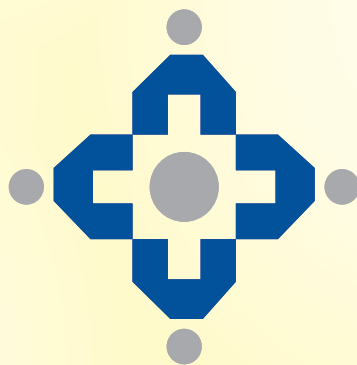




ANNUAL REPORT
2009 - 2010



Central Depository Services (India) Limited



CDSL

Your Depository

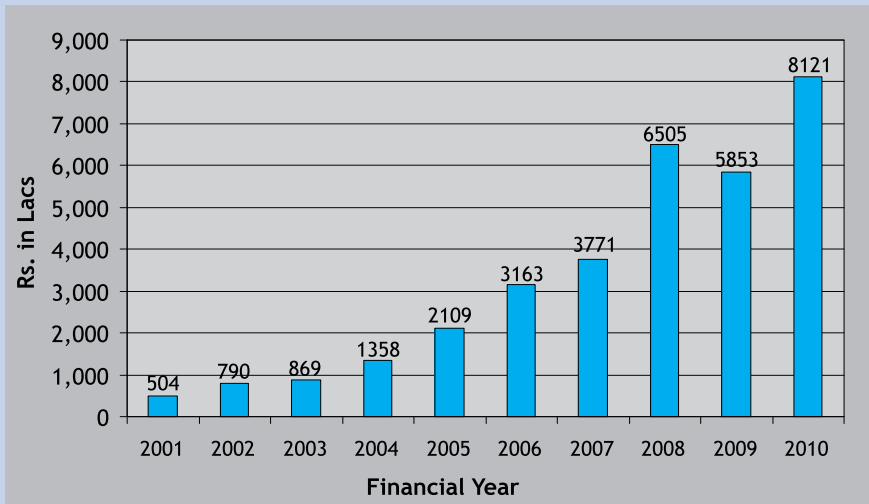
ISO 27001 Certified

Financial Highlights

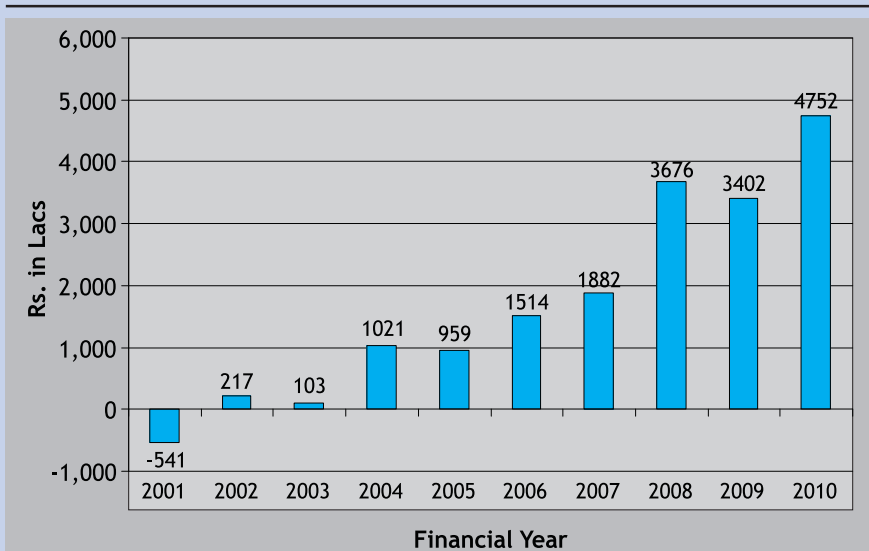
(Rs in lakhs)

Particulars	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Income from Operations	503.57	790.26	868.68	1357.57	2109.03	3163.18	3770.53	6505.27	5852.51	8121.17
Other Income	740.85	1310.70	781.51	1525.95	780.45	774.86	1066.29	1338.73	1691.35	2017.36
Total Income	1244.42	2100.96	1650.19	2883.52	2889.48	3938.04	4836.82	7844.00	7543.86	10138.53
Total Expenditure	1783.21	1866.42	1466.48	1506.06	1504.42	1708.38	2205.01	2659.46	2886.60	3396.59
Profit Before Tax	-538.79	234.54	183.71	1377.46	1385.06	2229.66	2631.81	5184.54	4657.26	6741.94
Taxation	1.86	17.07	80.97	356.61	425.54	715.46	749.61	1509.11	1255.19	1990.04
Profit After Tax	-540.65	217.47	102.74	1020.85	959.52	1514.20	1882.20	3675.43	3402.07	4751.90
Equity	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00	10450.00
Reserves & Surplus	-105.88	111.59	165.74	1186.59	2146.11	3660.31	4812.01	7170.84	9350.31	12638.76
Net worth	10278.98	10561.59	10615.74	11636.59	12596.11	14110.31	15262.01	17620.84	19800.31	23088.76
Earning Per Share (Rs.)	0.00	0.21	0.10	0.98	0.92	1.45	1.80	3.52	3.26	4.55
Book Value Per Share (Rs.)	9.84	10.11	10.16	11.14	12.05	13.50	14.60	16.86	18.95	22.09
Return on Net Worth (%)	0.00	2.06	0.97	8.77	7.62	10.73	12.33	20.86	17.18	20.58

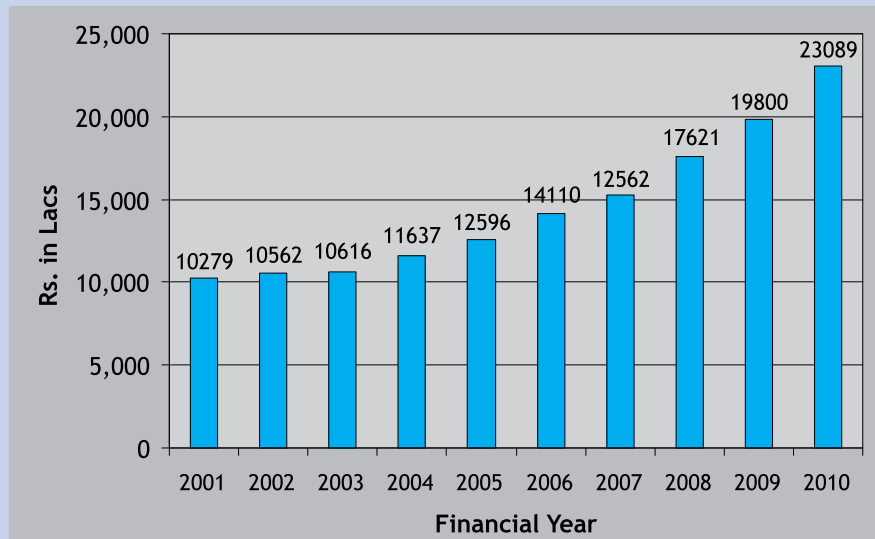
Operational Income



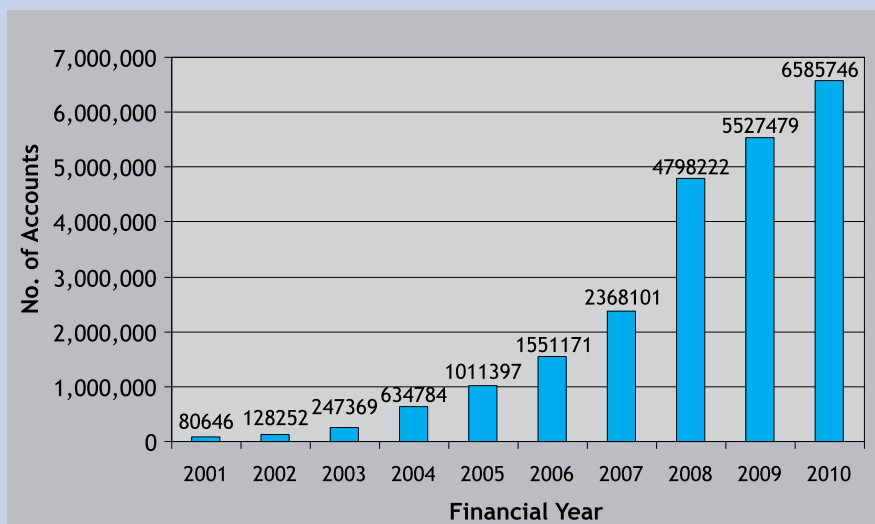
Profit After Tax



Net Worth



BO Accounts



Central Depository Services (India) Limited

Board of Directors

Shri S. S. Thakur	<i>Chairman</i>
Shri M. R. Mayya	<i>Independent Director</i>
Shri N. Rangachary	<i>Independent Director</i> [Appointed on 7th July, 2010]
Shri T. S. Narayanasami	<i>Independent Director</i> [Appointed on 7th July, 2010]
Shri Anjan Barua	<i>Sponsor Director [State Bank of India]</i>
Shri A.D.M. Chavali	<i>Sponsor Director [Bank of Baroda]</i>
Shri A. R. Kuppuswamy	<i>Sponsor Director [Bank of India]</i> [Appointed on 21st November, 2009 and resigned on 30th June, 2010]
Shri Madhu Kannan	<i>Sponsor Director [Bombay Stock Exchange Limited]</i>
Shri L. P. Aggarwal	<i>Sponsor Director [Bombay Stock Exchange Limited]</i>
Shri Ashishkumar Chauhan	<i>Sponsor Director [Bombay Stock Exchange Limited]</i> [Appointed on 29th March, 2010]
Shri Prakash R. Kacholia	<i>Sponsor Director [Bombay Stock Exchange Limited]</i> [Appointed on 12th June, 2009 and ceased to be a director on 9th July, 2010]
Mr. James E. Shapiro	<i>Sponsor Director [Bombay Stock Exchange Limited]</i> [Appointed on 16th July, 2010]
Shri V. V. Raut	<i>Managing Director & CEO</i> [Resigned on 31st July, 2010]
Shri P. S. Reddy	<i>Executive Director</i>

Management Team

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

Vice President

Legal & Company Secretary

Shri Satish L. Budhakar

Bankers

Bank of India

Auditors

M. P. Chitale & Co.
Tradeworld, 'B' Wing, 7th Floor,
Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel (W), Mumbai - 400 013.

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 Twelfth Annual Report, along with Audited Statement of Accounts of your company for the year ended 31st March, 2010. The company has posted impressive performance, as evidenced by the financial highlights mentioned below.

Financial Highlights

Particulars	Year ended 31st March, 2010 (Rs. million)	Year ended 31st March, 2009 (Rs. million)
Income	1,013.85	754.39
Expenditure	284.86	249.02
Profit before Depreciation and Taxation	728.99	505.37
Depreciation	54.80	39.64
Profit before Tax	674.19	465.73
Provision for Taxation	205.81	127.89
Provision for Deferred Tax for the year	(6.81)	(2.37)
Profit after Tax	475.19	340.21
Balance brought forward	935.03	717.08
Tax Adjustment for earlier years	(0.12)	0.00
Profit available for appropriation	1,410.10	1,057.29
Transfer to Beneficial Owners Protection Reserve	-	-
Proposed dividend	125.40	104.50
Tax (including surcharge and education cess on dividend)	20.83	17.76
Surplus carried to Balance Sheet	1,263.87	935.03

Your company registered an income of Rs. 1,013.85 million, an increase of 34.39% over the previous year. The income from operations comprising of transaction charges, annual issuers fees, account maintenance charges, settlement charges, corporate action charges, etc. during the year under review increased from Rs. 585.25 million to Rs. 812.12 million, recording

a growth of 38.76% over the year 2008-09. Other income comprising of interest on fixed deposits, income from mutual funds, etc. increased from Rs. 169.13 million to Rs. 201.74 million registering a growth of 19.28%. Profit Before Tax (PBT) for the financial year 2009-10 at Rs. 674.19 million is higher than the previous year's level of Rs. 465.73 million. Profit After Tax (PAT) amounted to Rs. 475.19 million as against the net profit of Rs. 340.20 million in the previous year, reflecting an increase in the bottom-line by 39.68%.

