

Board of Directors

Mr. Abhay Aima
Mr. Aseem Dhru, Managing Director
Mr. Bharat Shah, Chairman
Ms. Latika Monga
Mr. S.S. Thakur
Mr. Santosh Haldankar, Whole Time Director & Company Secretary

Auditors

Deloitte Haskins & Sells
Chartered Accountants

Bankers

HDFC Bank Limited
Standard Chartered Bank
IndusInd Bank Limited
IDBI Bank Limited
Bank of America
Punjab National Bank

**Whole Time Director &
Company Secretary**

Mr. Santosh Haldankar

Registered Office

Office Floor 8,
I Think Techno Campus,
Building B - Alpha,
Kanjurmarg (E),
Mumbai - 400 042
Tel No. : 30753454
Fax No.: 30753435
Website : www.hdfcsec.com

Registrar & Share Transfer Agents

Datamatics Financial Services Limited,
Plot No A.16 & 17,
Part B Crosslane,
MIDC, Marol,
Andheri (East),
Mumbai - 400 093
Tel. No.: 66712214
Fax No.: 28213404

CONTENTS	Page
Directors' Report	1-3
Auditors Report	4-5
Balance Sheet	6
Profit & Loss Account	7
Cash Flow Statement	8
Schedules to the Accounts	9-19

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Tenth Annual Report on the business and operations of the Company together with audited accounts for the year ended 31 March, 2010.

FINANCIAL RESULTS

	(Rs. in Crores)	
	Year ended 31-3-2010	Year ended 31-3-2009
Total Income	235.31	124.66
Total Expenses	105.94	88.26
Profit before depreciation	129.37	36.40
Depreciation and Amortisation	7.94	8.31
Profit before tax	121.43	28.09
Provision for Tax	43.25	11.52
Profit after tax	78.18	16.57
Balance brought forward	53.09	36.87
Amount available for appropriation	131.27	53.44
Proposed dividend	0.75	0.30
Tax including surcharge and education cess on dividend	0.12	0.05
Balance carried over to Balance Sheet	130.40	53.09

OPERATIONS

The Company had another successful financial year with a total income of Rs. 235.31 crores as against Rs. 124.66 crores in the previous year, a growth of 89%. The operations have resulted in a net profit after tax of Rs. 78.18 crores as against Rs. 16.57 crores in the previous year, a growth of 372%. This substantial increase in the financial performance of the Company during the year was primarily on account of the Company's initiative to emerge as a full-fledged financial services provider offering a bouquet of financial services alongwith the core broking product. The Company continues to strengthen its network and has a branch network of 100 branches across the country including separate linguistic business centres within these branches to cater to the needs of the local customers

PROSPECTS AND OUTLOOK FOR THE FUTURE

Economic Outlook

The Indian Government and the RBI took a number of measures to combat the crisis like interest rate cuts, stimulus packages etc. More importantly, the strength of the Indian consumer (esp. rural) came to the forefront in FY10. The Sixth Pay Commission payouts, Farm Loan Waiver and increase in MSP of crops helped drive consumption demand.

From an overall deficit of around \$20 billion in April-December 2008, India's balance of payments (BoP) turned into a surplus of around \$11 billion during the corresponding period in 2009. The large swing was triggered mainly by the capital account. The capital account surplus expanded from a mere around \$7 billion during the first nine months of FY09 to around \$42 billion during the corresponding period in FY10. This trend can be largely explained by the liquidity injection by major central banks across the globe and the associated recovery in global risk appetite. The current account deficit, however, weakened further (rose by \$2.8 billion to \$30.3 billion during April-December 2009 over the same period last year) mainly on account of the global financial meltdown that hit exports and other inflows.

As on March 26, 2010, India's foreign exchange reserves totalled US\$ 277.04 billion, an increase of US\$ 24.71 billion over the same period last year.

A rise in the expected GDP growth rate, recovery in exports, rise in output of cement & steel, strong auto numbers as well as IIP (cumulative growth for April-Feb this year was 10.1%, up from the 3.0% for the corresponding period last year) underscore the extent and strength of recovery in India. However, an increase in oil imports and rising asset prices (inflation in double digits), could lead to a faster than expected increase in interest rates which could stifle growth. Other than that, adverse global developments could hinder India's prospects, as the Indian economy is a key beneficiary of fund flows. On an overall basis, India is much better placed in terms of economic growth prospects relative to a lot of other economies.

Capital Market

Since early March 2009, markets have sensed an improvement in both, the economic outlook as well as corporate earnings, consequent to the major stimulus packages – including excise duty cuts, increased liquidity, robust government spending, banks allowing corporate to restructure debt and so on. Such moves led to the re-rating of equities supported by strong inflow of foreign investor money.

After declining by 38% in financial year 2008-09, the BSE Sensex gained 80.5% during FY'10 (best in 5 years). After touching a low of 9,546 on April 01, 2009, the Sensex touched a high of 17,790 on Jan 06, 2010 and finished FY'10 with handsome gains. After pulling out close to Rs. 50,000 cr from the domestic stock market in financial year 2008-09, foreign institutional investors poured in over Rs 1,09,300 cr in Indian stock markets during FY'10. Trading volumes, which had taken a major dip saw improvement. NSE cash market volumes jumped a smart 50%.

The financial year 2010-11 has commenced on a positive note. Fund flows and risk appetite remain strong so far. Indian markets have historically shown a strong correlation with the developed markets. India is a high beta market and outperforms during a rise and likewise during a fall.

