

## **CDSL VENTURES LIMITED**

### **NOTICE**

**NOTICE** is hereby given that **Fifth Annual General Meeting** of the Shareholders of **CDSL Ventures Limited** will be held at **3.30 p.m** on **Wednesday, the 1<sup>st</sup> June 2011**, at the **Board Room of CDSL**, Mumbai, 16<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400 001 to transact the following business:

#### **ORDINARY BUSINESS:**

1. To consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011 and the Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Smt. Nayana Ovalekar, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration.

#### **SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** Shri N. Rangachary, who was appointed as an Additional Director on 17<sup>th</sup> August, 2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 and whose term expires at the Fifth Annual General Meeting of the Company and for whose appointment the Company has received a notice under Section 257 of the said Act from a member proposing the candidature of Shri N. Rangachary for the office of a Director of the Company, be and is hereby appointed as a Director of the Company subject to retirement by rotation”.

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

**“RESOLVED THAT** Mr. James Shapiro, who was appointed as an Additional Director on 17<sup>th</sup> August, 2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 and whose term expires at the Fifth Annual General Meeting of the Company and for whose appointment the Company has received a notice under Section 257 of the said Act from a member proposing the candidature of Mr. James Shapiro for the office of a Director of the Company, be and is hereby appointed as a Director of the Company subject to retirement by rotation”.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Ordinary Resolution**:

**“RESOLVED THAT** Shri Cyrus Khambata, who was appointed as an Additional Director of the company on 25<sup>th</sup> April, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956 and whose term expires at Fifth Annual General Meeting of the company and for appointment of whom the company has received a notice under Section 257 of the said Act from a member proposing the candidature of Shri Cyrus Khambata for the office of a Director of the company, be and is hereby appointed as a Director of the company not liable to retirement by rotation”.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** as per provisions of section 269 of Companies Act, 1956 and other applicable provisions if any, the approval of the members be and is hereby granted for appointment of Shri Cyrus Khambata - Chief Executive Officer of the company as Whole Time Director whose office shall not be subject to retirement by rotation, and designate him as Executive Director with effect from 25<sup>th</sup> April, 2011 for a period of five years and for payment of remuneration to him as per Service Rules of CDSL as set out in the explanatory statement on Item No. 7 and annexed to this Notice during the said period of five years.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is authorised to do all such acts, deeds, matters and things as it may consider necessary, expedient or desirable in order to give effect to this Resolution.”

By order of the Board of Directors  
For **CDSL Ventures Limited**

**P. S. Reddy**  
**Director**

Place: Mumbai

Date : 25<sup>th</sup> April, 2011

**REGISTERED OFFICE**

17<sup>th</sup> floor, Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai-400 001

**NOTES :**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.***

2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 4, 5, 6 and 7 is annexed hereto.

3. All documents referred to in the Notice and Explanatory Statement are open for inspection at the registered office of the Company during office hours on all days except Sundays and public holidays between 11 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 :**

**ITEM NO. 4:**

The Board of Directors had appointed Shri N. Rangachary as an Additional Director of the Company on 17<sup>th</sup> August, 2010 under Section 260 of the Companies Act, 1956. His term of office as Director expires at the Fifth Annual General Meeting of the Company. In the meantime, the Company has received a notice under Section 257 of the Companies Act, 1956 from a member of the Company proposing the candidature of Shri N. Rangachary for the office of Director. The Board recommends appointment of Shri N. Rangachary as a Director.

Except Shri N. Rangachary, none of the Directors of the Company is deemed to be concerned or interested in the above resolution.

**ITEM NO. 5:**

The Board of Directors had appointed Mr. James Shapiro as an Additional Director of the Company on 17<sup>th</sup> August, 2010 under Section 260 of the Companies Act, 1956. His term of office as Director expires at the Fifth Annual General Meeting of the Company. In the meantime, the Company has received a notice under Section 257 of the Companies Act, 1956 from a member of the Company proposing the candidature of Mr. James Shapiro for the office of Director. The Board recommends appointment of Mr. James Shapiro as a Director.

Except Mr. James Shapiro, none of the Directors of the Company is deemed to be concerned or interested in the above resolution.

**ITEM NO. 6 & 7**

Shri Cyrus D. Khambata who has been on deputation from CDSL the holding company as Chief Executive Officer from 7<sup>th</sup> December, 2006 has put in excellent

performance in turning the company around and registering a net profit of ₹304.70 lakhs for the year ended 31<sup>st</sup> March, 2011(an increase of 155.06 % over the previous year). The Board at its meeting held on 25<sup>th</sup> April, 2011 appointed him as a whole-time Director for a period of five years with effect from 25<sup>th</sup> April, 2011 and designated him as Executive Director subject to approval of the Shareholders of the Company.

As recommended by the Remuneration Committee, remuneration as per Service Rules of CDSL has been approved by the Board subject to approval of the Shareholders of the Company.

