secretary

**S.S. Thakur**  
Chairman

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

Mumbai  
12<sup>th</sup> June, 2009

## 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	31.03.2009

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 mobilization and deployment of funds (amount Rs. in thousands ) :

Total Liabilities	Total Assets
2314366	2314366

Sources of Funds		Application of Funds	
Particulars	Amount	Particulars	Amount
Paid up Capital	1,045,000	Net Fixed Assets	1,09,768
Reserves and Surplus	9,35,031	Investments	12,15,754
Secured Loans	NIL	Net Current Assets	6,34,789
Unsecured Loans	NIL	Net Deferred Tax Assets	19,720
	19,80,031		19,80,031

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

Total Income	Total Expenditure	Profit/ Loss before tax	Profit/ Loss after tax
7,53,206	2,87,480	4,65,726	3,40,207
Earnings Per share in Rs.		Dividend Rate (%)	
3.26		10% (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**  
Asst. Vice President (Legal)  
& Company Secretary

**S.S. Thakur**  
Chairman

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

Mumbai  
12<sup>th</sup> June, 2009

**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 <sup>st</sup> March 2009                      |
| 3 | Holding Company's interest as on above date   |  |
|   | Number of shares  | : 999993 equity shares of Rs.10 each, fully paid |
|   | Extent of Holding   | : 99.993%  |
| 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.6577 thousands)                           |
|   | (ii) for the previous financial year of the subsidiary since it became the holding company's subsidiary   | : ( Rs.20362 thousands)                          |
| 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  |

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For and on behalf of the Board of Directors

**Satish Budhakar**  
Asst.Vice President (Legal)  
& Company Secretary

**S.S. Thakur**  
Chairman

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

Mumbai  
12<sup>th</sup> June, 2009



## CDSL VENTURES LIMITED

### Board of Directors

Shri S. S. Thakur	Chairman
Shri V. V. Raut	Director
Shri P. S. Reddy	Director
Shri Pramod Deshpande	Director
Smt. Nayana Ovalekar	Director

### Management Team

Shri Cyrus D. Khambata	Chief Executive Officer
Shri Rajiv Shah	Chief Administrative Officer

### Auditors

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

### Registered Office

17th Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai 400 001.

## Directors' Report

Your Directors have great pleasure in presenting the Third Annual Report along with Audited Statement of Accounts of your Company for the year ended 31st March, 2009.

### Financial Highlights

Particulars	Year ended 31st March, 2009 (Rs. in '000)	Year ended 31st March, 2008 (Rs. in '000)
Income	33,907	21,666
Expenditure	28,229	13,855
Profit/ (Loss) before Depreciation and Taxation	5,678	7,811
Depreciation	12,250	16,582
Profit / (Loss) before Tax	(6,572)	(8,771)
Provision for Taxation/ FBT	5	3
Profit/ (Loss) after Tax	(6,577)	(8,774)
Balance from previous year	(20,362)	(11,588)
Balance carried forward to Balance Sheet	(26,939)	(20,362)

The Company posted total income of Rs.339.07 lacs and incurred loss of Rs.65.77 lacs as against the income of Rs.216.66 lacs and loss of Rs.87.74 lacs in the previous year.

### The Know Your Client (KYC) Project

The maiden project of your Company known as KYC Project relates to centralized record keeping of the identity of mutual fund investors. KYC verification of investors is mandatory for investment of Rs.50,000/- or more in mutual funds. The Company has so far appointed 61 entities as Point of Service agencies for providing KYC documents verification services through their 1382 branches spread across 140 cities. The back office operations of the project have been shifted to the new premises taken on lease from CDSL in Belapur and are conducted under the direct supervision of your Company.

As on 31<sup>st</sup> March, 2009, about 9.56 lakhs KYC records were generated through Point of Service agencies out of which 9.06 lakhs records were processed and ready for use by Mutual Funds. However, only 5.21 lakhs KYC records were used by Mutual Funds. This is due to reduction in fresh investments in mutual funds caused by the slow down in the economy and fall in the capital market as reflected by a decline in BSE Sensex by 38% in the financial year 2008-09.

Your Company availed a loan of Rs.306 lakhs from CDSL for meeting the initial cost of the KYC project and for the working capital requirements. The Company has repaid the loan to the extent of Rs.106 lakhs and a sum of Rs. 200 lakhs was outstanding as on 31<sup>st</sup> March, 2009.