Dividend

Keeping in view the robust performance your Directors recommend a dividend of Rs. 1.20 per share (12%) for the year ended 31st March, 2010 as against a dividend of Re. 1 per share (10%) paid for the previous year. The dividend will be subject to dividend distribution tax to be paid by the company.

The Capital Market Environment

During the financial year 2009-10, the capital market witnessed significant buoyancy and remained vibrant for most part of the year. The BSE-30 SENSEX jumped from 9,633 on 1st April, 2009 to 17,527 on 31st March, 2010. After registering a decline of 38% in financial year 2008-09, the BSE Sensex gained 80.5% during the financial year 2009-10. Foreign Institutional Investors who were net sellers in the financial year 2008-09 returned with renewed vigor and were net purchasers in equities. Strong foreign fund inflows, robust economic growth and impressive corporate earnings were the major drivers behind the buoyancy in the stock market since April 2009. The performance of the primary market also improved substantially as compared to the previous year and witnessed an upsurge in public equity offerings which mobilized resources aggregating to Rs. 49,264 crores as against Rs. 3,582 crores in 2008-09. However, participation by retail investors was subdued and therefore many IPOs were not oversubscribed multiple times as it used to be earlier. The financial year 2010-11 has commenced on a positive note. Fund flows and risk appetite remain strong so far. With progressive globalization of the Indian economy, the domestic capital market has shown a significant correlation with the developed markets.

Operational Highlights

Despite the investors' apathy towards new issues for mobilization of capital, your company could register a reasonable growth in its depository operations during the year 2009-10. This is reflected in the increase in the number of demat accounts opened, securities admitted and increase in the number of 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 dematerialisation during the year increased from 11,361 on 31st March, 2009 to 13,444 on 31st March, 2010. 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, 2010	Year ended 31st March, 2009	Increase over the previous year (%)
Equity Shares	6,154	6,213	(0.94)
Debt Instruments	4,818	4,432	8.71
Other Securities	2,472	716	245.25
Total	13,444	11,361	18.33

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, 2010	Year ended 31st March, 2009	Increase over the previous year (%)
Value (in million Rs.)	8,389,280	4,594,480	82.59
Volume (in million)	77,950	70,810	10.08

Depository Participants and their Branches

During the year 2009-10, 38 new depository participants (DPs) were registered as compared to 51 new registrations in the previous financial year. With this, the number of depository participants holding valid Securities and Exchange Board of India (SEBI) registration certificates increased to 497 after taking into account the withdrawal / expiry / cancellation of the certificates of registration of 9 depository participants during the year. Consequently, investors spread across 23 States and one Union Territory can now avail of CDSL's depository services.

Beneficial Owner Accounts

During the year under review, 13.74 lakh Beneficial Owner (BO) accounts were added, taking the total number of such accounts to 81.30 lakhs and the net outstanding number of BO accounts to 66.20 lakhs as on 31st March, 2010. The comparative figures of gross and net BO accounts as on 31st March, 2010 and 31st March, 2009 are given in the following table:

Year ended 31st March, 2010	Year ended 31st March, 2009	Increase over the previous year's cumulative figure	
		Number	Percentage
(Gross)	(Gross)		
8,129,577	6,754,840	1,374,737	20.35
(Net)	(Net)		
6,585,746	5,527,479	1,058,267	19.15

Investor Awareness Education Seminars

As in the past, your company conducted several Investor Awareness Programmes (IAPs) in 2009-10 with a view to creating awareness of the dematerialisation facility and its benefits among the investors across the country. During these IAPs, investors are informed about the procedures and precautions to be followed regarding their demat accounts. During the financial year 2009-10, your company has conducted 90 such IAPs across the country. During the seminars, booklets such as 'Investors' Guide' and 'Q & A - Demat the CDSL Way' in English, Hindi, Marathi and Gujarati are also distributed for the benefit of investors.

Hardware, Software and Network Enhancements

In order to enable your company to provide more efficient and uninterrupted services to its customers, it has upgraded its hardware including servers and storages having latest technology. The operating systems are also upgraded to ensure better performance and security.

To increase the scope of functionalities as per the market requirements your company has introduced additional functionalities such as uploads by clearing members through "Easiest" system. As a risk management measure, it has also introduced SMS alerts to the DPs for compliance related matters and to the demat account holders for debit and credit transactions. Further, the network for system to system traffic between the main site and DR site has been re-designed.

Business Continuity and Disaster Recovery Enhancements

- **Data Replications Automation**

In order to ensure the business continuity and speedy disaster recovery, your company has deployed data replication facilities supported by Oracle and ECM². Data replication through these softwares is achieved in an automated manner and with assured data integrity. This has enabled your company to switch over the application to the Disaster Recovery site within a very short span of time in case of contingencies.

- **Long Distance Disaster Recovery Site (DRS)**

Your company has established a long distance DRS at a state of the art Data Centre located at a different seismic zone. The Data Centre and DRS are operational since 1st December, 2009 and the facilities are put to use at regular intervals by shifting the operations to DRS.

- **Business Continuity Centre**

Your company has also established its Business Continuity Centre from where operations at main site as well as operations at DRS can be carried out. The said centre is an alternate site for operations where a part of operating staff reports for operations on regular basis. At this centre the provision of infrastructure for the entire operations of production system is made in case the main site is not available to the operating staff.

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 a copy of PAN card and verification of the same on the database of Income Tax Department. 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, approximately 99,000 demat accounts were in frozen status as on 31st March, 2009 out of which approximately 95,000 contained holdings of securities. CDSL continued its efforts to make the demat accounts PAN-compliant. Consequently, as on 31st March, 2010, the number of demat accounts suspended for debit transactions was reduced to approximately 84,000.

Registration of CDSL's Beneficial Owners' Protection Fund (CDSL's BOPF) as a Public Charitable Trust

Your company constituted BOPF on 30th September, 2004 with the objective, inter alia, to provide monetary relief and/or compensate the loss caused to the beneficial owners (BOs) by wrongful act, negligence or default of CDSL and its depository participants or any of their employees and also to take measures to protect the interest of the BOs. The Fund was granted recognition as a Public Trust by the Deputy Charity Commissioner, Greater Mumbai Region on 2nd January, 2010.

Regulatory reforms

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

SEBI vide its circular dated 13th November, 2009 allowed purchase and redemption of units of open ended Mutual Fund schemes through the Stock Exchange infrastructure. Accordingly, NSE and BSE launched platforms for mutual fund transactions from 30th November, 2009 and 4th December, 2009 respectively. Your company has facilitated such transactions by admitting units of various Mutual Fund schemes. Presently, CDSL has admitted 355 mutual fund schemes of 27 Mutual Funds.

- **Interest Rate Futures (IRF)**

A new product Interest Rate Futures (IRF) was introduced by National Stock Exchange in July 2009 for settlement of transactions in government securities. The first payin and payout of government securities was conducted in CDSL in December 2009 and the settlement process is being done on a regular basis.

- **Mandatory Nomination**

SEBI has directed that all demat accounts held by resident individuals, non resident individuals or foreign individuals irrespective of the number of account holders should mandatorily nominate an individual. If the demat account holders do not wish to nominate any individual, it should be explicitly stated that nomination is not required. The DP in turn is required to mark the nomination or the 'No' nomination in the nomination register.

- **SMS mandatory for demat accounts operated by Power of Attorney holders**

SEBI has directed that updation of mobile number is mandatory for all the demat accounts where Power of Attorney has been given. Whenever any debit transaction is executed from such demat accounts, SMS should be sent to the concerned account holders.

- **Corporate Bond Market**

SEBI has directed that all transactions in listed corporate bonds of the value of

Rs. 1,00,000 or above, are required to be reported to the corporate bond reporting platform. For Reserve Bank of India & SEBI mandated entities, settlement of transactions in corporate bonds, should necessarily be through Clearing Corporation of the exchanges. Settlement facility is provided for listed, proposed to be listed and unlisted corporate bonds. The stock exchanges have given the participants an option of delivering the same, depending on settlement type, on 'T' day or 'T+1' day or 'T+2' day. In the case of Bombay Stock Exchange, continuous settlement facility is provided to market participants, which runs on DVP1 basis, with no settlement guarantee.

- **Unclaimed shares Account**

SEBI has directed that all unallotted shares resulting from an issue should be kept in a separate demat account called 'Unclaimed Shares Account'. Shares that remain unallotted pursuant to IPO, FPO, Rights, etc. are held in such accounts and distributed to the allottees as and when details of their demat accounts are received from them.

Corporate Social Responsibility (CSR)

In the current scenario, unemployment is a key problem afflicting the youth, particularly under-privileged and physically-challenged individuals. Being a responsible corporate entity, your company, as a part of its corporate social responsibility, has decided to provide training in capital market and depository operations to candidates falling in this category and thereafter arrange for them suitable employment, to the extent possible. For this purpose your company identifies under-privileged and physically challenged individuals with the assistance of Pratham, a well known Non-Governmental Organisation.

Towards this endeavour, your company in association with BSE's Training Institute has designed a specialized, practical, hands-on one-month training programme on stock brokers' back office operations. The selected candidates are imparted training on primary and secondary market operations, clearing and settlements, basics of mutual fund investments, compliance aspects, etc. and also a 5-day full-time training programme on depository operations. The participants are placed as interns with depository participants at Mumbai, to provide an opportunity to learn depository and broker back office operations for a period of three months. The entire cost of the training programme, including internship, is borne by CDSL.

Memorandum of Understanding

During the year under review, your company entered into a Memorandum of Understanding (MoU) with the Bursa Malaysia Depository Sdn. Bhd. (Bursa Malaysia Depository) to develop co-operative relationship for sharing information, exchange of views, providing training, etc. in depository related areas.

Setting-up a Depository in Nepal

Your company has signed an agreement with Nepal Stock Exchange Limited (NEPSE) to set-up a depository and clearing and settlement system in Nepal. Under the terms of the

agreement, CDSL shall provide to NEPSE technical assistance for setting up depository and clearing and settlement system. Your company will also provide assistance in finalising draft laws, regulations, bye-laws and operating instructions, preparing business requirement specifications, evaluation and selection of vendors for hardware, networking, training, etc. The project which is being partly financed by the Government of India is under way.

Prevention of Money Laundering Act

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

Subsidiary of CDSL

CDSL Ventures Limited, the wholly owned subsidiary of your company, earned a profit before depreciation and taxation of Rs. 131.27 lakhs and booked a profit of Rs. 119.46 lakhs for the financial year 2009 - 10 as against the loss of Rs. 65.72 lakhs registered in the previous year. Recovery of annual maintenance charges for KYC records verified by Mutual Fund Houses and reduction in operating expenses and depreciation were the main factors that led to the turnaround. The subsidiary is expected to improve its financial performance further in the next financial year.

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	652,446	62.43
Stock Exchanges	392,546	37.57
Others	8	0.00
Total	1,045,000	100.00

Details of the equity shares held by the shareholders of the company are given in Annexure A to the Directors' Report. Bombay Stock Exchange Limited has recently increased its equity stake in CDSL from 36.61% to 54.20%. Your company has therefore become the subsidiary of Bombay Stock Exchange Limited.

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 Madhu Kannan, Shri Ashishkumar Chauhan and Mr. James E. Shapiro nominated as sponsor directors by Bombay Stock Exchange Limited (BSE) were appointed on 12th June, 2009, 29th March, 2010 and 16th July, 2010 respectively. Shri N. Rangachary and Shri T. S. Narayanasami were appointed as Independent Directors on 7th July, 2010. Shri Ashishkumar Chauhan, Shri N. Rangachary, Shri T. S. Narayanasami and Mr. James E. Shapiro will hold office till commencement of the Twelfth Annual General Meeting.

Shri A. P. Ghugal, nominated as sponsor director by Bank of India, resigned from the directorship on 15th September, 2009. Shri A. R. Kuppuswamy, nominated in place of Shri Ghugal by Bank of India was appointed as a sponsor director on 21st November, 2009. Shri A. R. Kuppuswamy has resigned with effect from 30th June, 2010. Shri Prakash R. Kacholia, nominee of Bombay Stock Exchange Ltd was appointed as director on 12th June, 2009. He ceased to be a director with effect from 9th July, 2010.

The Board has placed on record its appreciation of the valuable services rendered by Shri A. P. Ghugal, Shri A. R. Kuppuswamy and Shri Prakash R. Kacholia during their tenure as directors of the company.