DIVIDEND

Your Directors are pleased to recommend a dividend of 5% for the year ended 31 March 2010. This dividend shall be subject to dividend distribution tax to be paid by the Company but will be tax-free in the hands of the members.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

- A. Since the Company does not carry out any manufacturing activities, particulars to be disclosed with respect to conservation of energy and technology absorption under 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 are not applicable.
- B. Details of earnings and expenses in foreign currency are reflected at schedule 13 (point no. 4) of the Financial statements.

DIRECTORS

Mr. S.S. Thakur and Mr. Bharat Shah retire by rotation at the ensuing Annual General meeting and are eligible for re-appointment.

EMPLOYEE STOCK OPTION

The Company looks upon its employees as an important component in its growth and success and as a key resource in its continued development. To motivate them and to inculcate in them a sense of belongingness, the Company had during the financial year 2009-10 introduced the Employee Stock Option Scheme and granted 5,42,750 stock options to its employees entitling them to receive an equivalent number of Equity shares of face value of Rs. 10/- each in the Company at an exercise price of Rs. 135/- per share.

PUBLIC DEPOSIT

During the year under review, the Company has not accepted any deposit pursuant to Section 58A of the Companies Act, 1956.

INFORMATION PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956:

The information required to be given under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is given in the Annexure enclosed.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting. Members are requested to consider their re-appointment on a remuneration, to be decided by the Board of Directors in mutual consultation with the Auditors.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby state that:

1. in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2010 and of the profit of the Company for the year ended on that date;
3. they have taken proper and sufficient care 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
4. they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT AND APPRECIATION

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from the Securities and Exchange Board of India, the Bombay Stock Exchange Limited, National Stock Exchange of India Limited, National Securities Depository Limited, Central Depository Services (India) Limited and other government and regulatory agencies.

Your Directors are grateful to the Company's customers and bankers for their continued support.

Your Directors would also like to take this opportunity to express their appreciation to the dedicated and committed team of employees for their contribution to the Company and rendering high quality services to the customers. We would also like to thank all our shareholders for their support in our endeavours.

On behalf of the Board of Directors

Place : Mumbai
Date : 20 April 2010

Bharat Shah
Chairman

Annexure

Information pursuant to Section 217(2A) of the Companies Act, 1956.

Name and Qualification	Age in yrs.	Designation / Nature of Duties	Date of commencement of employment	Remuneration (Rs.)	Experience (No. of years)	Last Employment
Mr. Ajit Kumar Singh MBA, BE	40	Head - Financial Planning Services	26 March 2007	28,05,329	18	HSBC
Mr. Amit Sharma B.Com	38	Regional Head - Branch Sales	9 November 2002	30,12,694	16	SSKI Investors Pvt. Ltd.
Mr. Aseem Dhru \$ B.Com, CA, CWA	40	Managing Director	1 January 2008	1,39,55,477	15	Anagram Limited
Mr. Ashish Rathi B.Com, ACA	30	Head - Risk & Compliance	1 September 2003	31,68,944	8	Rafaga Info Knowledge
Mr. Biji Joseph Scaria B Tech, MMS	39	Vice President - Projects	22 July 2000	30,16,309	16	Tata Consultancy Services
Mr. C.V. Ganesh B.Com, CA, CWA	38	Chief Financial Officer & Head - Operations	2 May 2008	51,59,299	16	Citi Technology Services Ltd.
Mr. Deepak Jasani B.Com, LLB, FCA, CFA	45	Head - Retail Research	07 April 2004	51,53,225	15	Kaji & Maulik Services Ltd
Mr. Manoj Nanda MSc	42	Vice President, Projects	9 March 2006	29,93,991	17	TCG Software
Ms. Reynu Bhat BSc	47	Head - Customer Care & Tele broking	15 January 2004	39,07,214	15	Microwave Communication Ltd
Mr. Siddharth Shah \$ B.Com	50	Head - Branch Sales	8 May 2008	36,59,716	29	Anagram Securities Limited
Mr. Siddharth M.K. BSc, MBA, LLB	31	Head - HNI	25 August 2003	30,54,978	11	Tata TD Water House
Mr. Uday Singh B.Com, MBA	36	Head - Retail Sales	21 December 2005	39,36,562	15	ICICI Prudential Life Insurance Company Ltd

Employed for part of the year

Mr. Anupam Gupta B.Com, C.A.	38	Vice President, Institutional Research	September 3, 2009	25,15,760	12 yrs	CLSA
Mr. Manish Dabir B.Com	35	Head, Institutional Business	July 31, 2009	34,08,064	14 yrs	JM Financial Institutional Securities Pvt. Ltd.
Mr. Rahul Jain B.Com, MBA	28	Credit Analyst, Institutional Research	November 23, 2009	8,45,085	5 yrs	Alchemy Share & Stock Brokers Pvt. Ltd.
Mr. Vinod Sharma B.Com, MBA	49	Head - Pvt Broking & Wealth Mgt	October 30, 2009	15,83,002	25 yrs	Anagram Securities Limited

\$ - Staff on deputation

Notes:

1. Remuneration as shown above includes salary, performance bonus paid during the year, house rent allowance, medical allowance, reimbursement of telephone bills, leave travel allowance, superannuation, other taxable allowances and Company's contribution to provident fund.
2. None of the above are related to any Director of the Company.
3. Nature of employment is contractual.