### Future Outlook

In spite of the economic slowdown and reduction in verification of the KYC records by the Mutual Funds, your Company generated a total revenue of Rs.339.07 lakhs during the financial year ended on 31<sup>st</sup> March, 2009 as against Rs. 216.66 lakhs in the previous financial year. The financial year 2009-10 has commenced with a positive note and is witnessing encouraging signs of economic recovery and buoyancy in the capital market. Due to favourable market conditions the average assets under management of the mutual fund industry has increased to Rs. 6,39,609 crores in May 2009 as against Rs. 5,51,254 crores in April 2009 and Rs. 4,93,285 crores in March 2009. With the substantial increase in mutual fund investments the volume of KYC records of the mutual fund investors is expected to enhance significantly resulting in improvement in the financial viability of the said project and increased revenue earnings of your Company.

### Audit Committee

As the paid up capital of your Company is less than Rs.5 crores, it is not required to constitute an Audit Committee in terms of Section 292 A of the Companies Act, 1956. However, in order to have good corporate governance in place, the Audit Committee of the Board consisting of four Directors, namely Shri S. S. Thakur, Shri. V. V. Raut, Shri P. S. Reddy and Smt. Nayana Ovalekar was constituted in May 2008. Shri S. S. Thakur is the Chairman of the Committee. The Committee met three times in the year under review.

The functions of the said Committee are broadly as under :

- (a) Review and monitoring of internal control system and compliance of audit observations of the Auditors.
- (b) Review of the financial statements before submission to the Board.
- (c) Supervision of other financial and accounting matters as may be referred to by the Board.

### Dividend

Your Directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2009 as the Company is yet to earn net profit from its operations.

## 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

Shri V. V. Raut and Shri P. S. Reddy retire by rotation at the Third Annual General Meeting and being eligible, offer themselves for re-appointment as Director of the Company. The resolutions to be passed in this regard form part of the notice of the Third 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. Your Directors recommend their re-appointment in the ensuing Annual General Meeting.

## Compliance Certificate

In accordance with Section 383A of the Companies Act, 1956 and the Companies (Compliance Certificate) Rules, 2001 the Company has obtained compliance certificate from a secretary in whole time practice and a copy of the certificate is attached to this report.

## Conservation of Energy, Technology Absorption

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 for implementation of the KYC Project referred to earlier in this report.

## Details of foreign exchange earnings and outgo

Your Company did not earn any foreign exchange, nor was there any outgo in foreign exchange during the year under review.

## 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.

## Particulars of Employees

None of the employees of the Company is drawing remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975

## Human Resources

Your Company presently has two employees on deputation from CDSL and five employees on its payroll to manage the operations. They are well versed in their respective areas.

## Acknowledgement

Your Directors place on record their sincere gratitude for the assistance, guidance and co-operation the Company has received from CDSL, Association of Mutual Funds of India (AMFI) and the members of the AMFI Standing Committee constituted for the KYC project. The Directors also acknowledge with thanks the support received from the AMC's of Mutual Funds and the Point of Service agencies and express their appreciation for the dedicated services rendered by the employees of the Company.

For and on behalf of the Board  
Sd/-

Mumbai  
2<sup>nd</sup> June, 2009

S. S. Thakur  
Chairman

## Compliance Certificate

Registration No. : 164885  
Authorised Capital : Rs. 1,00,00,000  
Paid up Capital : Rs. 1,00,00,000

To,  
The Members of  
**CDSL VENTURES LIMITED**  
17th Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

I have examined the registers, records, books and papers of **CDSL Ventures Limited** as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2009**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure `A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has filed forms or returns with the Registrar of Companies during the year under scrutiny.
3. The company is a public limited company hence the provisions of Section 3(1) (iii) of the Companies Act are not applicable.
4. The Board of Directors duly met 4 times on 08/05/2008, 29/09/2008, 24/12/2008, 25/03/2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company was not required to close its Register of Members for the year under review and therefore the Register of Members was not closed.
6. The Annual General Meeting for the financial year ended on 31/03/2008 was held on 01/07/2008 after giving due notice to the members of the company and the resolutions passed were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year under scrutiny.
8. As explained to us the Company has not advanced any loans to the directors of the company under Section 295 of the Companies Act, 1956 during the year under consideration.