The company has received necessary notices under Section 257 of the Companies Act, 1956 from the shareholders proposing the candidature of Shri Ashishkumar Chauhan, Shri N. Rangachary, Shri T. S. Narayanasami and Mr. James E. Shapiro. Shri Anjan Barua and Shri M. R. Mayya retire by rotation at the Twelfth Annual General Meeting. Shri M. R. Mayya is not seeking his reappointment. The Board has placed on record its appreciation of the valuable services rendered by Shri M. R. Mayya. Shri Anjan Barua being eligible, offers himself for re-appointment as director of the company. The resolutions in this regard form part of the notice of the Twelfth Annual General Meeting and are recommended for approval by the members.

Auditors

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

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

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

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

Particulars	Year ended 31st March, 2010 (Rs. in million)	Year ended 31st March, 2009 (Rs. in million)
Earnings	Nil	Nil
Outgo		
Travel expenses	1.04	1.38
Others	1.11	1.61
Total	2.15	2.99

Directors' Responsibility Statement

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

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

Implementation of Code of Corporate Governance

Being an unlisted company, the 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**. Your company has also constituted Nomination Committee as per the recommendation made in the 'Corporate Governance-Voluntary Guidelines 2009', issued by the Ministry of Corporate Affairs.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year ended 31st March, 2010 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**.

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. It conducts induction programmes for new entrants. Nominating employees for training at reputed institutions and for attending seminars in India and abroad in capital market related areas, particularly relating to depositories, has always been a part of human resource development programme of the company. During the year under review the company organized a two day programme on team work, customer satisfaction, relationship building and management orientation for its employees

Acknowledgement

Your Directors express their gratitude for the support, guidance and co-operation the company has received from SEBI and other regulatory authorities 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 deep sense of appreciation for the dedicated and committed team of employees for their laudable work ethics, excellent performance, professionalism and strong commitment for rendering high quality services to the clientele of the company. This has contributed immensely to the steady and healthy growth in the business operations of the company.

For and on behalf of the Board
Sd/-

Place : Mumbai
Date : 16th July, 2010

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. Effective Corporate Governance is the manifestation of professional beliefs and organizational values. The policies and business strategies of the company 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 2010, the Board consisted of eleven directors including the Managing Director and CEO and Executive Director. Amongst nine non-executive directors, seven are sponsor/nominee 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, 2010 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	1	-	-
Shri Madhu Kannan	Non-Executive	5	4	-
Shri L. P. Aggarwal	Non-Executive	1	1	-
Shri Ashishkumar Chauhan	Non-Executive	3	1	-
Shri Prakash R. Kacholia	Non-Executive	6	4	1
Shri Anjan Barua	Non-Executive	3	-	-
Shri A.D.M. Chavali	Non-Executive	2	-	-
Shri A.R. Kuppuswamy	Non-Executive	-	-	-
Shri V. V. Raut	Managing Director & CEO	1	1	-
Shri P. S. Reddy	Executive Director	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

The sitting fees paid to Non - Executive Directors were revised in the financial year 2009-10 to Rs. 15,000/- for attending each Board meeting and to Rs. 10,000/- for attending each meeting of the Board Committee. The Chairman is paid a sitting fee of Rs. 20,000/- for attending each Board and Board Committee meeting, 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	480,000
Shri M. R. Mayya	120,000
Shri Madhu Kannan *	40,000
Shri L. P. Aggarwal *	75,000
Shri Ashishkumar Chauhan *	15,000
Shri Prakash R. Kacholia	95,000
Shri Anjan Barua *	20,000
Shri A.D.M. Chavali *	70,000
Shri A.R. Kuppuswamy *	95,000
Shri A. P. Ghugal *	30,000
Shri K.D. Lamba *	5,000

(* Sitting Fees are paid to the Nominating Institutions)

Shri V. V. Raut, Managing Director & Chief Executive Officer and Shri P. S. Reddy, Executive Director are the whole-time directors of the company. Details of the remuneration paid to them in the year 2009-10 are given in Schedule 11 (B) (4) to the Annual Accounts under the head "Managerial Remuneration".

c) Meetings and Attendance

During the year, the Board met five times i.e. on 12th June, 2009, 4th August, 2009, 21st November, 2009, 19th March, 2010 and 29th March, 2010. 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 Anjan Barua	5	1	No
Shri Madhu Kannan	5	3	Yes
Shri L. P. Aggarwal	5	5	No
Shri Ashishkumar Chauhan	1	1	Not applicable
Shri Prakash R. Kacholia	5	5	Yes
Shri A.D.M. Chavali	5	3	Yes
Shri A. R. Kuppuswamy	3	3	Not applicable
Shri A. P. Ghugal	2	2	Yes
Shri V. V. Raut	5	4	No
Shri P. S. Reddy	5	5	Yes

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

Audit Committee

a) Composition of the Committee

The Audit Committee consists of non-executive directors who possess expertise in the fields of finance, accounting, banking and capital market. The Statutory Auditors and heads of all functional departments are permanent invitees to the Audit Committee meetings. The Company Secretary acts as the secretary to the Committee. The following directors were members of the Committee as on 31st March, 2010 :-

1. Shri S. S. Thakur
2. Shri Anjan Barua
3. Shri A. D. M. Chavali
4. Shri A. R. Kuppuswamy
5. Shri Prakash Kacholia

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 2009-10 i.e. on 15th May, 2009, 27th August, 2009, 22nd December, 2009 and 3rd March, 2010. 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 Anjan Barua	4	1
3.	Shri A. P. Ghugal (Resigned on 15th September, 2009)	2	—
4.	Shri A. R. Kuppuswamy (Appointed on 21st November 2009)	2	2
5.	Shri Prakash Kacholia (Appointed on 12th June 2009)	3	2
6.	Shri A. D. M. Chavali (Appointed on 12th June 2009)	3	1
7.	Shri K. D. Lamba (Resigned on 15th June, 2009)	1	1

Remuneration Committee

The Remuneration Committee consists of non-executive directors and reviews annually the remuneration to be paid to the whole time directors. The Committee recommends fixation / revision in the remuneration for approval of the Board within the maximum limit approved by the members. The following directors were members of the Committee as on 31st March, 2010:

1. Shri S. S. Thakur
2. Shri M. R. Mayya
3. Shri Madhu Kannan
4. Shri Anjan Barua
5. Shri A.R. Kuppaswamy

Nomination Committee

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

1. Shri S. S. Thakur
2. Shri M. R. Mayya
3. Shri Anjan Barua
4. Shri Madhu Kannan

Code of Conduct

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

General Shareholder Information

Eleventh Annual General Meeting

Day & Date	Tuesday, 4th August, 2009
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	Re.1/- per share i.e.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. Details of the shares held by different shareholders are as follows:

Sr. No.	Name	As on 31st March, 2010		As on 16th July, 2010	
		Shares held	%	Shares held	%
1.	Bombay Stock Exchange Limited	38,254,600	36.61	56,634,600	54.20
2.	Bank of India	10,000,000	9.57	5,820,000	5.57
3.	Bank of Baroda	10,000,000	9.57	5,300,000	5.07
4.	State Bank of India	10,000,000	9.57	10,000,000	9.57
5.	HDFC Bank Ltd.	15,000,000	14.36	7,500,000	7.18
6.	Standard Chartered Bank Limited	7,500,000	7.18	7,500,000	7.18
7.	Canara Bank	6,744,600	6.45	6,744,600	6.45
8.	Union Bank of India	2,000,000	1.91	2,000,000	1.91
9.	Bank of Maharashtra	2,000,000	1.91	2,000,000	1.91
10.	The Jammu and Kashmir Bank Limited	2,000,000	1.91	--	--
11.	The Calcutta Stock Exchange Limited	1,000,000	0.96	1,000,000	0.96
12.	Others	800	0.00	800	0.00
	Total	104,500,000	100.00	104,500,000	100.00

Means of Communication

The company disseminates relevant information through its website-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. During the year under review your company introduced online facility of sending emails to the DPs for submission of

compliance reports. This facility also allows the DPs to submit BO Grievance Reports and internal audit reports electronically. These reports are checked and updated by the system. This is the first step taken by your company towards a paperless audit department.

Annual Report

Annual Report containing, inter alia, Audited Accounts, Directors' Report, Auditors' 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, 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

For and on behalf of the Board

Sd/-

S. S. Thakur

Chairman

Place : Mumbai

Date : 16th July, 2010

Annexure B

Management Discussion and Analysis Report

1. Introduction

CDSL is engaged in the business of providing depository services in India in respect of various types of securities. Since the commencement of its operations eleven years ago, the company has emerged as a convenient, dependable and secure depository and has accomplished high level of operational efficiency over the 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 and to protect the interest of the investors.

2. Industry Structure and Developments

Your company as a depository extends its services to the investors through agents, i.e. the depository participants, who provide an interface between the depository and beneficial owners. The depository provides infrastructure for maintenance of records of the beneficial owners and facilitates transfer of securities. The clearing houses / clearing corporations of stock exchanges and commodity exchanges are electronically connected for processing settlement of transactions. The activities like dematerialization and rematerialisation of securities/ warehouse receipts, corporate actions such as issue of rights and bonus shares, consolidation, subdivision and redemption of securities and revalidation of warehouse receipts are carried out by the issuers of securities or their Registrars and Transfer Agents who have established electronic connectivity with your company.

3. Opportunities and Threats

The Depositories have played a major role in the reform process by enabling shortening of settlement cycle (T+2), faster allotment of securities offered through IPOs or otherwise, apart from strengthening the efficiency of the settlement mechanism. The depository system has also helped to enhance liquidity, facilitate faster transfer of securities, reduce transaction costs, and prevent various risks associated with the erstwhile system of holding securities in physical form. Currently, various types of securities such as equity shares, debentures, bonds, certificate of deposits, commercial paper are admitted with CDSL for dematerialization. Your company has recently commenced admission of open ended Mutual Fund units.

Catering to the needs of different types of users of depository services in a rapidly growing capital market with high level of efficiency is a challenging task. The

management has been constantly striving to improve and enhance the existing systems and facilities and also to introduce new products and services. Although necessary measures have been taken to meet the increasing demand, maintaining the integrity, safety and efficiency of the depository services continues to be a challenging task.

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, 2010	Year ended 31st March, 2009	Growth in percentage (%) terms
1.	Beneficial Owner Accounts			
	- Gross	8,129,577	6,754,840	20.35
	- Net	6,585,746	5,527,479	19.15
2.	Holdings of securities			
	Value (in million Rs.)	8,389,280	4,594,480	82.59
	Volume (in million)	77,950	70,810	10.08
3.	Number of Depository Participants	497	468	6.20
4.	Securities settled			
	Value (in million Rs.)	4,298,686	2,239,887	91.92

b. Financial Performance

The company registered a gross income of Rs. 1013.85 million in 2009-10 as against Rs. 753.21 million in the previous financial year reflecting an increase of 34.60%. The profit after tax also increased from Rs. 340.21 million to Rs. 475.19 million, registering an increase of 39.68% over the previous year. The financial performance of the company is mainly dependent on the capital market conditions.

5. Future Outlook

After witnessing an unprecedented global financial meltdown during financial year 2008-09, the capital market rebounded smartly in the financial year 2009-10 on signs of improvement in the economic growth in India. The buoyancy in the capital market

has been amply reflected in the impressive growth in the number of accounts opened, number of issuers admitted, number of depository participants engaged in the business and number of transactions processed during the year.

The Indian economy has exhibited strong performance during the year 2009-10 led by sustained growth in the industry and the service sector. According to the advanced estimates of the Central Statistical Organization (CSO), the real gross domestic product (GDP) increased from 6.7% in 2008-09 to 7.5% in 2009-10. The Government of India Economic Survey for 2010-11 has projected a growth in GDP of approximately 8.5% in the current financial year. Strong macro economic fundamentals, sustained growth in the manufacturing and service sectors and consistent FII inflows promise sustainable growth in the capital market. The prospects for the continued upsurge in the depository business are consequently quite encouraging.