**AUDITORS' REPORT
TO THE MEMBERS OF
HDFC SECURITIES LIMITED**

1. We have audited the attached Balance Sheet of **HDFC SECURITIES LIMITED** 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, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure 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 as follows:
 - (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 it 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 are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 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;
 - (ii) in the case of the Profit and 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.
5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

Nalin M. Shah
Partner
(Membership No. 15860)

MUMBAI, 20th April, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (ii), (viii), (x), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and Section 58AA of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Wealth Tax, Service Tax, and Cess which have not been deposited as on 31st March, 2010 on account of disputes are given below:

Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.in Lakhs)
Income Tax Act, 1961	Income Tax	Supreme Court	Assessment Year 2004-05	22.86
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	Assessment Year 2005-06	22.26
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	Assessment Year 2006-07	143.77
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Assessment Year 2007-08	47.04
Income Tax Act, 1961	Income Tax	Assessing Officer	Assessment Year 2008-09	0.41
Finance Act, 1994	Service Tax	Commissioner of Central Excise (Appeals)	Financial Years 2005 and 2006	3.77
Finance Act, 1994	Service Tax	Commissioner of Central Excise	Financial Years 2005 to 2009	11.07

- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- (x) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS

Chartered Accountants

(Registration No. 117366W)

Nalin M. Shah

Partner

(Membership No. 15860)

MUMBAI, 20th April, 2010

Balance Sheet as at 31 March, 2010

			As at 31 March, 2010	(Rs '000) As at 31 March, 2009
Sources of funds				
Shareholders' funds				
Share Capital	1	150,010	150,010	
Reserves and Surplus	2	<u>1,575,536</u>	<u>1,725,546</u>	<u>952,477</u>
Deferred Tax Liability			-	<u>9,032</u>
Total			<u><u>1,725,546</u></u>	<u><u>961,509</u></u>
Application of funds				
Fixed assets	3			
Gross Block		573,510	530,950	
Less: Depreciation and Amortisation		<u>402,864</u>	<u>360,732</u>	
Net Block			170,646	170,218
Capital Work-in-Progress			18,394	3,337
Investments	4		10	10
Deferred Tax Assets			6,451	-
Current assets, Loans and advances				
Sundry Debtors	5	814,681	285,174	
Cash and Bank balances	6	2,295,398	1,511,865	
Loans and Advances	7	<u>65,894</u>	<u>89,317</u>	
		3,175,973	1,886,356	
Less:				
Current liabilities and Provisions	8			
Current liabilities		1,628,284	1,069,952	
Provisions		<u>17,644</u>	<u>28,460</u>	
		1,645,928	1,098,412	
Net Current assets			<u>1,530,045</u>	<u>787,944</u>
Total			<u><u>1,725,546</u></u>	<u><u>961,509</u></u>

The attached notes form part of the Accounts 13

In terms of our report of even date attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

NALIN M. SHAH
Partner

Place : Mumbai
Date : 20 April, 2010

For and on behalf of the Board

BHARAT SHAH
Chairman

ASEEM DHURU
Managing Director

SANTOSH HALDANKAR
Whole Time Director & Company Secretary

Profit and Loss Account for the year ended 31 March, 2010

		Year ended 31 March, 2010	(Rs '000) Year ended 31 March, 2009
Income	Schedule		
Brokerage income (See Note 13)		1,948,449	999,369
Fee Income		266,079	142,752
Other income	9	138,571	104,521
		<u>2,353,099</u>	<u>1,246,642</u>
Expenditure			
Payments to and provisions for employees	10	580,113	442,277
Operating expenses	11	471,102	427,707
Finance charges	12	8,166	12,652
		<u>1,059,381</u>	<u>882,636</u>
Profit before depreciation and tax		1,293,718	364,006
Less: Depreciation and Amortisation		79,385	83,098
Profit before tax		1,214,333	280,908
Provision for taxation			
Current tax [See Note 9 (a)]		448,000	119,000
Fringe Benefit Tax [See Note 9(b)]		-	4,080
Deferred tax		(15,483)	(7,910)
Profit after Tax		781,816	165,738
Add: Balance brought forward from previous year		530,885	368,657
		<u>1,312,701</u>	<u>534,395</u>
Amount available for appropriation			
Appropriation :			
a) Proposed dividend		7,501	3,000
b) Tax on dividend		1,246	510
c) Balance carried to Balance Sheet		1,303,954	530,885
		<u>1,312,701</u>	<u>534,395</u>
Earnings per Share (Basic & Diluted) (Rs)		52.12	11.05
(Face Value Rs 10)- (See Note 8)			
The attached notes form part of the Accounts	13		

In terms of our report of even date attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