9. The company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company has made necessary entries in the register to be maintained under Section 301 of the Act.
11. No approvals were required from the Board of Directors, Members and the Central Government pursuant to Section 314 of the Act during the period under consideration.
12. The company has not issued any duplicate Share Certificates during the financial year ended on 31.03.2009
13.
  - (i) has delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act;
  - (ii) The Company has not deposited any amount in a separate bank account as no dividend was declared during the financial year;
  - (iii) The company was not required to post warrants to any member of the company as no dividend was declared during the financial year;
  - (iv) No provisions as to transferring the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund are applicable;
  - (v) The Company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted.
15. The company has not appointed Managing Director during the period under consideration.
16. No sole-selling agents were appointed by the Company for the period under scrutiny.
17. No approvals of Company Law Board, Regional Director or such other authorities as may be prescribed under the various provisions of the Act were required for the financial year under review as per the information provided by the Company.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares / Securities / Debentures during the financial year under scrutiny.
20. The company has not bought back any share during the financial year ending 31.03.2009.
21. There being no preference shares/debentures the provisions as to redemption of preference shares/debentures are not applicable.

22. The provisions as to keeping in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares are not applicable.
23. The Company has not accepted deposits including unsecured loans falling within the provisions of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 and the directions issued by the Reserve Bank of India/ any other authority in respect of acceptance of deposits including unsecured loans.
24. The company has complied with provisions of Section 293(1)(d) of the Companies Act, 1956 as the borrowings were well within the limits.
25. The provisions of Section 372A of the Companies Act, 1956 as to making loans and investments, or giving guarantees or providing securities to other bodies corporate were complied with during period under review.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The company has not altered its articles of association during the year under scrutiny.
31. As explained to us no prosecution was initiated against or show cause notices received by the company for alleged offences under the Act and also no fines and penalties or any other punishment were imposed on the company.
32. The company has not received security from its employees during the year under certification and therefore the provisions of Section 417(1) of the Companies Act, 1956 are not applicable.
33. The provisions of depositing both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act are not applicable to the Company.

For SG & ASSOCIATES  
Company Secretary

Sd/-  
Suhas Ganpule  
Proprietor  
C. P. No. : 5722

Place : Mumbai  
Date : 4th May, 2009

## Annexure A

Registers as maintained by the Company

1. Register of Charges-u/s 143
2. Register of Members -u/s 150
3. Minutes Book for Board and General Meetings - u/s 193
4. Books of Accounts- u/s 209
5. Register of particulars of contract in which the Directors are interested u/s - 301
6. Register of Directors and Managing Director, Manager and Secretary u/s - 303
7. Register of Directors' shareholdings u/s 307
8. Register of Loans and Investments u/s 372A
9. Share Transfer Register

## Annexure B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the year ending on 31.03.2009.

Sr No	Form No. / Return	Filed Under relevant section of the Act	Date of filing	Whether filed within prescribed time Yes / No	If delay in filing, whether requisite additional fee paid Yes / No
01	Annual Return for the year 2008.	159(1)	19.07.2008	Yes	—
02	Balance Sheet as on 31.03.2008	220(1)	16.07.2008	Yes	—
03	Compliance Certificate	383 A	15.07.2008	Yes	—
04	Form 32	—	15.05.2008	Yes	—
05	Form 32	—	29.05.2008	Yes	—

## AUDITORS' REPORT

To,  
The Members  
CDSL VENTURES LIMITED

1. We have audited the attached Balance Sheet of CDSL VENTURES LIMITED as at 31st March, 2009, the Profit and Loss Account and the Cash flow statement 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 .
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, 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 from directors as on 31st March, 2009, and taken on record by the Board of Directors, wherever applicable, we report that none of the directors is disqualified as on 31st March, 2009 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, 2009; and
  - ii) in the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date and
  - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For LODHA & CO.  
Chartered Accountants

A M Hariharan  
Partner  
(Membership No. 38323)