6. Risk Management

Risks are managed under a comprehensive risk framework, with policies related to each of the relevant risks and a governance structure that makes clear the responsibilities for monitoring and control. All critical functional areas of the company are under concurrent audit, which is carried out by an independent firm of Chartered Accountants. An extensive internal audit covering all areas is also carried out by the independent firm of Chartered Accountants. Post audit reviews are carried out to ensure follow up on the observations made. The scope of the internal and concurrent audit is determined by the Audit Committee and the audit reports are reviewed by this Committee on regular basis. CDSL also arranged revenue audit during the year under review to ensure that there is no revenue leakage and all revenue earnings are properly accounted for and duly realised.

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

CDSL has increased the minimum networth requirement from Rs. 1.5 crores to Rs. 2 crores for registration of new stock broker depository participants. The existing stock broker depository participants whose networth is less than Rs. 2 crores have been directed to comply with the said requirement within the stipulated time-limit.

CDSL has continued with its policy to lay more stress on compliance so as to ensure that the integrity of the depository system is not compromised, since this is a key driver for sustainable growth. CDSL has also obtained a comprehensive crime and liability insurance policy for 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 provide an interface to investors in extending depository services.

To achieve the said objective, concurrent audit of risk prone areas on 100% basis has been made mandatory for the depository participants in addition to the internal audit of depository participant operations. CDSL also conducts regular inspection of depository participants and Registrar and Transfer Agents through its own staff and independent audit firms. 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.

CDSL has decided to continue to focus on '100% compliance by depository participants'. Accordingly, to enhance the overall compliance level, CDSL has taken initiatives to educate depository participants across the country. CDSL conducts compliance training programmes and guidance visits for depository participants and suggest improvements to achieve the objective of 100% compliance.

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.

Place : Mumbai
Date : 16th July, 2010

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 Anjan Barua

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

Shri Ashishkumar Chauhan

Shri Ashishkumar Chauhan is currently the Deputy Chief Executive Officer of Bombay Stock Exchange Limited. Previously he worked as the CEO of Mumbai Indians and President and Group Chief Information Officer of Reliance Industries Limited. He has also acted as a CEO and Managing Director of Reliance Infosolutions Private Limited and Internet ExchangeNext.com Private Limited.

Shri Chauhan holds a B.Tech. in mechanical engineering from the Indian Institute of Technology and Post Graduate Diploma in Management from the Indian Institute of Management. He was awarded by the Computer Society of India in 1997 for Best IT Usage for his pioneering work in using IT for financial transactions at NSE.

Shri N. Rangachary

Shri N. Rangachary started his career as Indian Revenue Service Officer in 1960. He served as the Chairman of Central Board of Direct Taxes until 1996. He was the founding Chairman of Insurance Regulatory and Development Authority (IRDA) and held the office until June 2003. He also served as Advisor to the Government of Andhra Pradesh on Finance, Risk Management and Insurance from November 2003 to November 2008. He has been an independent director of several reputed companies. He is Honorary Member of the Indian Institute of Actuary. He was honored with "International Insurance Award" in the year 1999 and 2000 by the International Insurance Council, USA. He is a Fellow Member of the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India.

Shri T. S. Narayanasami

Shri T. S. Narayanasami is currently the Managing Director and CEO of United Stock Exchange of India. Earlier he was the Chairman & Managing Director of Bank of India. He was also elected as the Chairman of the Managing Committee of India Banks Association. His previous assignments include his tenure as Chairman and Managing Director, Andhra Bank (2004-2005), Chairman and Managing Director, Indian Overseas Bank (2005-2007), and Executive Director, Punjab National Bank. Under his guidance Indian Overseas Bank was rated as the best performing Public Sector Bank for 2006-2007 by Business Today- KPMG Survey and also by Financial Express- Ernst and Young Survey.

Mr. James E. Shapiro

Mr. James E. Shapiro is currently Head - Market Development of Bombay Stock Exchange Limited (BSE Ltd.) and is playing a key role in shaping and executing the strategy to re-invigorate the Exchange. He is the member of the Executive Management Committee of BSE Ltd., which is responsible for key strategic and operating decisions. He has wide experience in the financial services industry. He served as a Senior Managing Director of Galileo Global Advisors, LLC and as CEO of Galileo Global Securities, a wholly-owned subsidiary of Galileo Global Advisors (2004 to 2009). He was the Vice President in the International Division of New York Stock Exchange and was responsible for Asia - Pacific New listings (1988 to 2004). Mr. James E. Shapiro is a post graduate in Economics and Philosophy (M. A. and M. Phil. in Economics from Yale University).

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.	57	Managing Director & CEO	6,875,080	35	8th December, 2005	BSE General Manager - Market Operations
Shri. P. S. Reddy M.A.	47	Executive Director	4,945,345	22	8th November, 2006	BSE Chief General Manager - Surveillance & Inspection
Shri Pramod Deshpande M.Com	59	Chief Technology Officer	2,758,181	39	4th September, 2000	Bank of India - Officer
Shri Cyrus Khambata M.Com, LLB, CAIIB	55	Senior Vice President	2,525,971	33	18th May, 1998	Bank of India - Officer

Notes:

1. Remuneration includes basic salary, performance linked incentive, 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 and Shri Reddy 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/-

Place : Mumbai

Date : 16th July, 2010

S.S.Thakur
Chairman

AUDITORS' REPORT

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

We have audited the attached Balance Sheet of CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED (the "Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as the "Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:-
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Act, to the extent applicable.
- (e) On the basis of written representations received by the Company from the directors, we report that none of the director is disqualified as on 31st March, 2010 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Act.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with 'Significant Accounting Policies and Notes to Accounts' in Schedule '11' and other notes appearing elsewhere in the accounts, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in so far as it relates to the Profit & Loss Account, of the profit of the Company for the year ended on that date, and
 - iii) in so far as it relates to the Cash Flow Statement of the Company for the year ended on that date.

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

Viraj Londhe
Partner
(Membership No. 45761)

Place : Mumbai
Date : 16th July, 2010

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF AUDITORS' REPORT OF
EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH, 2010 OF CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED.**

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

1. a) The Company has maintained proper records, showing full particulars including quantitative details and situation of fixed assets.
b) The fixed assets were physically verified during the year by the Management in accordance with a program of verification, which in our opinion provides for the physical verification of all the fixed assets at reasonable intervals and discrepancies observed during the verification have been properly dealt with in the books of account.
c) The company has not disposed of substantial part of fixed assets during the year.
2. The Company does not have any inventory. Therefore, the provisions of clause 4(ii) of the Order are not applicable to the Company.
3. The Company has not granted / taken any loans , secured or unsecured , to / from companies , firms or other parties covered in the register maintained under Section 301 of the Act.
4. There is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services.
5. In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into a register in pursuance of section 301 of the Companies Act 1956.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

8. In respect of Company's activities, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Act.
9. (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) There are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, and Cess which have not been deposited on account of any dispute except as disclosed below.
Details of income tax which were not deposited as on 31st March 2010 on account of dispute are:

Amount	Period to which it relates	Forum where the dispute is pending
Rs. 741,038/-	Financial year 2005-06 (Assessment Year 2006-07)	Income Tax Appellate Tribunal

This disputed demand sought to be adjusted by the Income Tax department as per their intimation u/s 245 of the I. T. Act, 1961 dated 25/05/2010 received by CDSL on 31st May 2010 against the refund due to the company for Assessment Year 2008-09.

10. The Company has no accumulated losses as at 31st March, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, during the year, the company has not taken any loan and no amounts were due towards principal or interest to financial institution, bank or debenture holders during the year.
12. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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

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

Place : Mumbai
Date : 16th July, 2010

Viraj Londhe
Partner
(Membership No. 45761)

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	31.3.2010 Rs. in '000	31.3.2009 Rs. in '000
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,045,000	1,045,000
Reserves and Surplus	2	1,263,876	935,031
		2,308,876	1,980,031
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	468,066	435,100
Less : Depreciation		348,950	325,332
Net block		119,116	109,768
Investments	4	2,225,105	1,215,754
Deferred Tax Asset		26,526	19,720
Current Assets, Loans & Advances			
Interest accrued on Investments	5	12,616	5,066
Sundry Debtors		45,990	28,702
Cash and Bank balances		205,362	885,961
Loans and Advances		57,817	49,395
		321,785	969,124
Less:			
Current Liabilities & Provisions			
Liabilities	6	225,035	200,518
Provisions		158,621	133,817
		383,656	334,335
Net Current Assets		(61,871)	634,789
		2,308,876	1,980,031
Significant Accounting Policies and Notes to Accounts			
Schedules referred to above form an integral part of the Financial Statements	11		

As per our attached report of even date

For and on behalf of the Board of Directors

For M. P. Chitale & Co.
Chartered Accountants

Viraj Londhe
Partner

Satish Budhakar
Vice President (Legal)
& Company Secretary

S.S.Thakur
Chairman

V.V.Raut
Managing Director
& CEO

Place : Mumbai,
Date : 16th July, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	2009-2010 Rs. in '000	2008-2009 Rs. in '000
INCOME			
Operational Income	7	812,117	585,251
Other Income	8	201,736	169,135
		1,013,853	754,386
EXPENDITURE			
Personnel Cost	9	97,003	74,885
Other Expenses	10	187,442	174,134
Depreciation		54,798	39,641
Prior period Adjustments		416	-
		339,659	288,660
Profit before Tax		674,194	465,726
Provision for Tax			
- Current Tax		205,600	126,800
- FBT		-	870
- Deferred Tax		(6,806)	(2,377)
- Wealth Tax		210	226
Profit After Tax		475,190	340,207
Tax adjustment of earlier years		(118)	-
Balance of Profit brought forward from previous year		935,031	717,084
Profit available for appropriation		1,410,103	1,057,291
Proposed Dividend		125,400	104,500
Corporate Dividend Tax		20,827	17,760
Surplus carried to Balance Sheet		1,263,876	935,031
Basic & Diluted Earning Per Share of face value of Rs.10 each		4.55	3.26
Significant Accounting Policies and Notes to Accounts			
Schedules referred to above form an integral part of the Financial statements	11		

As per our attached report of even date

For and on behalf of the Board of Directors

For M. P. Chitale & Co.
Chartered Accountants

Viraj Londhe
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S.S.Thakur
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V.V.Raut
Managing Director
& CEO

Place : Mumbai,
Date : 16th July, 2010

Cash Flow Statement For the year ended March 31, 2010

	2009-2010 Rs. in '000	2008-2009 Rs. in '000
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAXES	674194	465726
Net Profit for non-cash items to be disclosed seperately		
Add : Depreciation	54798	39641
Provision for diminution in the value of investments	3947	(2102)
Provision for Doubtful Debts	4521	1081
Less : Profit from sale of Investments	(10389)	(2239)
Income from mutual funds	(85799)	(107543)
Rental Income	(2960)	(1277)
Advisory Fees	(4533)	0
Profit on sale of fixed assets(net)	(1308)	(43)
Interest Income	(94350)	(53562)
	(136073)	(126044)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	538121	339682
Advisory Fees	4533	0
Adjustment for changes in working capital		
Sundry Debtors	(21810)	4923
Loans and Advances	(18815)	(3651)
Current Liabilities and Provisions	25371	25639
	(10721)	26911
CASH GENERATED FROM OPERATIONS	527400	366593
Taxes Paid	(202051)	(124390)
A NET CASH PROVIDED BY OPERATING ACTIVITIES	325349	242203
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(64410)	(108405)
Proceeds from the sale of Fixed assets	1571	107
Purchase of Investments(Net)	(1002908)	414941
Rental Income	2960	1277
Dividend Received	85800	107544
Interest Received	86799	48496
Loan to CVL	6500	(400)
B NET CASH GENERATED FROM INVESTING ACTIVITIES	(883688)	463559
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid including dividend tax	(122260)	(122260)
C NET CASH USED IN FINANCING ACTIVITIES	(122260)	(122260)
NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(680599)	583502
Cash and Cash Equivalents at the beginning of the year	885961	302459
Cash and Cash Equivalents at the end of the year	205362	885961
	(680599)	583502
1. Cash and Cash Equivalents comprises of		
Cash and Cheques on Hand	48	6
With scheduled bank on Current Accounts	2849	799
Deposit Account	202360	885052
With RBI - Current Account	105	104
	205362	885961

Notes :