NALIN M. SHAH
Partner

Place : Mumbai
Date : 20 April, 2010

For and on behalf of the Board

BHARAT SHAH
Chairman

ASEEM DHURU
Managing Director

SANTOSH HALDANKAR
Whole Time Director & Company Secretary

Cash Flow Statement for the year ended 31 March, 2010

Particulars	Year ended 31 March, 2010	(Rs. '000) Year ended 31 March, 2009
(A) Cash flows from Operating activities :		
Net Profit before taxation	1,214,333	280,908
Adjustments for :		
Interest earned on Loans and Deposits	(3,216)	(262)
Loss on sale / write off of Fixed Assets	2,283	425
Dividend received	(7,153)	(10,078)
Provision for Doubtful Debts	1,927	1,347
Provision for Wealth Tax	107	32
Depreciation and Amortisation	79,385	83,098
Interest paid	1,437	3,702
Provision for Employee benefits	2,420	1,491
Operating profit before working capital changes	1,291,523	360,663
Adjustments for changes in working capital :		
Sundry Debtors	(530,833)	80,451
Loans and advances	24,551	206,380
Fixed deposits with Scheduled Banks under Lien	(164,877)	(231,400)
Current liabilities and provisions	558,307	164,089
Cash generated from Operations	1,178,671	580,183
Direct taxes paid (net of refunds)	(468,309)	(125,442)
Net Cash from Operating activities	710,362	454,741
(B) Cash flows from Investing activities :		
Additions to Fixed Assets and Capital work in progress	(98,932)	(71,166)
Proceeds from sale of Fixed Assets	1,779	1,561
Interest received	3,216	241
Dividend received	7,153	10,078
Net Cash used in Investing activities	(86,784)	(59,286)
(C) Cash flows from Financing activities :		
Dividend Paid (including dividend tax)	(3,485)	-
Interest paid	(1,437)	(3,702)
Net Cash used in Financing activities	(4,922)	(3,702)
Net increase in cash and cash equivalents	618,656	391,753
Cash and cash equivalents at the beginning of the year	652,890	261,137
Cash and cash equivalents at the end of the year	1,271,546	652,890
Reconciliation		
Cash and cash equivalents at the end of the year	1,271,546	652,890
Add: Fixed deposits with Scheduled Banks under Lien	1,023,852	858,975
Cash and cash equivalents at the end of the year as per Schedule 6	2,295,398	1,511,865

In terms of our report of even date attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

NALIN M. SHAH
Partner

Place : Mumbai
Date : 20 April, 2010

For and on behalf of the Board

BHARAT SHAH
Chairman

ASEEM DHURU
Managing Director

SANTOSH HALDANKAR
Whole Time Director & Company Secretary

Schedules forming part of the Accounts

(Rs. '000)

	As at 31 March, 2010	As at <u>31 March, 2009</u>
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Schedule 1 - Share Capital

Authorised

20,000,000 Equity shares of Rs. 10 each

200,000

200,000

Issued, Subscribed and Paid-up

150,010

150,010

15,001,000 Equity shares of Rs.10 each fully paid up.

150,010

150,010

(includes 12,000,800 shares allotted as fully paid-up by way of bonus shares out of securities premium account)

[8,849,839 shares are held by the Holding Company - HDFC Bank Ltd.]

Schedule 2 - Reserves and Surplus

Securities Premium Account

271,582

271,582

Profit and Loss Account

1,303,954

530,885

1,575,536

802,467

Schedule 3 - Fixed assets

	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2009	Additions during the year	Deletions/ Adjustments during the year	As at 31 -03- 2010	As at 01-04-2009	Charge for the year	On deletions during the year	As at 31 -03- 2010	As at 31 -03- 2010	As at 31 -03-2009
<u>Intangible Assets</u>										
Bombay Stock Exchange Card	28,816	-	-	28,816	25,091	2,882	-	27,973	843	3,725
Computer Software	143,488	858	-	144,346	104,030	19,081	-	123,111	21,235	39,458
Website Costs	4,241	-	-	4,241	4,241	-	-	4,241	-	-
<u>Tangible Assets</u>										
Leasehold Improvements	63,662	23,981	17,562	70,081	35,316	9,943	16,870	28,389	41,692	28,346
Furniture & Fixtures	5,538	2,783	754	7,567	4,388	1,651	683	5,356	2,211	1,150
Computer Hardware	210,644	32,987	5,596	238,035	148,908	32,581	4,419	177,070	60,965	61,736
Office Equipments*	66,163	12,515	15,900	62,778	35,074	10,109	13,917	31,266	31,512	31,089
Motor Cars	8,398	10,751	1,503	17,646	3,684	3,138	1,364	5,458	12,188	4,714
Total	530,950	83,875	41,315	573,510	360,732	79,385	37,253	402,864	170,646	170,218
Previous year	477,084	72,239	18,373	530,950	294,021	83,098	16,387	360,732	170,218	183,063

* Office Equipments includes assets held for disposal, costing NIL (Previous Year Rs. 9,253 thousand) which have been valued as NIL.

Schedules forming part of the Accounts (Contd.)

		(Rs. '000)
	As at <u>31 March, 2010</u>	As at <u>31 March, 2009</u>
Schedule 4 - Investments (See note 12)		
Unquoted: (non trade) (at cost)		
Equity Shares (Long Term)		
1,30,000 Equity Shares of Re 1/- each fully paid-up of Bombay Stock Exchange Limited	10	10
	<u>10</u>	<u>10</u>
Schedule 5 - Sundry Debtors		
Outstanding for a period exceeding six months		
Unsecured - Considered Good	-	21,978
Unsecured - Considered Doubtful	2,726	697
Less : Provision for Doubtful Debts	2,726	697
Outstanding for a period of less than six months		
Secured - Considered Good	757,724	255,789
Unsecured - Considered Good	56,957	7,407
Unsecured - Considered Doubtful	363	1,066
Less : Provision for Doubtful Debts	363	1,066
	<u>-</u>	<u>-</u>
	<u>814,681</u>	<u>285,174</u>
Schedule 6 - Cash and Bank Balances		
Cash on hand	10	9
In current accounts with Scheduled Banks	754,348	504,081
Fixed deposits with Scheduled Banks	1,541,040	1,007,775
[Including deposits under lien Rs 1,023,852 thousand (previous year Rs 858,975 thousand)]	<u>2,295,398</u>	<u>1,511,865</u>
Schedule 7 - Loans and Advances		
Unsecured, Considered Good		
Advances recoverable in cash or in kind or value to be received	41,740	59,391
Deposit with Stock Exchanges	21,125	28,626
Margin monies with clearing member	1,300	1,300
Advance Tax (Net)	1,729	-
Unsecured, considered doubtful	1,280	679
Less : Provision for doubtful advances	1,280	679
	<u>65,894</u>	<u>89,317</u>

Schedules forming part of the Accounts (Contd.)