Mumbai  
2<sup>nd</sup> June, 2009

### **Annexure referred to in paragraph 3 of Auditors' Report of even date on the financial statements as at and for the year ended 31st March, 2009 of CDSL VENTURES 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 discrepancies were noticed on such verification.  
c) No substantial part of the fixed assets has been disposed off 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. 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 system.
5. 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.
6. No deposits within the meaning of Sections 58A, 58AA or any other relevant provision of the Act and rules framed there under have been accepted by the Company.
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, Cess which have not been deposited on account of any dispute.
10. The Company has been registered for a period less than five years and hence clause 4(x) of the Order relating to reporting of losses is not applicable.
  11. The Company has not defaulted during the year in repayment of dues to any financial institution or bank or debenture holders.
  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 investments.
  15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
  16. Term loan was applied for the purpose for which the loan was obtained.
  17. Funds raised on short-term basis have not been used for long term investment.
  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 LODHA & CO.  
Chartered Accountants

Mumbai  
2<sup>nd</sup> June, 2009

A M Hariharan  
Partner  
(Membership No. 38323)

## BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	31.3.2009 Rs. in '000	31.3.2008 Rs. in '000
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	10,000	10,000
Unsecured loans	2	20,000	19,600
		30,000	29,600
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	32,980	30,746
Less : Depreciation		31,238	18,988
Net block		1,742	11,758
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	4	1,816	4,170
Cash and Bank balances		588	1,106
Loans and Advances		6,176	2,680
		8,580	7,956
<b>Current Liabilities &amp; Provisions</b>			
Liabilities	5	7,261	10,476
		7,261	10,476
<b>Net Current Assets / ( Liabilities )</b>		1,319	(2,520)
<b>Profit &amp; Loss Account - Loss</b>		26,939	20,362
		30,000	29,600
<b>Significant Accounting Policies and Notes to Accounts</b>			
Schedules referred to above form an integral part of the Balance Sheet.	11		

As per our attached report of even date

For and on behalf of the Board of Directors

**For Lodha & Co.**

Chartered Accountants

**A.M.Hariharan**  
Partner

**C.D.Khambata**  
CEO

**S.S.Thakur**  
Chairman

**V.V.Raut**  
Director

Mumbai,  
2<sup>nd</sup> June, 2009

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	2008-2009 Rs. in '000	2007-2008 Rs. in '000
<b>INCOME</b>			
Operational Income	6	33,866	21,631
Other Income	7	41	35
		<u>33,907</u>	<u>21,666</u>
<b>EXPENDITURE</b>			
Personnel Cost	8	4,527	2,831
Operating Expenses	9	16,175	6,147
Other Expenses	10	7,527	4,877
Depreciation		12,250	16,582
		<u>40,479</u>	<u>30,437</u>
<b>Profit / (Loss) Before Tax</b>		(6,572)	(8,771)
Provision for FBT		5	3
Provision for taxation		-	-
<b>Profit / (Loss) After Tax</b>		(6,577)	(8,774)
Balance of Loss brought forward from previous year		(20,362)	(11,588)
<b>Balance of Loss carried to the Balance Sheet</b>		<u>(26,939)</u>	<u>(20,362)</u>
<b>Basic &amp; Diluted Earning Per Share of face value of Rs. 10 each</b>		(6.58)	(8.77)
<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

**A.M.Hariharan**  
Partner

**C.D.Khambata**  
CEO

**S.S.Thakur**  
Chairman

**V.V.Raut**  
Director

Mumbai,  
2<sup>nd</sup> June, 2009

## Cash Flow Statement For the year ended March 31, 2009

	2008-2009 Rs. in '000	2007-2008 Rs. in '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAXES	(6572)	(8771)
<b>Net Profit for non-cash items to be disclosed separately</b>		
Add : Depreciation	12250	16582
Less : Income from mutual funds	(25)	(35)
Misc. Income	(16)      12209	16547
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	5637	7776
Adjustment for changes in working capital		
Sundry Debtors	2353	(4170)
Loans and Advances	281	(268)
Current Liabilities and Provisions	(3214)      (580)	(5946)      (10385)
<b>CASH GENERATED FROM OPERATIONS</b>	5057	(2609)
Taxes Paid	(3782)	(2137)
<b>A NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	1275	(4746)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	(2234)	(920)
Dividend Received	25	35
Misc. income Received	16	-
<b>B NET CASH USED IN INVESTING ACTIVITIES</b>	(2193)	(885)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan Received from Holding Company	400	6600
<b>C NET CASH USED IN FINANCING ACTIVITIES</b>	400	6600
<b>NET INCREASE / DECREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	(518)	969
Cash and Cash Equivalents at the beginning of the year	1106	137
Cash and Cash Equivalents at the end of the year	588	1106
	(518)	969
1. Cash and Cash Equivalents comprises of		
Cash and Cheques on Hand	3	6
With scheduled bank on		
Current Accounts	585	1100
	588	1106