1. It may be noted that Shri Cyrus Khambata's remuneration is governed by Service Rules of CDSL and that he was paid by CDSL for the year ended 31<sup>st</sup> March, 2011 a total remuneration of ₹31,02,944/- consisting of basic salary, House Rent Allowance, Medical allowance, Deputation Allowance, Leave Travel Allowance, Annual Bonus, contribution to Provident Fund and Gratuity Fund, reimbursement of car expenses, mobile bills, premium for mediclaim and PA policies at actual etc. and variable performance linked bonus based on his performance for the calendar year 2009. The amount was reimbursed to CDSL by the company. Further CDSL has approved a performance Linked Bonus of ₹9,60,080/- for his performance for the fifteen months period ended 31<sup>st</sup> March, 2011 which would be paid during the current financial year.
2. As per Part II (C) of schedule XIII of the Company's Act, 1956, approval of the shareholders by a Special Resolution in the general meeting is required for appointment and payment / reimbursement of remuneration to the whole time director of the company as the company's profits are inadequate in terms of section 198, 269, 349 and Schedule XIII of the Companies Act, 1956. It may be noted that if the remuneration is approved by the shareholders in the general meeting by a Special Resolution, the company being an unlisted company and it is also not a subsidiary of a listed company, prior approval of Central Government is not necessary.

3. Additional information as per Part II (C) of schedule XIII of the Company's Act, 1956 is given as under:-

## I. General Information

### i. Nature of Industry/ Activity

CDSL Ventures Limited is a wholly owned subsidiary of CDSL, a leading securities depository in the country. The main activity of the company is to verify identity of investors in mutual fund industry. The provisions of The Prevention of Money Laundering Act, 2002 (PMLA), made it mandatory for all Mutual Funds to comply with the 'Know Your Client' (KYC) norms of the applicants desirous of subscribing to their 'units'. In this regard, CVL has been mandated by the Mutual Fund industry to create the necessary infrastructure in order to handle the KYC on behalf of the Mutual Fund Industry. CVL is handling the work of "Customer profiling and Record Keeping" for issuance of Know Your Client (KYC) acknowledgement to mutual fund investors.

### ii. Date of commencement of commercial production - 14th November, 2006

### iii. Financial Performance

The Company posted total receipts of ₹897.94 lakhs and earned a profit after tax of ₹304.70 lakhs as against ₹328.41 lakhs and ₹199.46 lakhs in the previous year. Company has registered an increase of 155.06% in its net profit over previous year.

## II. Information about the Appointee

- i. Shri Cyrus D. Khambata is a banker with 20 years of experience of Retail, Rural and Corporate Banking. He worked with BOI Share Holding Limited (BOISL) a clearing house of Bombay Stock Exchange (BSE) for a period of 4 years during which he acquired in-depth knowledge of functioning of the capital market. He joined CDSL in May 1998 as Senior Manager and eventually promoted as Senior Vice President in 2007. He has been on deputation to the company

since 7th December 2006. During this period company has ventured in to other activities like conducting Electronic Voting for corporate and marketing loan products for Tata Capital Ltd.

ii. Past remuneration and Proposed remuneration

Past remuneration and Proposed remuneration has been mentioned at paragraph 1

iii. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The main activity of the company is unique in nature and presently it is the only entity mandated by AMFI for carrying out verification of identity of investors in mutual fund industry and therefore not comparable with other companies. However the remuneration payable to the appointee is commensurate with the remuneration paid to Senior Executives of intermediaries in the capital market.

iv. Except the position of Executive Director and remuneration for the said position, Shri Cyrus Khambata has no other pecuniary relationship with the Company nor is he related to any Director / managerial personnel of the Company.

### **III. Other Information**

#### Reason for loss or inadequate profit

The main activity of the company started only in February 2008 i.e. after a delay of about 13 months. Thereafter during the financial year 2008-09 capital market activity was subdued. Because of this the company incurred losses until financial year 2008-09. The company started making operating profit from the financial year 2009-10. It may be observed that the company's business is directly related to capital market conditions. During the financial year 2010-11 too, capital market remained volatile. However, the Association of Mutual Funds of India (AMFI) made KYC mandatory to all investors irrespective of the amount invested with effect from 1<sup>st</sup> January, 2011. This boosted the volume of generation of KYC records manifold. In the current year when AMC's of mutual funds will verify these records, company is expected to generate sizable income apart from the Annual

Maintenance Charges to be recovered for maintenance / storage of KYC records. The company therefore is expected to post impressive results during the year 2011-12.

The Board recommends appointment of and remuneration payable to Shri Cyrus Khambata.

Except Shri Cyrus Khambata none of the Directors of the Company is deemed to be concerned or interested in the above resolution.

By order of the Board of Directors  
For **CDSL Ventures Limited**

**P. S. Reddy**  
**Director**

Place: Mumbai

Date : 25<sup>th</sup> April, 2011

**REGISTERED OFFICE**

17<sup>th</sup> floor, Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai-400 001



# CDSL VENTURES LIMITED

Registered Office:  
Phiroze Jeejeebhoy Towers, 17<sup>th</sup> Floor, Dalal Street, Mumbai- 400 001.

## PROXY FORM

### FIFTH ANNUAL GENERAL MEETING, 1<sup>ST</sup> JUNE, 2011

Regd. Folio No. \_\_\_\_\_ / BO Id \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_

being a Member/Members of the abovementioned Company hereby appoint

\_\_\_\_\_ of \_\_\_\_\_ or failing him

\_\_\_\_\_ of \_\_\_\_\_ as my/our

proxy to vote for me/us on my/our behalf at the **FIFTH ANNUAL GENERAL MEETING** of the Company to be held on **1<sup>ST</sup> JUNE, 2011** and at any adjournment thereof.

Affix a Re.1/- Revenue stamp
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Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

\_\_\_\_\_

Signature

Note: This form, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.