(Rs. '000)

As at
31 March, 2010

As at
31 March, 2009

Schedule 8 - Current Liabilities and Provisions
Current Liabilities

Sundry Creditors (See Note 11)	1,586,213	1,051,816	
Other Liabilities	5,671	5,979	
Advance Fees	36,375	12,157	
Unpaid Dividend	<u>25</u>	<u>-</u>	1,069,952

Provisions

For taxes [Net]	-	18,473	
For employee benefits	8,897	6,477	
For Proposed Dividend	7,501	3,000	
For Tax on Dividend	<u>1,246</u>	<u>510</u>	
	<u>17,644</u>		28,460
	<u>1,645,928</u>		<u>1,098,412</u>

Schedule 9 - Other Income

Interest on fixed deposits [TDS - Rs. 12,122 thousand (previous year Rs. 17,560 thousand)]	101,370	80,143
Interest on loans and deposits [TDS - Rs. 13 thousand (previous year Rs. 21 thousand)]	3,216	262
Other Interest	23,381	11,514
Dividend on Long Term Investments (non-trade)	520	300
Dividend on Current Investments (non-trade) (See Note 12)	6,633	9,778
Miscellaneous income	<u>3,451</u>	<u>2,524</u>
	<u>138,571</u>	<u>104,521</u>

Schedule 10 - Payments to and provisions for employees (See Note 3)

Salaries, Wages and Bonus	518,672	396,488
Contribution to provident and other funds	13,367	11,176
Staff training and welfare expenses	19,784	13,734
Staff on Deputation	<u>28,290</u>	<u>20,879</u>
	<u>580,113</u>	<u>442,277</u>

Schedules forming part of the Accounts (Contd.)

				(Rs. '000)
		Year ended		Year ended
		<u>31 March, 2010</u>		<u>31 March, 2009</u>
Schedule 11 - Operating Expenses				
Stamp, registration and trading expenses		54,726		103,620
Outsourcing and Professional fees (See Note 3)		70,565		52,133
Directors' sitting fees		276		200
Repairs and maintenance	- Buildings	13,527	11,764	
	- Others	<u>49,749</u>	<u>49,777</u>	61,541
Rent		68,001		35,694
Rates and taxes		6,787		1,352
Membership and subscriptions		6,908		4,208
Advertisement and Marketing		28,371		27,416
Commission		2,617		(1,581)
Electricity		28,415		21,114
Auditors' Remuneration				
	Audit fees	800		800
	Other matters	10		20
	Out of pocket expenses	8		-
Website maintenance expenses		6,282		8,103
Printing and stationery		9,405		8,851
Insurance		1,108		1,043
Travelling and Conveyance expenses		15,478		12,457
Postage & communication expenses		89,770		79,603
SEBI turnover fees		1,543		983
Wealth Tax		107		32
Provision for doubtful debts		1,927		1,347
Loss on sale of Fixed Assets (Net)		2,283		425
Miscellaneous expenses		<u>12,439</u>		<u>8,346</u>
		<u>471,102</u>		<u>427,707</u>
Schedule 12 - Finance Charges				
Bank Guarantee Charges		5,824		8,753
Bank charges		905		197
Interest paid - others		<u>1,437</u>		<u>3,702</u>
		<u>8,166</u>		<u>12,652</u>

Schedules forming part of the Accounts (contd.)

Schedule 13 – Notes appended to and forming part of the Accounts for the year ended 31 March, 2010

1. Contingent liabilities

- Bank Guarantees Rs. 700,000 thousand (previous year - Rs. 410,000 thousand). These are issued in favour of the Exchanges to meet margin requirements.
- Claims against the Company not acknowledged as debt: For disputed trades – Rs. 819 thousand (previous year – Rs. 24,930 thousand).
- Income tax demands, net of amounts provided for, in respect of which appeals are pending – Nil (previous year – Rs. 8,503 thousand).
- Service tax demands, net of amounts paid for Rs. 1,484 thousand (previous year – Rs. 377 thousand).

2. Pending capital commitments

As at 31 March, 2010 the Company has contracts remaining to be executed on capital account and not provided for. The estimated amount of contracts (net of advances) towards fixed assets is Rs. 4,877 thousand (previous year - Rs 4,993 thousand).

3. Managerial Remuneration

(Rs. '000)

	FY 2009-10	FY 2008-09
Salary & incentive	14,471	11,913
Provident Fund	155	223
Superannuation	135	127
Gratuity	0	202
Perquisites	1,153	1,456
Total	15,914	13,921

Managerial remuneration excludes provision for gratuity and leave availment, since it is provided on actuarial valuation of the Company's liability to all its employees. Further, it includes incentive amounting to Rs. 5,573 thousand (previous year – Rs. 1,575 thousand) for the previous year paid during the year but excludes incentives for the current year to two whole time directors since it has not yet been ascertained.

In the current year, the Company paid Rs. 1,827 thousand (previous year – Rs 2,100 thousand) as remuneration to Mr. Bharat Shah, non-executive chairman, for services rendered by him. This is reflected as "Professional fees" in these financial statements. The Company has received permission from Central Government for the same.