**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 Lodha & Co.**  
Chartered Accountants

**A.M.Hariharan**  
Partner

**C.D.Khambata**  
CEO

**S.S.Thakur**  
Chairman

**V.V.Raut**  
Director

Mumbai,  
2<sup>nd</sup> June, 2009

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 1 SHARE CAPITAL	31.3.2009 Rs. in '000	31.3.2008 Rs. in '000
<b>Authorised</b> 10,00,000 Equity shares of Rs.10 each	10,000	10,000
<b>Issued, Subscribed and Paid-up</b> 10,00,000 Equity shares of Rs.10 each - Fully Paid Up (Of the above, 999993 Shares are held by Central Depository Services (India) Ltd , the Holding Company )	10,000	10,000
<b>SCHEDULE 2 Unsecured Loans</b>		
From a body corporate :  Central Depository Services ( India ) Ltd - (Holding Company) @  {Repayable within one year Rs. NIL ( Previous Year NIL) }	20,000	19,600
	20,000	19,600
@Convertible into equity shares at par at the option of the holding company		

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 3 FIXED ASSETS								Rs. in '000
DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 1.4.2008	Additions	As on 31.3.2009	Upto 31.3.2008	For the year 2008-2009	Upto 31.3.2009	As on 31.3.2009	As on 31.3.2008
Computer Hardware	20,525	1,941	22,466	12,740	8,291	21,031	1,435	7,785
Computer Software	10,017	-	10,017	6,230	3,787	10,017	-	3,787
Furniture & fixtures	12	-	12	3	2	5	7	9
Office Equipments	192	293	485	15	170	185	300	177
<b>Total</b>	<b>30,746</b>	<b>2,234</b>	<b>32,980</b>	<b>18,988</b>	<b>12,250</b>	<b>31,238</b>	<b>1,742</b>	<b>11,758</b>
Previous Year	29,826	920	30,746	2,406	16,582	18,988	11,758	

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 4 CURRENT ASSETS, LOAN AND ADVANCES	31.3.2009 Rs. in '000	31.3.2008 Rs. in '000
<b>SUNDRY DEBTORS</b> Unsecured, Considered Good and due for less than Six Months	1,816	4,170
	1,816	4,170
<b>CASH AND BANK BALANCES</b> Cash on hand	3	6
Balances with scheduled banks: -in current account	585	1,100
	588	1,106
<b>LOANS AND ADVANCES</b> (Unsecured, considered good) Advances recoverable in cash or in kind or for the value to be received Income Tax ( Net of Provision NIL, Previous year NIL )	263	544
	5,913	2,136
	6,176	2,680
<b>SCHEDULE 5 CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b> Sundry Creditors		
(a) Due to Creditors other than Micro and Small Enterprises	6,238	9,632
(b) Due to Micro and Small Enterprises (Refer Note No.B(3) in Schedule 11)	-	-
Other liabilities	1,023	844
	7,261	10,476

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31ST MARCH, 2009**

<b>SCHEDULE 6 OPERATIONAL INCOME</b>	<b>2008-2009 Rs. in '000</b>	<b>2007-2008 Rs. in '000</b>
On Line Data Charges	31,336	21,290
Other operational Income	2,530	341
	<u>33,866</u>	<u>21,631</u>

<b>SCHEDULE 7 OTHER INCOME</b>	<b>2008-2009 Rs. in '000</b>	<b>2007-2008 Rs. in '000</b>
Dividend Income from Short Term Investments	25	35
Miscellaneous Income	16	-
	<u>41</u>	<u>35</u>