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

As per our attached report of even date

For and on behalf of the Board of Directors

For M. P. Chitale & Co.
Chartered Accountants

Viraj Londhe
Partner

Satish Budhakar
Vice President (Legal)
& Company Secretary

S.S.Thakur
Chairman

V.V.Raut
Managing Director
& CEO

Place : Mumbai,
Date : 16th July, 2010

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 1 SHARE CAPITAL	31.3.2010 Rs. in '000	31.3.2009 Rs. in '000
Authorised 15,00,00,000 Equity shares of Rs.10 each	<u>1,500,000</u>	<u>1,500,000</u>
Issued, Subscribed and Paid-up 10,45,00,000 Equity shares of Rs.10 each	<u>1,045,000</u>	<u>1,045,000</u>
SCHEDULE 2 RESERVES & SURPLUS		
Surplus as per Profit & Loss Account	<u>1,263,876</u>	<u>935,031</u>
TOTAL	<u>1,263,876</u>	<u>935,031</u>

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 3 FIXED ASSETS										
Rs. in '000										
DESCRIPTION	GROSS BLOCK (AT COST)				AMORTISATION / DEPRECIATION				NET BLOCK	
	As on 1.4.2009	Additions	Deductions	As on 31.3.2010	Upto 31.3.2009	For the year 2009-2010	Deductions	Upto 31.3.2010	As on 31.3.2010	As on 31.3.2009
Building *	17,377	-	-	17,377	17,376	-	-	17,376	1	1
Leasehold premises	53,152	-	-	53,152	4,296	5,315	-	9,611	43,541	48,856
Automated Depository System										
Computer Hardware	170,689	50,319	28,674	192,334	141,401	32,203	28,546	145,058	47,276	29,288
Computer Software	122,438	7,401	-	129,839	115,612	6,144	-	121,756	8,083	6,826
Equipment	27,141	4,415	2,527	29,029	21,520	3,274	2,527	22,267	6,762	5,621
Furniture & fixtures	34,256	1,675	243	35,688	20,470	5,557	107	25,920	9,768	13,786
Vehicles	10,047	600	-	10,647	4,657	2,305	-	6,962	3,685	5,390
Total	435,100	64,410	31,444	468,066	325,332	54,798	31,180	348,950	119,116	109,768
Previous Year	330,785	108,405	4,090	435,100	289,717	39,641	4,026	325,332	109,768	

*Includes face value of shares in a co-operative society - Gross Block Rs. 500 (Previous year Rs. 500) ; Net Block Rs. 258 (Previous Year Rs.308)

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 4 INVESTMENTS					
Particulars	Face Value (Rs.)	31.03.2010		31.03.2009	
		Quantity in nos.	Rs. in'000	Quantity in nos.	Rs. in'000
Long Term Investments					
(Unquoted, Non Trade & Fully Paid up)					
999993 Equity shares of Rs.10 each of					
CDSL Ventures Ltd. a subsidiary company at cost	10		10000		10000
Government Securities					
(Quoted, Non Trade)					
11.50% GOI 2015	1000		10		10
Investments in Debt Securities					
(Quoted, Non Trade)					
11.35% IDBI Omni Bonds 2008-Sr.XV	1000000	100	100000	100	100,000
6.85% IIFCL Bonds (Tax Free)	100000	1,300	130075	1,000	100,000
6.85% IIFCL Bonds (Tax Free)	100000	200	20050		
NCD Tata Capital Ltd. (12%)	1000	50,000	50000	50,000	50,000
9.62% L&T Finance	1000	28,106	28106	-	-
7.70% REC	1000000	50	49402	-	-
7.90% REC	1000000	100	100463	-	-
Current Investments:					
Equity Shares					
[Quoted, Non Trade & Fully paid up]					
Reliance Power Ltd	10	1,113	313	1,113	313
Units of Mutual Fund					
Fortis Flexi Debt Fund -Regular -Growth Plan	10	964,950	10239	964950	10239
Fortis Series 12 Plan A -Institutional Dividend	10	-	-	10000000	100000
Fortis Money Plus Fund-Institutional Monthly Dividend	10	-	-	41270	414
Birla Cash Plus-Institutional Premium-Weekly Dividend	10	42,880	430	40753	409
Birla Savings Fund -Institutional-Daily Dividend -Reinvestment	10	1,720,455	17216	48469	485
Birla Dynamic Bond Fund - Retail - Monthly Dividend - Reinvestment	10	7,914,523	82015	3240336	33343
Birla Short Term Fund-Retail-Monthly Dividend -Reinvestment	10	60,134	633	58425	615
Birla Short Term Fund-Inst-Daily Dividend -Reinvestment	10	2,355,752	23570	3039672	30413
Birla Fixed Term Plan-Institutional-Series AS-Dividend-Reinvestment	10	-	-	3369056	33731
Birla Fixed Term Plan-Institutional-Series BK-Growth	10	3,250,000	32500	3250000	32500
Birla Interval Income-Institutional -Quarterly-S2-Dividend-Reinvestment	10	3,000,000	30000	-	-
DSP BlackRock Short Term Fund-Weekly Dividend Reinvestment	10	15,027,188	153035	-	-

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Face Value (Rs.)	31.03.2010		31.03.2009	
		Quantity in nos.	Rs. in'000	Quantity in nos.	Rs. in'000
DSP BlackRock Fixed Maturity Plan-13M-Series 2-Dividend	10	3,000,000	30000	-	-
DWS Fixed Term Fund Series 51-Institutional Plan-Dividend Option	10	-	-	5000000	50000
DWS Fixed Term Fund Series 67-Dividend Plan-Payout	10	3,000,011	30000	-	-
DWS Short Maturity Fund-Institutional-Weekly Dividned Option	10	3,511,513	36693	-	-
DWS Short Maturity Fund-Weekly Dividned Option	10	-	-	2231791.2	22952
DWS Money Plus Advantage Fund-Institutional Plan-Monthly Dividend Option	10	2,920,209	30993	-	-
DWS Twin Advantage Fund-Monthly Dividend-Reinvest	10	5,783,176	62494	-	-
HDFC Floating Rate Income Fund-Short Term Plan -Wholesale Option-Dividend Daily	10	9,734,252	98130	23553	237
HDFC FMP 13M March 2008 (VII) (2) -Wholesale Plan -Growth	10	-	-	3,102,150	31,021
HDFC Short Term Plan-Dividend Reinvest	10	5,070,702	53438	-	-
HDFC 370D June 2008 (VIII) (1) - Wholesale Plan-Quarterly Dividend-Payout	10	-	-	4250000	42500
HDFC Fixed Maturity Plan-14M Mar 2010-Quarterly Series II-Dividend-Payout	10	3,000,000	30000	-	-
HSBC Fixed Term Fund Series 63-Institutional -Growth	10	-	-	3239014.5	32390
IDFC Fixed Maturity Plan-Half Yearly Series 9-Plan A-Dividend	10	3,014,640	30146	-	-
IDFC Money Manager Fund-TP-Super Inst Plan C-Daily Dividend	10	10,798,380	108000	-	-
IDFC-SSIF-ST-Plan D-Monthly Dividend	10	3,075,474	30986	-	-
ING Income Fund -Institutional Plan-Quarterly Dividend Option	10	2,191,112	22807	2102038.83	21841
ING Fixed Maturity Fund -XXXII-Institutional Dividend-Payout	10	-	-	2500000	25000
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 XI-Yearly Plan-Institutional Dividend Plan	10	-	-	5285273.7	52862
JM Fixed Maturity Fund Series Xlii-Yearly Plan-Institutional Dividend Plan	10	-	-	3327679.8	33278
Kotak Bond (Short Term) -Monthly Dividend	10	7,878,159	79867	2182934.8	21976
Kotak Floater Short Term -Weekly Dividend	10	5,747	58	5578	56
Kotak Floater Long Term-Weekly Dividend	10	15,536	157	-	-

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Face Value (Rs.)	31.03.2010		31.03.2009	
		Quantity in nos.	Rs. in'000	Quantity in nos.	Rs. in'000
Kotak FMP 12M Series 3 Institutional -Dividend	10	-	-	1031568	10316
Kotak FMP 12M Series 7 Institutional -Dividend	10	-	-	5231467	52317
Kotak Quaterly Interval Plan Series 4-Dividend	10	3,000,000	30000	-	-
Kotak Quaterly Interval Plan Series 7-Dividend	10	3,263,351	32634	-	-
Principal Income Fund-Institutional Plan-Dividend Reinvestment-Quarterly	10	62,732	711	59581	674
Principal Income Fund-Short term Plan-Institutional Plan-Dividend Reinvestment-Weekly	10	1,750,233	18958	1633572.7	17695
Principal Fixed Maturity Plan (FMP-47) 385 days -Series VII-June 08-Institutional Dividend Plan	10	-	-	5000000	50000
ICICI Prudential Banking and PSU-Debt Fund-Weekly Dividend-Reinvestment	10	3,012,332	30148	-	-
ICICI Prudential Institutional Short Term Plan-Cummulative Option.	10	27,094	376	27,094	376
ICICI Prudential Institutional Liquid Plan-Super Institutional-daily Dividend	100	2,453	245	596173	5962
ICICI Prudential Fixed Maturity Plan-Series 51-1Year Plan A Cumulative	10	3,500,000	35000	-	-
ICICI Prudential Fixed Maturity Plan-Series 51-14 Months Plan D Dividend	10	3,500,000	35000	-	-
ICICI Prudential Flexible Income Plan-Daily Dividend-Reinvestment	100	51,054	5398	74265	785
ICICI Prudential Institutional Short Term Plan-Monthly Dividend Reinvestment	10	2,788,207	34074	-	-
ICICI Prudential Ultra Short Term Plan Premium Plus-Daily Dividend Reinvestment	10	5,313,236	53161	-	-
Reliance Quarterly Interval Fund-Series II-Institutional Dividend Plan	10	90	1	90	1
Reliance Fixed Horizon Fund -X-Series 3 - Super Institutional Dividend Plan	10	-	-	3000000	30000
Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan	1000	102,681	102798	4127	4132
Reliance Liquid Fund -Treasury Plan - Institutional Option-Daily Dividend Option	10	-	-	363665	5559
SBI Magnum Insta Cash Fund -Dividend Option	10	-	-	80338	858
SBI Magnum Premier Liquid Fund -Institutional-Dividend Option	10	-	-	8097	81
SBI Debt Fund Series- 370 Days-2-Institutional Dividend	10	-	-	3000000	30000
SBI SHDF-Short Term-Institutional Plan-Weekly Dividend	10	5,720,880	57785	-	-
SBI SHF-Ultra Short Term Fund-Institutional Plan-Weekly Dividend	10	3,032,284	30569	-	-

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Face Value (Rs.)	31.03.2010		31.03.2009	
		Quantity in nos.	Rs. in'000	Quantity in nos.	Rs. in'000
Sundaram BNP Paribas Fixed Term Plan K - Institutional Dividend	10	-	-	3060722.8	31285
SBNPP Fixed Term Plan-14 Months Series AA-Dividend	10	3,000,000	30000	-	-
SBNPP Fixed Term Plan-15 Months Series Z-Dividend	10	3,000,000	30000	-	-
SBNPP Interval Fund-Quarterly-Plan E-Institutional Dividend	10	3,250,000	32500	-	-
SBNPP Flexible Fund Short Term Institutional-Monthly Dividend Reinvest	10	9,516,869	98334	-	-
Franklin Templeton Fixed Tenure Fund Series VII 370 days plan -Dividend				-	-
Templeton India Short Term Income Retail Plan-Weekly Dividend-Reinvestment	1000	34,997	38088	32100	34977
Templeton Fixed Horizon Fund Series II-Plan A-Institutional				-	-
Templeton Fixed Horizon Fund Series VII-Plan C-Institutional				3,000,000	30000
Templeton Floating Rate Income Fund Long Term Plan Super Institutional Daily Dividend Reinvestment	10	5,226,422	52298	-	-
Less: Provision for diminution in the value of investment			4,799		852
Total			2,225,105		1,215,754