4. a) Expenditure in Foreign Currency (on payment basis)

(Rs. '000)

	FY 2009-10	FY 2008-09
Travelling Expenses	24	63
Legal & Professional charges	Nil	1,439
Others	986	1,005
Total	1,010	2,507

b) Earnings in Foreign Currency (on payment basis)

(Rs. '000)

	FY 2009-10	FY 2008-09
Consultancy Fees	332	671
Advertisement income	Nil	355
Total	332	1,026

- In terms of the Accounting Standard 15 on Employee Benefits (AS-15) as notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures have been made as required by the Standard:

- The Company has recognised Rs. 12,318 thousand (previous year – Rs. 10,072 thousand) in the Profit and Loss Account under Company's Contribution to Provident Fund, which is maintained with the office of Regional Provident Fund Commissioner.
- During the year, the ceiling on payment of gratuity to the employees has been removed.
- The Company operates funded post retirement defined benefit plans for gratuity, details of which are as follows:

(i). Reconciliation of Defined Benefit Obligation

(Rs. '000)

Particulars	FY 2009-10	FY 2008-09
Opening Defined Benefit Obligation	4,860	3,309
Current Service Cost	2,059	1,552
Interest Cost	516	361
Actuarial Losses / (Gain)	(191)	334
Benefits paid	(59)	(696)
Closing Defined Benefit Obligation	7,185	4,860

(ii). Reconciliation of Fair value of Plan Assets

(Rs. '000)

Particulars	FY 2009-10	FY 2008-09
Opening Fair value of Plan Assets	2,198	1,751
Expected return on Plan Assets	253	192
Contributions	1,000	1,000
Benefits paid	(59)	(696)
Actuarial gain	114	(49)
Closing Fair value of Plan Assets	3,506	2,198

(iii). Amount to be recognised in Balance Sheet and movement in net liability

(Rs. '000)

Particulars	FY 2009-10	FY 2008-09
Present Value of Funded Obligation	7,185	4,860
Fair Value of Plan Assets	3,506	2,198
Net Liability Recognised in the Balance Sheet under 'Sundry Creditors'	(3,679)	(2,662)

(iv). Expenses recognised in the Profit and Loss Account

(Rs. '000)

Particulars	FY 2009-10	FY 2008-09
Current Service Cost	2,059	1,552
Interest Cost	516	361
Expected return on Plan Assets	(253)	(192)
Actuarial Losses / (Gain) - (net)	(306)	383
Net gratuity expenses included in 'Payments to and provisions for employees'	2,016	2,104

(v). Description of Plan Assets

Particulars	FY 2009-10 % Invested	FY 2008-09 % Invested
Debentures/Bonds	61	41
Equity	11	9
Government Securities	17	29
Other assets	11	21
Grand Total	100	100

(vi). Experience Adjustment

(Rs. '000)

Particulars	FY 2009-10	FY 2008-09
Plan liability (Gain) / Loss	83	(423)
Plan Asset (Loss) / Gain	114	(49)

(vii). Summary of Actuarial Assumptions

Particulars	FY 2009-10	FY 2008-09
Discount Rate	8.25 %	7.50 %
Expected rate of return on Assets	8 %	8 %
Salary Escalation Rate	5 %	5 %
Mortality	Published notes under the LIC (1994-96) mortality tables	Published notes under the LIC (1994-96) mortality tables

(viii). Actual Return on Plan Assets

(Rs. '000)

Particulars	FY 2009-10	FY 2008-09
Expected Return on Plan Assets	253	192
Actuarial gain/(loss) on Plan Assets	114	(49)
Actual return on Plan Assets	367	143

(ix). Other Details

The Employer's best estimate of the contributions expected to be paid to the plan during the next year – Rs. 2,419 thousand (FY 2008-09 – Rs. 2,897 thousand).

The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary and relied upon by the Auditors.

6. As per Accounting Standard on 'Related Party Disclosures' (AS-18) as notified by the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:

1. Holding Company:

HDFC Bank Limited.

2. Key Management Personnel:

Mr. Aseem Dhru, Managing Director

Mr. Santosh Haldankar, Whole Time Director

The following transactions were carried out with the related parties in the ordinary course of business:

(Rs. '000)

Nature of Transaction	Holding Company	Key Management Personnel
Placement of fixed deposits	538,295 (1,592,900)	Nil (Nil)
Refund of fixed deposits	1,051,875 (1,087,500)	Nil (Nil)
Rendering of services (including recoveries of expenses)	45,537 (240)	Nil (Nil)
Receiving of services (including payment of expenses)	95,669 (60,691)	Nil (Nil)
Interest received	40,149 (40,648)	Nil (Nil)
Interest paid	655 (118)	Nil (Nil)
Loans received	390,000 (476,500)	Nil (Nil)

Loans repaid	390,000 (476,500)	Nil (Nil)
Dividend Paid	1,770 Nil	Nil (Nil)
Remuneration to Key Management Personnel	Nil	
Aseem Dhru		14,310 (9,012)
Anish Shah		Nil (3,624)
Santosh Haldankar		1,604 (1,285)
Balances outstanding as on 31 March, 2010:		
Receivables	1,928 (25,293)	Nil (Nil)
Payables	Nil (3,315)	Nil (Nil)
Bank Balances	748,514 (503,769)	Nil (Nil)
Fixed Deposits	189,195 (702,775)	Nil (Nil)
Accrued Interest on Fixed Deposit – Receivable	2,120 (9,342)	Nil (Nil)
Bank Guarantees	180,000 (110,000)	Nil (Nil)

Figures in brackets pertain to the previous year.

7. Disclosures as required by Accounting Standard 19, “Leases”, as notified by the Companies (Accounting Standards) Rules, 2006, are given below:

The Company has taken various premises under leave and license agreements, which range between 33 months and 9 years. The Company has given refundable interest free security deposits under certain agreements.

Lease payments are recognised in the Profit and Loss Account under ‘Rent’ in Schedule 11.