<b>SCHEDULE 8 PERSONNEL COST</b>	<b>2008-2009 Rs. in '000</b>	<b>2007-2008 Rs. in '000</b>
Reimbursement cost of Salaries to staff on deputation from Holding Company	3,677	2,831
Salaries and other allowances	786	-
Contribution to PF and other funds	62	-
Staff welfare expenses	2	-
	<u>4,527</u>	<u>2,831</u>

<b>SCHEDULE 9 OPERATING EXPENSES</b>	<b>2008-2009 Rs. in '000</b>	<b>2007-2008 Rs. in '000</b>
Point Of Service (POS) charges**	15,338	5,872
Courier Charges	837	275
	<u>16,175</u>	<u>6,147</u>

\*\* POS charges include charges towards Data Entry, Verification ,Scanning & Storage of Documents

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31ST MARCH, 2009**

SCHEDULE 10 OTHER EXPENSES	2008-2009 Rs. in '000	2007-2008 Rs. in '000
Insurance expenses	105	162
Rent	1,353	1049
Electricity Charges	127	100
Legal & Professional charges	736	419
Directors Sitting fees	19	19
Leased line & telephone expenses	651	115
Travelling & Conveyance	1	3
Software Maintenance Charges	1,292	524
Software Licence Fees	1,459	544
Interest on fixed loan	1,613	1,491
Website Maintenance Charges	-	225
Miscellaneous Expenses	171	226
	7,527	4,877

## SCHEDULE TO BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009

### SCHEDULE 11

#### Significant Accounting Policies and Notes to Accounts

CDSL VENTURES LIMITED ("CVL" or "the Company") is a subsidiary of Central Depository Services (India) Limited, incorporated on 25th September, 2006. The Company operates and maintains an electronic system for creating, holding or maintaining any information, records, documents or database in electronic form. The maiden project of your company known as Know Your Client (KYC) project, relates to centralized record keeping of the identity of investors in Mutual Funds

#### A. Significant Accounting Policies:

##### i. Basis of preparation of Financial Statements :

The Company follows mercantile system of accounting and the financial Statements are prepared under the historical cost convention, on a going concern basis and as per applicable Indian 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 the management to make estimates and assumptions that have been 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. Future results could differ from these estimates.

##### 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 %
Computer Hardware/software	16.21	50
Office Equipment	4.75	20

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**

Short term Employee Benefits are estimated and provided for. 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 is paid/provided for.

Contributions to the defined contribution plan is 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 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 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 that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from unabsorbed carried forward losses and depreciation are recognised to the extent 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. Auditors' Remuneration :

(Rs. In Thousands)

	2008-09	2007-08
Audit Fees	23	12
Tax Audit Fees	12	12
Out of Pocket Expenses including Service Tax	4	3
<b>Total</b>	<b>39</b>	<b>27</b>

- 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.
- As at March 31, 2009, 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.
- There is no amount outstanding in respect of items which would be required to be credited to Investor Education and Protection Fund, on completion of specified period, under Section 205C of the Companies Act, 1956.
- Units of Mutual Funds (Various income funds) of face Value Rs. 10 each purchased and sold / redeemed during the year :202336 units (Previous Year 246521 units)
- The Components of net deferred tax asset/(liability) are as under:

(Rs. In Thousands)

	2008-09	2007-08
<b>Deferred Tax Assets</b>		
Business Loss	3149	3149
Depreciation	5996	3800
<b>Total</b>	<b>9145</b>	<b>6949</b>

Deferred Tax assets of Rs. 9145 thousands ( Previous Year Rs. 6949 thousands) has not been recognised as a matter of prudence .

7. Related Party Disclosures:

(a) List of related parties and their relationship:		
(i) <b>Entity where control exists:</b> Central Depository Services (India) Limited- Holding Company		
(Rs. '000)		
(b) Transaction during the year	2008-09	2007-08
Central Depository Services (India) Limited Reimbursement made for rent, salaries etc	5157	3980
Interest paid on loan	1613	1491
Loans taken	400	6600
(c) Balances at the year end:	31.3.2009	31.3.2008
Central Depository Services (India) Limited :		
Amount Payable	1194	-
Loans Payable	20000	19600

**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
8. The maiden project of your company known as Know Your Client (KYC) project, relates to centralized record keeping of the identity of investors in Mutual funds, there is no separate reportable segment as per Accounting Standard 17 on "Segment Reporting" prescribed in Companies (Accounting Standards) Rules, 2006.