Aggregate amount of investment	Book Value	31.03.2010		31.03.2009	
		Rs in'000	Market Value/Repurchase Price	Book Value	Market Value/Repurchase Price
Quoted investment in :					
Units of Mutual Funds	1,741,485	1,748,113	956,282	955,629	
Government Securities	10	12	10	12	
Equity Shares	313	166	313	114	
Debt Securities	478,095	504,031	250,000	258,203	
Aggregate of quoted investments	2,219,903	2,252,322	1,206,605	1,213,958	
Aggregate of unquoted investment in Equity Shares	10,000	-	10,000	-	

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 5	31.3.2010	31.3.2009
CURRENT ASSETS, LOAN AND ADVANCES	Rs. in '000	Rs. in '000
Interest accrued on Investments	12,616	5,066
SUNDRY DEBTORS		
Over six months (net of service tax)	26,471	16,092
Others	40,943	29,513
	<u>67,414</u>	<u>45,605</u>
Less : Provision for doubtful debts	21,424	16,903
	<u>45,990</u>	<u>28,702</u>
Secured by deposits with the Company and considered good	35,207	27,545
Unsecured and considered good	10,783	1,157
Considered doubtful	21,424	16,903
	<u>67,414</u>	<u>45,605</u>
CASH AND BANK BALANCES		
Cash on hand	48	6
Balances with Scheduled Banks:		
- in current account	2,849	799
- in term deposit accounts (inclusive of interest accrued Rs.2370 thousands; Previous Year Rs. 30028 thousands)	202,360	885,052
In current Account with Reserve Bank of India	105	104
	<u>205,362</u>	<u>885,961</u>
LOANS AND ADVANCES		
(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.20000 thousands; Previous year Rs.25600). Convertible into equity shares at par at the option of the Company.	13,500	20,000
Amount receivable from CDSL Ventures Ltd., a subsidiary company (Maximum amount outstanding during the year Rs.8184 thousands; Previous year Rs.6770 thousands).	1,474	1,194
Advances recoverable in cash or in kind or for value to be received	27,425	8,890
Income tax (net of provisions Rs.700327 thousands;previous year Rs.499127 thousands)	13,814	17,807
Fringe Benefit tax (net of provisions of Rs. 2181 thosands; previous year Rs.2081 thousands)	262	162
Deposit with The Stock Exchange, Mumbai	1,342	1,342
	<u>57,817</u>	<u>49,395</u>
SCHEDULE 6		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
(a) Due to Creditors other than Micro and Small Enterprises	24,274	17,896
(b) Due to Micro and Small Enterprises (Refer Note No. B (15) in Schedule 11)		-
Security Deposit from depository participants & RTA	164,400	152,350
Income received in advance	24,648	15,880
Other liabilities	11,713	14,392
	<u>225,035</u>	<u>200,518</u>
PROVISIONS		
For Wealth Tax	210	226
For Leave Entitlement	11,596	9,647
For Gratuity	588	1,684
For Proposed Dividend	125,400	104,500
For Corporate Dividend Tax	20,827	17,760
	<u>158,621</u>	<u>133,817</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 7 OPERATIONAL INCOME	2009-2010 Rs. in '000	2008-2009 Rs. in '000
Fees towards:		
- Account Maintenance	14,566	13,220
- Transactions	374,123	269,036
- Settlements	20,342	20,805
- Users Facilities	42,412	44,251
- Annual Issuer charges (Net of contribution to Beneficial Owners Protection Fund Rs.4686 thousands; previous year Rs.2600 thousands- refer Note 9 in Schedule 11)	259,971	142,840
- Training (Net of Training Expenses Rs 909 thousands; previous year Rs.1095 thousands)	382	639
- Others	100,321	94,460
	812,117	585,251
SCHEDULE 8 OTHER INCOME		
Income from/Interest on :		
Fixed Deposits (TDS Rs.7557 thousands ; P Y Rs.10243 thousands)[Net of contribution to Beneficial Owners Protection fund Rs.1429 thousands; Previous Year Rs.1200 thousands- refer Note 9 in Schedule 11)	61,103	47,979
Debt Instruments * (TDS Rs.NIL)	33,247	5,583
Others (TDS Rs. 143 thousands; P Y Rs.332 thousands)	2,118	2,108
Miscellaneous Income	278	260
Profit on sale of Investments (Net) *	10,389	2,239
Income from Mutual Funds *	85,800	107,544
Rent (TDS Rs 266 thousands; P Y Rs 286 thousands)	2,960	1,277
Advisory fees	4,533	-
Profit / (loss) on sale of Fixed assets (Net)	1,308	43
Provisions no longer required written back	-	2,102
	201,736	169,135
(*Income from Current Investments)		

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 9 PERSONNEL COST	2009-2010 Rs. in '000	2008-2009 Rs. in '000
Salaries and other allowances	85,755	66,664
Contribution to PF and other funds	4,666	5,094
Staff welfare expenses	6,582	3,127
	97,003	74,885
SCHEDULE 10 OTHER EXPENSES		
Rent	32,689	29,142
Rates & Taxes	653	2,493
Electricity & Water Charges	8,715	7,906
Insurance	13,936	17,207
Repairs and Maintenance :		
Computers	71,339	70,007
Others	3,060	2,307
Legal, Professional and Consultancy Fees	8,376	9,792
Auditors' Remuneration	514	428
Directors' Sitting Fees	1,045	815
Travelling and Conveyance	5,851	4,804
Annual SEBI Fees	1,000	1,000
Postage, Telephone & Communication Charges	13,533	9,132
Advertisement Expenses	631	168
Printing & Stationery	3,412	3,589
Business Promotion Expenses	2,502	2,314
Bad Debts Written off	8,516	9,155
Provision for Doubtful Debts/Advances	4,521	1,081
Provision for diminution in the value of investments	3,947	-
Miscellaneous Expenses	3,202	2,794
	187,442	174,134

SCHEDULE TO BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

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.

Pro-rata performance linked bonus is provided on the basis of the approved budget. Actual amount of performance linked bonus would be determined by the Board of Directors at the time of payment and necessary additional provision / reversal is made, if required.

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

viii. Provisions and Contingent Liabilities

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

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

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

Contingent Liability is disclosed in the case of;

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

B. Notes to Accounts:**1. Contingent liability not provided for:-**

Claims against the Company not acknowledged as debts:

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

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

- c) Claims not acknowledged as debts in respect of Income-tax demand, disputed by the Company in respect of following assessment years.

(Rs. In Thousands)

	2009-10	2008-09
A Y 2004-05	1614	1614
A Y 2005-06	231	231
A Y 2006 -07	1482	1482

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

- Estimated amount of contracts to be executed on capital account and not provided for (net of advances) Rs.6047 thousands (Previous Year Rs.2818 thousands).
- The components of deferred tax assets are as under:

(Rs. In Thousands)

	2009-10	2008-09
Deferred Tax Assets		
Provision for Doubtful Debts/Advances	7,117	5,745
Provision for Diminution in Value of Investments	797	97
Expenses allowed on payment basis	10,336	7,006
Depreciation	8,276	6,872
Total	26,526	19,720

4. Managerial Remuneration:

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

(Rs. In Thousands)

	2009-10	2008-09
Salary and allowances	11098	5213
Company's Contribution to P.F.	572	324
Estimated value of perquisites	151	56
Total	11821	5593

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)

	2009-10	2008-09
Audit Fees	465	300
Tax Audit Fees	-	75
Out of Pocket Expenses (including service tax Rs.48 thousands, Previous year Rs. 39 thousands)	49	53
Total	514	428

7. Expenses in foreign currency (on payment basis)

(Rs. In Thousands)

	2009-10	2008-09
Travelling Expenses	1037	1375
Others	1112	1606

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 14686 thousands (Previous Year Rs. 16271 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.426 thousands (Previous Year Rs.461 thousands) utilized for conducting various investor education and awareness programme. Balance of Rs.1028 thousands (Previous year Rs. 206) is to be utilised for the said programme has been grouped under "Other Liabilities" in Schedule 6.
- (b) Beneficial Owner's Protection Fund:
As advised by SEBI, the Company had set up a Trust called "CDSL Beneficial Owner's Protection Fund"(BOPF) with the object of indemnification of losses suffered by Beneficial Owners. As per the rules of the said Fund, corpus is constituted mainly out of (a) penalties collected from Depository Participants (DPs) and (b) amount funded by the Company from time to time based on certain percentage of annual issuer fees and interest earned on security deposit from DPs. Details of the Fund account grouped under "Other Liabilities" Schedule 6 are given below:

(Rs. In Thousands)

	Current Year	Previous Year
Opening Balance	11515	5800
Add :		
Penalties levied (net)	1153	7715
Other Contributions*	6115	3800
Less : Funded	9500	5800
Closing Balance	9283	11515
* 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 has a outstanding loan of Rs.13500 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, 2010 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, 2010

(Rs. In Thousands)

	31-3-2010	31-3-2009
A Expenses Recognized in the statement of Profit & Loss Account for the year ended		
1 Current Service Cost	1070	945
2 Past Service Cost	-	-
3 Interest Cost	342	331
4 Expected Return on Plan Assets	(311)	(267)
5 Net Actuarial (Gain)/ Loss recognized for the Period	(811)	(165)
6 Expenses recognized in statement of P&L A/c	290	844
B Net Asset / (Liability) recognized in the Balance Sheet		
1 Present Value of Obligation	5543	4925
2 Fair Value of Plan Assets	4955	3241
3 Funded Status	(588)	(1683)
4 Unrecognised Actuarial Gain/ (Loss)	-	-
5 Net Assets / (Liability) recognized in the Balance Sheet	(588)	(1684)
C Changes in present value of obligations		
1 Present Value of Obligation as at April 01, 2009	4925	4476
2 Interest Cost	342	331
3 Current Service Cost	1071	945
4 Benefits Paid	(85)	(684)
5 Actuarial (Gain)/Loss on Obligation	(709)	(143)
6 Present Value of Obligation as at March31,2010	5543	4925
D Changes in Fair Value of Plan Assets		
1 Fair Value of Plan Assets as at April 01 , 2009	3241	2876
2 Expected Return on Plan Assets	311	266
3 Contributions	1386	761
4 Benefits Paid	(85)	(684)
5 Actuarial Gain / (Loss) on plan assets	102	22
6 Fair Value of Plan Assets as at March 31,2010	4955	3241

	31-3-2010	31-3-2009
E Fair Value of Plan Assets		
1 Fair Value of Plan Assets as at April 01,2009	3241	2876
2 Actual Return on Plan Assets	413	288
3 Contributions	1386	761
4 Benefits Paid	(85)	(684)
5 Fair Value of Plan Assets as at March 31,2010	4955	3241
6 Funded Status	(588)	(1683)
7 Excess of Actual over estimated return on Plan Assets	102	22
F Actuarial Gain / (Loss) Recognized		
1 Actuarial Gain/(Loss) for the period (Obligation)	709	143
2 Actuarial Gain / (Loss) for the period (Plan Assets)	102	22
3 Total Gain / (Loss) for the period	811	165
4 Actuarial Gain / (Loss) recognized for the period	811	165
5 Unrecognized Actuarial Gain / (Loss) at March 31,2010	-	-
G Movements in the Liability recognized in Balance Sheet		
1 Opening Net Liability	1684	1600
2 Expenses recognized in Profit & Loss A/c	290	845
3 Contribution Paid	(1386)	(761)
4 Closing Net Liability	588	1684
H Actuarial Assumptions		
1 Mortality	LIC(1994-96) Ult	LIC(1994-96) Ult
2 Discount Rate as at March 31,2010	7.79%	7.00%
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, 2010, 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. In the operational income, under the head Others, unavailed input CENVAT credit amounting to Rs. 6052 thousands is recognised as income as there exist certainty of setting it off against the service tax liability.