The future minimum lease payments are as follows:

	(Rs. '000)	
	FY 2009-10	FY 2008-09
Not later than one year	78,964	23,040
Later than one year but not later than five years	332,802	69,374
Later than five years	244,836	25,645

8. In accordance with the Accounting Standard on ‘Earnings Per Share’ (AS 20), as notified by the Companies (Accounting Standards) Rules, 2006:

- (i) The Earnings Per Share is computed by dividing the Net Profit After Tax by the weighted average number of equity shares.

- (ii) The Company has issued 542,750 options during the year. Since the Exercise Price is the same as the fair value of the share as at the grant date, there is no dilution in the Equity Share Capital and hence the weighted average number of Equity Shares for computation of Basic and Diluted Earnings Per Share would be 15,001,000.

			FY 2009-10	FY 2008-09
a.	Calculation of weighted average number of equity shares:			
	Number of shares at the beginning of the year	Nos.	15,001,000	15,001,000
	Additions during the year	Nos.	-	-
	Number of shares at the end of the year	Nos.	15,001,000	15,001,000
b.	Net profit after tax available forequity shareholders	Rs. in '000	781,816	165,738
c.	Basic and Diluted earnings per share of Rs. 10 each	Rs.	52.12	11.05

9. Taxation

- a) Provision for current tax includes interest – Rs. 3,848 thousand (previous year Rs. 1,215 thousand) and earlier year’s tax liability of Rs.14,962 thousand (previous year – Rs. 13,340 thousand).
- b) Provision for FBT is Nil (previous year – Rs. 136 thousand.)
- c) Deferred Tax

The components of deferred tax assets and liabilities arising on account of timing differences are:

	(Rs. '000)	
	31 March, 2010	31 March, 2009
Assets		
Provision for employee benefits	1,473	1,222
Provision for Doubtful debts	640	458
Provision for lease rental	3,602	-
Depreciation	736	-
Total	6,451	1,680

Liabilities		
Depreciation	-	10,712
Total	-	10,712
Net Deferred tax liability	-	9,032
Net Deferred tax asset	6,451	-

10. Segment Reporting

The Company's business is to provide broking and investment services to its clients in the capital market in India. All other activities of the Company revolve around the main business. As such, there are no reportable segments as per the Accounting Standard on Segment Reporting (AS-17), as notified by the Companies (Accounting Standards) Rules, 2006.

11. On the basis of the intimation received from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 there are five (previous year – nine) suppliers registered under the said Act and there are no amounts unpaid, to the said suppliers, as at the year end.

12. Investments

During the year the Company acquired and sold the following investments in Mutual funds (including Dividend reinvested)

Particulars	NAV	No. of units	Purchase cost (Rs.'000)
32ISD ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Div	10.0018	40,310,927.41	403,181
3010 / HDFC Liquid Fund Premium Plan – Dividend - Daily Reinvest*, Option: Reinvest	12.2598	28,516,624.83	349,608
Reliance Medium Term Fund - Daily Dividend Plan	17.0955	5,305,464.62	90,700
Reliance Liquid Fund-Treasury Plan-Institutional Option - Daily Dividend Option	15.2872	8,241,626.93	125,991

1524 ICICI Prudential Flexible Income Plan Premium – Daily Dividend	105.7512	3,249,771.03	343,667
1564 ICICI Prudential Liquid Super Institutional Plan - Div - Daily	100.0221	2,661,006.01	266,159
28Q ICICI Prudential Flexible Income Plan Premium – Daily Dividend	10.5735	31,636,540.57	334,509

13. Brokerage rebate

Brokerage income of the current year includes provision for brokerage rebate in respect of the previous year no longer required written back amounting to Rs 9,481 thousand (previous year - Rs. 17,935 thousand) which had been provided as a constructive obligation, inspite of the discontinuance of the rebate scheme.

14. Accounting for Employee Share based Payments

The Shareholders of the Company approved a new stock option scheme (viz. ESOS-001) in February, 2010 ("Company Options"). Under the terms of the scheme, the Company may issue stock options to employees, whole time director, managing director and directors of the Company, each of which is convertible into one equity share.

Scheme ESOS-001 provides for the issuance of options at the recommendation of the Compensation Committee of the Board (the "Compensation Committee") at a price of Rs 135/- per share, being the fair market value of the share arrived by a category 1 merchant banker.

Further, the Company had issued shares to its Employee Welfare Trust as per an old ESOP plan ("EWT Options"), in terms of which the trust grants options to its employees.

Such options vest at a definitive date, save for specific incidents, prescribed in the scheme as framed/approved by the Compensation Committee. Such options are exercisable for a period following the vesting at the discretion of the Compensation Committee, subject to a maximum of two years from the date of vesting.

Method used for accounting for shared based payment plan

The Company uses the Intrinsic Value method to account for the compensation cost of stock options to employees of the Company.