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

(Rs. In Thousands)

	2008-09	2007-08
(i) Numerator - Net Profit as per Profit & Loss Account (Rs. In '000)	(6577)	(8774)
(ii) Denominator - Weighted Average Number of Equity Shares outstanding during the year (No.'s In '000)	1000	1000
(iii) Nominal Value of Shares (Rs.)	10.00	10.00
(iv) Basic and Diluted Earning Per Share	(6.58)	(8.77)

10. Previous year's figures have been regrouped and rearranged wherever necessary to confirm to the current year's presentation.

---

Signatures to Schedules 1 to 11

For and on behalf of the Board of Directors

**C.D.Khambata**  
CEO

**S.S.Thakur**  
Chairman

**V.V.Raut**  
Director

Mumbai  
2<sup>nd</sup> June, 2009

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

1. Registration Details :

Registration Number	State Code	Balance Sheet Date
116885	11	31.03.2009

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 mobilization and deployment of funds (amount Rs. in thousands ) :

Total Liabilities	Total Assets
37261	37261

Sources of Funds		Application of Funds	
Particulars	Amount	Particulars	Amount
Paid up Capital	10,000	Net Fixed Assets	1,742
Reserves and Surplus	NIL	Investments	NIL
Secured Loans	NIL	Net Current Assets	1,319
Unsecured Loans	20,000	Net Deferred Tax Assets	26,939
	30,000		30,000

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

Total Income	Total Expenditure	Profit/ Loss before tax	Profit/ Loss after tax
33,907	40,479	(6,572)	(6,577)
Earnings Per share in Rs.		Dividend Rate (%)	
(6.58)		NIL	

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

Item No. ( ITC Code )

Activity Description : **Centralised record keeping of data relating to investors in Mutual Funds**

For and on behalf of the Board of Directors

**C.D.Khambata**  
CEO

**S.S.Thakur**  
Chairman

**V.V.Raut**  
Director

Mumbai  
2<sup>nd</sup> June, 2009





# CDSL DP Network

## ANDHRA PRADESH

Hyderabad	1
Nizamabad	2
Secunderabad	3
Vijayawada	4
Visakhapatnam	5

## ASSAM

Guwahati	6
Tinsukia	7

## BIHAR

Gaya	8
Muzaffarpur	9

## CHANDIGARH

Chandigarh	10
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## CHATTISGARH

Raipur	11
--------	----

## GOA

Panaji	12
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## GUJARAT

Ahmedabad	13
Anand	14
Bardoli	15
Bharuch	16
Bhavnagar	17
Borsad	18
Dahod	19
Dhoraji	20
Gandhinagar	21
Jamnagar	22
Khambhat	23
Mithapur	24
Nadiad	25
Palanpur	26
Rajkot	27
Surat	28
Vadodara	29

## HARYANA

Ambala Cantt	30
Gurgaon	31
Hissar	32
Sirsa	33

## JHARKHAND

Ranchi	34
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## KARNATAKA

Bangalore	35
Belgaum	36
Mangalore	37
Udipi	38

## KERALA

Kochi	39
Thiruvananthapuram	40
Thrissur	41

## MADHYA PRADESH

Bhopal	42
Guna	43
Gwalior	44
Indore	45
Jabalpur	46
Mandsaur	47
Shahdol	48

## MAHARASHTRA

Ahmednagar	49
Akola	50
Jalgaon	51
Jalna	52
Kolhapur	53
Mumbai	54
Nagpur	55
Nasik	56
Navi Mumbai	57
Pune	58
Thane	59

## NEW DELHI

New Delhi	60
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## ORISSA

Cuttack	61
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## PUNJAB

Amritsar	62
Bhatinda	63
Ludhiana	64

## RAJASTHAN

Alwar	65
Bharatpur	66
Bikaner	67
Chittorgarh	68
Churu	69
Hanumangarh	70
Hindaun	71
Jaipur	72
Jhunjhunu	73
Jodhpur	74
Kota	75
Sriganganagar	76
Udaipur	77

## UTTAR PRADESH

Agra	82
Allahabad	83
Bareilly	84
Bulandshahar	85
Ghaziabad	86
Gorakhpur	87
Kanpur	88
Lucknow	89
Meerut	90
Moradabad	91
Noida	92
Shamli	93
Varanasi	94