16. Related Party Disclosures:

(a) List of related parties and their relationship:			
<p>(i) Entities where control exists: CDSL Ventures Limited - Wholly owned subsidiary</p> <p>(ii) Associates: Bombay Stock Exchange Ltd - Shareholder with substantial interest in voting power.</p> <p>(iii) Key Managerial Personnel: Shri V V Raut - MD & CEO</p>			
(Rs. '000)			
(b)	Transactions during the year:	2009-2010	2008-2009
	Bombay Stock Exchange Limited:		
	- Custodial Fees and Corporate Action charges received	36	13
	- Payment towards VSAT usage charges, rent, electricity and other expenses	49705	47852
	- Sale of Computer Hardware	1531	-
	- Reimbursement of expenses paid on behalf of Bombay Stock Exchange Limited	368	-
	- Dividend	38254	38254
	CDSL Ventures Limited		
	- Reimbursement received for rent, salaries etc	6750	5157
	- Interest received on loan	1434	1613
	- Sale of Computer Hardware	1250	-
	- Loan Repaid	6500	400
	Shri V V Raut		
	Managerial remuneration	6875	5593
(c)	Balances at the year end:	31.3.2010	31.3.2009
	Bombay Stock Exchange Limited		
	- Deposit with BSE	1342	1342
	- Amount Payable/(Receivable)	(1528)	1114
	- Face Value of Shares	382546	382546
	CDSL Ventures Limited:		
	- Investment in shares	10000	10000
	- Amount Receivable	1474	1194
	- Loans given	13500	20000

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.

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

	2009-2010	2008-2009
(i) Numerator - Net Profit as per Profit & Loss Account (Rs. In '000)	475,190	340,207
(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	4.55	3.26

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

Signatures to Schedules 1 to 11

For and on behalf of the Board of Directors

Satish Budhakar
Vice President (Legal)
& Company Secretary

S.S. Thakur
Chairman

V.V. Raut
Managing Director
& CEO

Place : Mumbai

Date : 16th July, 2010

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	31.03.2010

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
2692532	2692532

Sources of Funds		Application of Funds	
Particulars	Amount	Particulars	Amount
Paid up Capital	1,045,000	Net Fixed Assets	1,19,116
Reserves and Surplus	12,63,876	Investments	22,25,105
Secured Loans	NIL	Net Current Assets	(61,871)
Unsecured Loans	NIL	Net Deferred Tax Assets	26,526
	23,08,876		23,08,876

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

Total Income	Total Expenditure	Profit/ Loss before tax	Profit/ Loss after tax
10,13,853	3,39,659	6,74,194	4,75,190
Earnings Per share in Rs.		Dividend Rate (%)	
4.55		12% (Proposed)	

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

Item No. (ITC Code)

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

For and on behalf of the Board of Directors

Satish Budhakar
Vice President (Legal)
& Company Secretary

S.S. Thakur
Chairman

V.V. Raut
Managing Director
& CEO

Place : Mumbai
Date : 16th July, 2010

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

- | | | | |
|---|---|---|--|
| 1 | Name of the subsidiary | : | CDSL VENTURES LIMITED |
| 2 | Financial Year of the Subsidiary Company ended on | : | 31 st March 2010 |
| 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.11946 thousands |
| | (ii) for the previous financial year of the subsidiary since it became the holding company's subsidiary | : | (Rs.26939 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 |

For and on behalf of the Board of Directors

Satish Budhakar
Vice President (Legal)
& Company Secretary

S.S. Thakur
Chairman

V.V. Raut
Managing Director
& CEO

Place : Mumbai
Date : 16th July, 2010



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 Fourth Annual Report along with Audited Statement of Accounts of your Company for the year ended 31st March, 2010.

Financial Highlights

Particulars	Year ended 31st March, 2010 (Rs. in '000)	Year ended 31st March, 2009 (Rs. in '000)
Income	34,228	33,907
Expenditure	21,101	28,229
Profit/ (Loss) before Depreciation and Taxation	13,127	5,678
Depreciation	1,181	12,250
Profit / (Loss) before Tax	11,946	(6,572)
Provision for Taxation/ FBT	-	5
Profit/ (Loss) after Tax	11,946	(6,577)
Balance from previous year	(26,939)	(20,362)
Balance carried forward to Balance Sheet	(14,993)	(26,939)

The Company posted total income of Rs.342.28 lacs and earned profit of Rs.119.46 lacs as against the income of Rs.339.07 lacs and loss of Rs.65.77 lacs in the previous year.

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 1530 branches spread across 140 cities. The back office operations of the project have been shifted to new premises taken on lease from CDSL in Belapur and are conducted under the direct supervision of your Company.

As on March 31, 2010, about 12.86 lacs KYC records were generated through Point of Service agencies out of which 12.46 lacs records were processed and ready for use by Mutual Funds. However, only 7.66 lacs KYC records were used by Mutual Funds. This is due to reduction in fresh investments in Mutual Funds by existing as well as prospective investors caused by depressed market conditions.

Your Company availed of a loan of Rs.306 lakhs from CDSL for meeting the initial cost of the KYC project and for its working capital requirements. The Company has repaid the loan to

the extent of Rs.171 lakhs and a sum of Rs. 135 lakhs was outstanding as on March 31, 2010.

Future Outlook

The financial year 2010-11 has commenced with a positive note with encouraging signs of economic recovery and buoyancy in the capital market. With the 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 higher revenue earnings of your Company. Further, the KYC verification limit of Rs. 50,000 is expected to be reduced during the current financial year. This will enhance operational income as the KYC of investors who invest below this limit will be verified by the AMCs.

e-Voting System for Corporates

Your Company has developed e-Voting System for Corporates. This project will provide internet based facility for shareholders to vote on resolutions considered at AGMs/EGMs of companies as an alternative to voting through postal ballots. Demonstration of the system has been given to senior officials of the Ministry of Corporate Affairs, SEBI and also to some large corporates. Shri Salman Khurshid, Honorable Minister for Corporate Affairs inaugurated the e-Voting system on November 17, 2009 at a function held in BSE Convention Hall.

New Business opportunities

With a view to leverage the existing branch network of Point of Service agencies, CVL is exploring new business avenues like promoting insurance and loan products through a 'Referral Model'.

CVL would be the 'Referral Agency' and will appoint sub - referral agents to introduce clients interested in insurance and loan products to insurance companies and entities granting loans to eligible clients. On conclusion of such deals CVL will earn commission a part of which will be shared with the sub - referral agents.

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 has been constituted. Shri S. S. Thakur is the Chairman of the Committee. The Committee met four times in the year under review.

The functions of the Audit 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 31st March, 2010 as the Company is yet to clear the accumulated losses from its operations and repay the loan availed from CDSL.

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 S. S. Thakur and Shri Pramod Deshpande retire by rotation at the Fourth 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 Fourth 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 reports 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 are 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/-

Place : Mumbai
Date : 18th June, 2010

S. S. Thakur
Chairman

Compliance Certificate

Registration No. : 164885
CIN : U93090MH2006PLC164885
Authorised Capital : Rs. 10,000,000
Paid up Capital : Rs. 10,000,000

To,
The Members,
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**, (the Company), as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March 2010**. 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 there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board, or other authorities under the Act and the rules made there under.
3. The Company being a Public Limited Company, comments in respect of the Compliance of Section 3(1) (iii) of the Companies Act are not required.
4. The Board of Directors duly met 4 (Four) times on 2nd June, 2009, 24th September, 2009, 23rd December, 2009, 25th March, 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book as required by the Articles of Association of the Company and the Act.
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 31st March 2009 was held on 30th July, 2009, after giving due notices to the members of the Company and the resolution passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any Loans to its directors or persons or firms or Companies referred to under Section 295 of the Act.

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 maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government.
12. The Board of Directors has not issued any duplicate share certificates during the financial year.
13. The Company:
 - (i) Has delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act;
 - (ii) Was not required to deposit any amount in a separate bank account, as no dividend was declared during the financial year;
 - (iii) Was not required to post warrants to any members of the Company as no dividend was declared during the financial year;
 - (iv) Was not required to transfer any amount to Investor Education Protection Fund since there was no unclaimed or unpaid dividend;
 - (v) Has duly complied with the requirements of Section 217 of the Act;
14. The Board of Directors of the Company is duly constituted. There were no appointments of directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The company has not appointed Managing Director during the period under consideration.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, and Registrar of Companies and /or such authorities prescribed under the various provisions of the Act during the financial year.
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 there under.
19. The Company has not issued any shares during the financial year
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued debentures and hence the matter of redemption does not rise.

22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
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 Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one State to another during the period under scrutiny.
26. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the period under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the period under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to Authorized share capital of the Company during the period under scrutiny.
29. The Company has not altered the Articles of Association with respect to Authorised Share Capital of the Company during the period under scrutiny.
30. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
31. The Company has not received any money as security from its employees during the financial year.
32. 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 : 22nd May, 2010

Annexure A
Registers as maintained by the Company
Statutory Registers

SR No.	Name of the Register	Under Section	Remarks
1.	Register of Members	150 & 151	Updated
2.	Register of Directors	303	Updated
3.	Register of Directors 'share holding	307	Updated
4.	Register of Charges	143(1)	Updated
5.	Minutes Books of Board Meeting & General Meeting	193	Updated
6.	Books of Accounts	209	Updated
7.	Register of Contracts entered with related parties	301	Updated
8.	Register of Loans and Investments	372A	Updated

Other Registers

SR No.	Name of the Register
1.	Register of share transfer
2.	Registers and Returns

Note: - The Company has not maintained the following registers as it was informed that there were no entries/transactions to be recorded there in

SR No.	Name of the Register
1.	Register of Securities Bought Back
2.	Register and Index of Debenture holders
3.	Minutes Book of Class Meeting
4.	Register of renewed and duplicate certificates
5.	Register of Destruction of Records

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended 31st March, 2010

Sr. No.	Particulars of Forms	Filed Under relevant section of the Act	Date of filing	Whether filed within pre-scribed time Yes / No	If delay in filing, whether requisite additional fee paid Yes / No
1.	Balance Sheet, etc. under Section	220	For the year ended 31/03/2009	Yes	No
2.	Annual Return under Section	159	Made upto 30/07/2009	Yes	No
3.	Compliance Certificate	383A	For the year ended 31/03/2009	Yes	No

Place : Mumbai
Date : 22nd May, 2010

For SG & ASSOCIATES
Company Secretary

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

AUDITORS' REPORT

To,
The Members,
CDSL VENTURES LIMITED

1. We have audited the attached Balance Sheet of CDSL VENTURES LIMITED as at 31st March, 2010, 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, 2010, and taken on record by the Board of Directors, wherever applicable, we report that none of the directors is disqualified as on 31st March, 2010 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, 2010; and
 - 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
(Firm Registration no. 301051 E)

A M Hariharan
Partner
(Membership No. 38323)

Mumbai
18th June, 2010

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, 2010 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, and 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
(Firm Registration no. 301051 E)

Mumbai
18th June, 2010

A M Hariharan
Partner
(Membership No. 38323)

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	31.3.2010 Rs. in '000	31.3.2009 Rs. in '000
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	10,000	10,000
Unsecured loans	2	13,500	20,000
		23,500	30,000
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	30,771	32,980
Less : Depreciation		29,739	31,238
Net block		1,032	1,742
Current Assets, Loans & Advances			
Sundry Debtors	4	5,264	1,816
Cash and Bank balances		844	588
Loans and Advances		8,957	6,176
		15,065	8,580
Current Liabilities & Provisions			
Liabilities	5	7,590	7,261
		7,590	7,261
Net Current Assets / (Liabilities)		7,475	1,319
Profit & Loss Account - Loss		14,993	26,939
		23,500	30,000
Significant Accounting Policies and Notes to Accounts			
	11		
Schedules referred to above form an integral part of the Balance Sheet.			