Activity in the options outstanding under the Employees Stock Options Plan as at 31 March, 2010

Particulars	EWT Options	Company Options	Weighted average exercise price (Rs.)
Options outstanding, beginning of the year	49,500	-	53.00
Granted during the year	192,020	542,750	135.00
Exercised during the year	16,500	-	53.00
Forfeited / lapsed during the year	-	-	-
Options outstanding, end of the year	225,020	542,750	131.48
Options Exercisable	33,000	-	53.00

Following summarises the information about stock options outstanding as at 31 March, 2010

Plan	Range of exercise price (Rs.)	Number of shares arising out of options	Weighted average life of unvested options (in years)	Weighted average exercise price (Rs.)
Company Options	135.00	542,750	4.10	135.00
EWT Options	53.00 to 135.00	225,020	1.60	122.97

Fair Value methodology

The fair value of options used to compute pro forma net income and earnings per equity share have been estimated on the dates of each grant using the Black and Scholes model. The shares of the Company are not listed on any stock exchange. Accordingly, the Company has considered the volatility of the Company's stock price as an average of the historical volatility of similar listed enterprises for the purpose of calculating the fair value to reduce any company specific variations. The various assumptions considered in the pricing model for the stock options granted by the Company during the year ended 31 March, 2010 are:

Particulars	EWT Options	Company Options
Dividend Yield	Nil	Nil
Expected volatility	73.56% to 79.04%	71.53 % to 72.67%
Risk – free interest rate	6.53% to 8.19%	6.22% to 7.18%
Expected life of the option	0-2 years	0-5 years

Impact of fair value method on net profit and EPS

Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have been as per the pro forma amounts indicated below:

Particulars	As at 31 March, 2010 (Rs.'000)
Net Profit (as reported)	781,816
Add: Stock based compensation expense included in net income	-
Less: Stock based compensation expense determined under fair value based method (pro forma)	(5,434)
Net Profit (pro forma)	776,382
	(Rs.)
Basic and diluted earnings per share (as reported)	52.12
Basic and diluted earnings per share (pro forma)	51.76

15. Comparative figures

The previous year's figures are regrouped and rearranged wherever necessary to conform to current year's presentation.

Significant Accounting Policies

1. Basis of preparation

The accounts are prepared on historical cost convention, on accrual basis and comply with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006.

The preparation of the accounts requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the accounts and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the accounts are prudent and reasonable. Future results could differ due to these estimates and differences between actual results and estimates are recognised in the periods in which the results are known/ materialise.

2. Revenue recognition

- a) Income from brokerage activities is recognised as income on the trade date of the transaction. Brokerage is stated net of rebate.
- b) Income from other services is recognised on completion of services.
- c) Interest income is recognised in the Profit and Loss Account on an accrual basis.

3. Fixed assets and depreciation/amortisations

Fixed assets are capitalised at cost. Cost includes cost of purchase and all expenditure like site preparation, installation costs, and professional fees incurred for construction of the assets, etc. Subsequent expenditure incurred on assets put to use is capitalised only where it increases the future benefit/ functioning capability from/ of such assets.

Costs incurred for the development/customisation of the Company's website, Front-office System software and Back-office system software are capitalised.

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis as under:

- | | |
|--|--|
| • Leasehold improvements | Over the primary period of lease (ranging from 33 months to 9 years) |
| • Computer Hardware – Personal Computers | 3 years |
| • Computer Hardware – Others | 4 years |
| • Computer Software | 5 years |
| • Office equipments | 6 years |
| • Furniture and Fixtures | 15 years |
| • Website Cost | 5 years |
| • Motor cars | 4 years |
| • Bombay Stock Exchange Card | 10 years |

Fixed assets costing less than Rs.5,000 are fully depreciated in the year of purchase.

4. Investments

All investments of long-term nature are valued at cost. Provision is made to recognise a diminution, other than temporary, in the value of Long-Term investments. Current investments are valued at cost or market value, whichever is lower.

5. Employee benefits

(a) Provident Fund:

The Company's Contribution to Recognised Provident Fund (maintained and managed by the Office of Regional Provident Fund Commissioner) paid/payable during the year is recognised in the Profit and Loss Account.

(b) Gratuity Fund:

The Company makes annual contributions to funds administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation as at the year-end, determined on the basis of the projected unit credit method (PUCM). Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

(c) Compensated Absences:

The Company has scheme of compensated absences for employees. The liability for which is determined on the basis of an actuarial valuation as at the end of the year in accordance with AS-15.

(d) Other Employee Benefits:

Other benefits are determined on an undiscounted basis and recognised based on the likely entitlement thereof on accrual basis.

6. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year, using applicable tax rates and laws.

Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. They are measured using substantively enacted tax rates and tax regulations.

For and on behalf of the Board

BHARAT SHAH

Chairman

ASEEM DHURU

Managing Director

SANTOSH HALDANKAR

Whole Time Director & Company Secretary

Place: Mumbai

Date: 20 April, 2010

PART IV

Balance Sheet abstract and a Company's General Business Profile

I Registration Details

Registration No.	:	152193	State Code:	:	11
Balance Sheet Date	:	31-03-10			

II Capital Raised during the period (Amount in Rs. '000)

Public Issue	:	N I L	Rights Issue	:	N I L
Bonus Issue	:	N I L	Private Placement	:	N I L

III Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities	:	1,725,546	Total Assets	:	1,725,546
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Sources of Funds (Amount in Rs. '000)

Paid-up Capital	:	150,010	Reserves & Surplus	:	1,575,536
Secured Loans	:	N I L	Unsecured Loans	:	N I L
Deferred Tax Liability	:	N I L			

Application of Funds (Amount in Rs. '000)

Net Fixed Assets	:	189,040	Investments	:	10
Deferred Tax Assets	:	6,451	Net Current Assets		1,530,045
Misc. Expenditure	:	N I L	Accumulated losses		N I L

IV Performance of Company (Amount in Rs. '000)

Turnover	:	2,353,099	Total Expenditure	:	1,138,766
Profit/Loss before Tax	:	1,214,333	Profit/Loss after Tax	:	781,816
Earning Per Share in Rs.	:	52.12	Dividend Rate %	:	5%

V Generic Names of Principal Product/Services of the Company (as per monetary terms)

Item Code No. (ITC Code) : -

Product Description : Stock broking and related services

[illegible]