## UTTARANCHAL

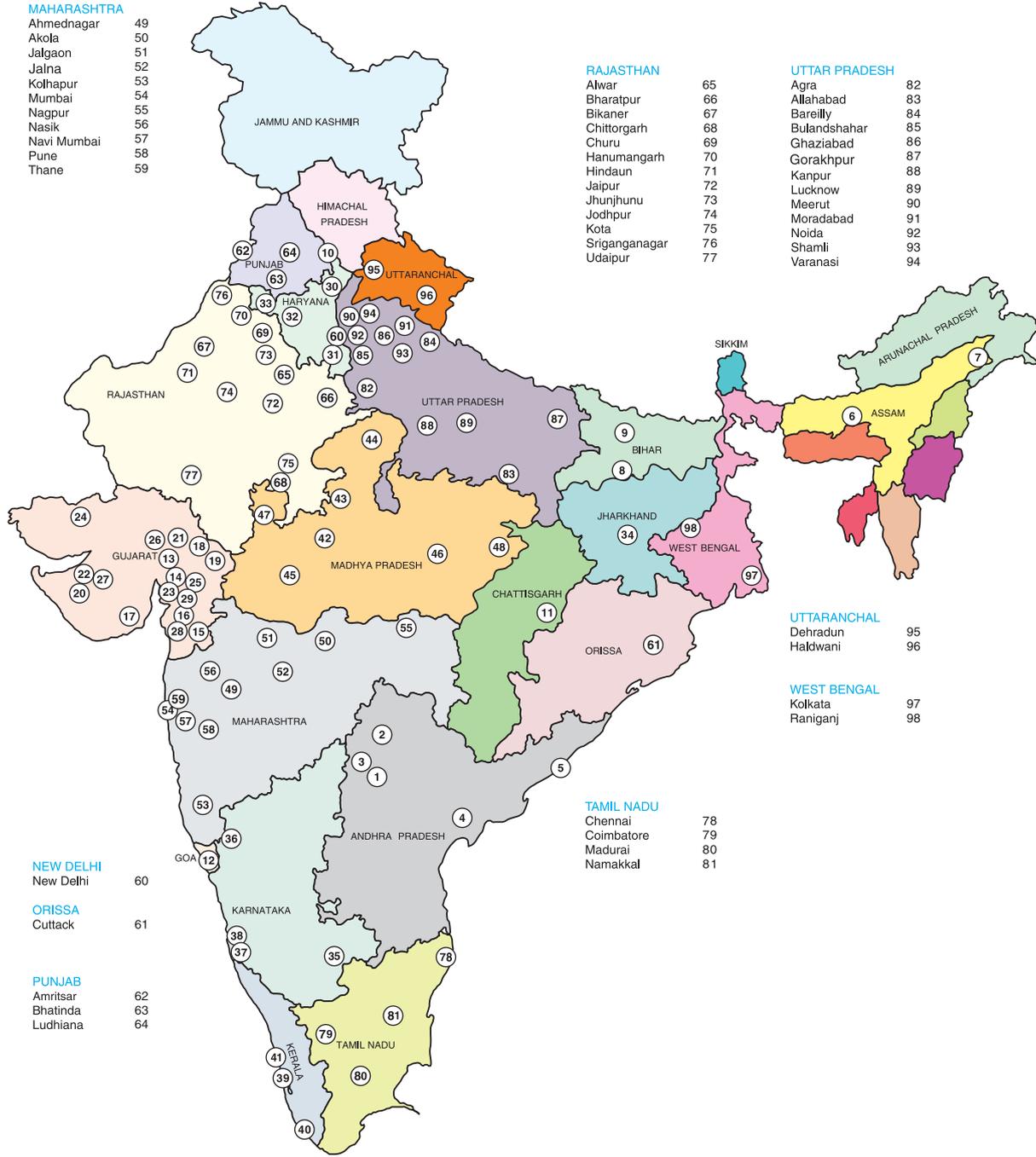
Dehradun	95
Haldwani	96

## WEST BENGAL

Kolkata	97
Raniganj	98

## TAMIL NADU

Chennai	78
Coimbatore	79
Madurai	80
Namakkal	81



\* Map not to scale



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