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

Place : Mumbai,
Date : 18th June, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	2009-2010 Rs. in '000	2008-2009 Rs. in '000
INCOME			
Operational Income	6	32,253	33,866
Other Income	7	1,975	41
		34,228	33,907
EXPENDITURE			
Personnel Cost	8	5,165	4,527
Operating Expenses	9	7,424	16,175
Other Expenses	10	8,512	7,527
Depreciation		1,181	12,250
		22,282	40,479
Profit / (Loss) Before Tax		11,946	(6,572)
Provision for FBT		-	5
Provision for MAT		500	-
MAT credit entitlement		(500)	-
Profit / (Loss) After Tax		11,946	(6,577)
Balance of Loss brought forward from previous year		(26,939)	(20,362)
Balance of Loss carried to the Balance Sheet		(14,993)	(26,939)
Basic & Diluted Earning Per Share of face value of Rs. 10 each		11.95	(6.58)
Significant Accounting Policies and Notes to Accounts	11		
Schedules referred to above form an integral part of the Profit & Loss Account			

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

Place : Mumbai,
Date : 18th June, 2010

Cash Flow Statement For the year ended March 31, 2010

	2009-2010 Rs. in '000	2008-2009 Rs. in '000
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAXES	11946	(6572)
Net Profit for non-cash items to be disclosed separately		
Add : Depreciation	1181	12250
Less : Income from mutual funds	0	(25)
Misc.Income	(1341)	(16)
Profit on sale of Fixed Assets (Net)	(634) (794)	0 12209
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	11152	5637
Adjustment for changes in working capital		
Sundry Debtors	(3448)	2353
Loans and Advances	(14)	281
Current Liabilities and Provisions	329 (3133)	(3214) (580)
CASH GENERATED FROM OPERATIONS	8019	5057
Taxes Paid	(2767)	(3782)
A NET CASH PROVIDED BY OPERATING ACTIVITIES	5252	1275
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(1087)	(2234)
Proceed on sale of Fixed assets	1250	0
Dividend Received	0	25
Misc.income Received	1341	16
B NET CASH USED IN INVESTING ACTIVITIES	1504	(2193)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan received /repaid from/to Holding Company	(6500)	400
C NET CASH USED IN FINANCING ACTIVITIES	(6500)	400
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	256	(518)
Cash and Cash Equivalents at the beginning of the year	588	1106
Cash and Cash Equivalents at the end of the year	844	588
	256	(518)

Notes :

The above statement has been prepared by using the indirect method as per Accounting Standard 3 - Cash Flow Statement.

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,
18th June, 2010

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 1 SHARE CAPITAL	31.3.2010 Rs. in '000	31.3.2009 Rs. in '000
Authorised 10,00,000 Equity shares of Rs.10 each	10,000	10,000
Issued, Subscribed and Paid-up 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
SCHEDULE 2 Unsecured Loans		
From a body corporate : Central Depository Services (India) Ltd - (Holding Company) @ {Repayable within one year Rs. NIL (Previous Year NIL) }	13,500	20,000
	13,500	20,000
@Convertible into equity shares at par at the option of the holding company		

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 3 FIXED ASSETS										
Rs. in'000										
DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As on 1.4.2009	Additions	Deduction	As on 31.3.2010	Upto 1.4.2009	For the year 2009-2010	Deduction	Upto 31.3.2010	As on 31.3.2010	As on 31.3.2009
Computer Hardware	22,466	-	3,296	19,170	21,031	720	2,680	19,071	99	1,435
Computer Software	10,017	960	-	10,977	10,017	192	-	10,209	768	-
Furniture & fixtures	12	-	-	12	5	2	-	7	5	7
Office Equipment	485	127	-	612	185	267	-	452	160	300
Total	32,980	1,087	3,296	30,771	31,238	1,181	2,680	29,739	1,032	1,742
Previous Year	30,746	2,234	-	32,980	18,988	12,250	-	31,238	1,742	

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 4 CURRENT ASSETS, LOAN AND ADVANCES	31.3.2010 Rs. in '000	31.3.2009 Rs. in '000
SUNDRY DEBTORS Unsecured, Considered Good and due for less than Six Months	5,264	1,816
	5,264	1,816
CASH AND BANK BALANCES Cash on hand	6	3
Balances with scheduled banks: -in current account	838	585
	844	588
LOANS AND ADVANCES (Unsecured, considered good) Advances recoverable in cash or in kind or for the value to be received	277	263
Income Tax (Net of Provision Rs. 500 thousand, Previous year NIL)	8,180	5,913
MAT credit entitlement	500	-
	8,957	6,176
	8,957	6,176
SCHEDULE 5 CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES Sundry Creditors		
(a) Due to Creditors other than Micro and Small Enterprises	6,554	6,238
(b) Due to Micro and Small Enterprises (Refer Note No.B(3) in Schedule 11)	-	-
Other liabilities	1,036	1,023
	7,590	7,261
	7,590	7,261

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 6 OPERATIONAL INCOME	2009-2010 Rs. in '000	2008-2009 Rs. in '000
On Line Data Charges	25,443	31,336
Documents Storage Charges	5,422	-
Other operational Income	1,388	2,530
	32,253	33,866

SCHEDULE 7 OTHER INCOME	2009-2010 Rs. in '000	2008-2009 Rs. in '000
Dividend Income from Short Term Investments	-	25
Miscellaneous Income	1,341	16
Profit on sale of Fixed Assets (Net)	634	-
	1,975	41

SCHEDULE 8 PERSONNEL COST	2009-2010 Rs. in '000	2008-2009 Rs. in '000
Reimbursement cost of Salaries to staff on deputation from Holding Company	3,730	3,677
Salaries and other allowances	1,245	786
Contribution to PF and other funds	99	62
Staff welfare expenses	91	2
	5,165	4,527

SCHEDULE 9 OPERATING EXPENSES	2009-2010 Rs. in '000	2008-2009 Rs. in '000
Point Of Service (POS) charges**	6,464	15,338
Courier Charges	960	837
	7,424	16,175

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

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2010**

SCHEDULE 10 OTHER EXPENSES	2009-2010 Rs. in '000	2008-2009 Rs. in '000
Insurance expenses	79	105
Rent	2,630	1,353
Electricity Charges	417	127
Legal & Professional charges	798	736
Directors Sitting fees	20	19
Leased line & telephone expenses	293	651
Travelling & Conveyance	15	1
Computer Maintenance Charges	2,223	1,292
Software Licence Fees	39	1,459
Interest on fixed loan	1,434	1,613
Business Development charges	215	-
Website Maintenance Charges	52	-
Miscellaneous Expenses	297	171
	<u>8,512</u>	<u>7,527</u>

SCHEDULE TO BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

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 Accounting Standards refer under Companies (Accounting Standards) Rules 2006 as related to section of the Companies Act, 1956. 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 as 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
Furniture & Fixtures	6.33	20
Office Equipment (other than computers)	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 aid/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 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.

Minimum Alternate Tax (MAT) is recognized at each Balance Sheet date and carried as assets only to the extent there is convincing evidence that the Company will pay normal Income tax during the subsequent period specified in the Income Tax Act 1961.

viii. Provisions and Contingent Liabilities

Provisions are recognised for liabilities that can be measured only by using 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)

	2009-10	2008-09
Audit Fees	23	23
Tax Audit Fees	12	12
Out of Pocket Expenses including Service Tax	7	4
Total	42	39

- 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, 2010, 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.
- The Components of net deferred tax asset/ (liability) are as under:

(Rs. In Thousands)

	2009-10	2008-09
Deferred Tax Assets		
Business Loss	3149	3149
Depreciation	5422	5996
Total	8571	9145

Deferred Tax assets of Rs.8571 thousands (Previous Year Rs. 9145 thousands) has not been recognised as a matter of prudence.

6. Related Party Disclosures:

(a) List of related parties and their relationship:		
(i) Entity where control exists: Central Depository Services (India) Limited- Holding Company		
(Rs. '000)		
(b) Transaction during the year	2009-10	2008-09
Central Depository Services (India) Limited Reimbursement made for rent, salaries etc	6750	5157
Interest paid on loan	1434	1613
Sale of Computer Hardware	1250	-
Loan Repaid /taken	6500	400
(c) Balances at the year end:	31.3.2010	31.3.2009
Central Depository Services (India) Limited:		
Amount Payable	1474	1194
Loans Payable	13500	20000

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
7. 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.

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

(Rs. In Thousands)

	2009-10	2008-09
(i) Numerator - Net Profit as per Profit & Loss Account (Rs. In '000)	11946	(6577)
(ii) Denominator - 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	11.95	(6.58)

9. 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

Place : Mumbai

Date : 18th June, 2010

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	31.03.2010

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
31090	31090

Sources of Funds		Application of Funds	
Particulars	Amount	Particulars	Amount
Paid up Capital	10,000	Net Fixed Assets	1,032
Reserves and Surplus	NIL	Investments	NIL
Secured Loans	NIL	Net Current Assets	7,475
Unsecured Loans	13,500	Profit & Loss A/c- Loss	14,993
	23,500		23,500

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

Total Income	Total Expenditure	Profit/ Loss before tax	Profit/ Loss after tax
34,228	22,282	11,946	11,946
Earnings Per share in Rs.		Dividend Rate (%)	
11.95		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

Place : Mumbai

Date : 18th June, 2010



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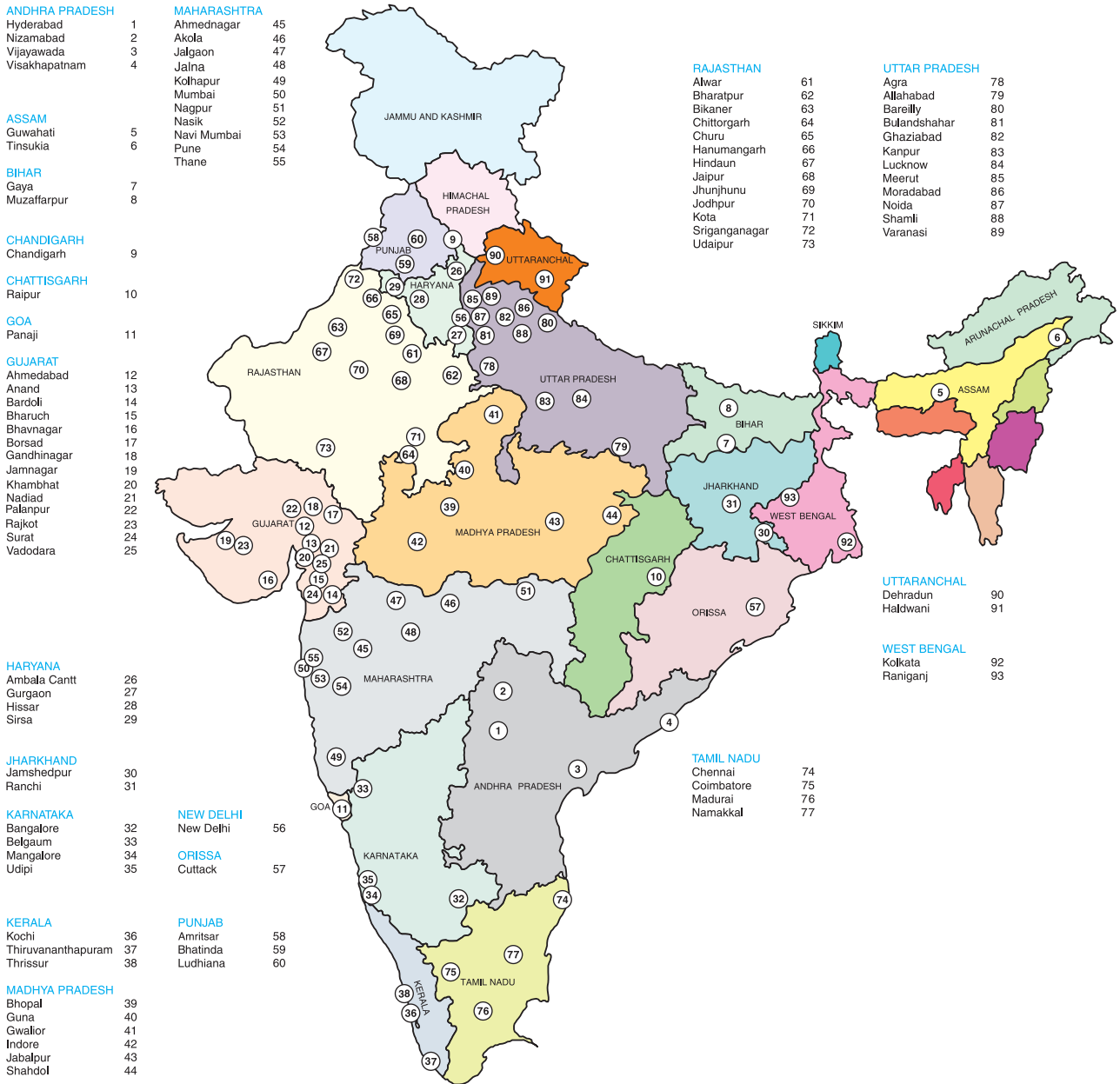


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CDSL DP NETWORK



* Map not to scale



Central Depository Services (India) Limited

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