

IDFC Distribution Company Limited

(Formerly Known as IDFC - SSKI Stock Broking Limited)

BOARD OF DIRECTORS

- Mr. Naishadh Paleja
- Mr. Sunil Kakar
- Dr. Rajeev Uberoi
- Mr. Mahendra N. Shah

AUDITORS

- Deloitte Haskins & Sells
Chartered Accountants

PRINCIPAL BANKERS

- HDFC Bank Limited

REGISTERED OFFICE

Naman Chambers, C-32, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051

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TO THE MEMBERS

We are pleased to present the Nineteenth Annual Report to the Members, alongwith the Audited Profit and Loss Account for the period ended March 31, 2011 and the Balance Sheet as on March 31, 2011.

FINANCIAL RESULTS

PARTICULARS	YEAR ENDED	YEAR ENDED
	MARCH 31, 2011	MARCH 31, 2010
	(₹)	(₹)
Gross Income	4,043,761	1,432,027
Profit before Interest, Depreciation & Tax	1,123,422	1,126,662
Provision for Tax	222,537	350,000
Profit after Tax	900,885	776,662

OPERATIONS

The Company earned gross revenue of ₹ 4,043,761 comprising of other income. The Company has earned a Net profit after tax of ₹ 900,885 for the financial year ended March 31, 2011.

DIVIDEND

Due to inadequacy of profits, the Directors do not recommend any dividend for the year ended March 31, 2011.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted deposits under the provisions of Section 58-A of the Companies Act, 1956.

SHARE CAPITAL

No further equity share capital was issued by the Company during the year.

DIRECTORS

In terms of the provisions of the Articles of Association of the Company and Companies Act, 1956, Mr. Naishadh Paleja would retire at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Dr. Rajeev Uberoi and Mr. Sunil Kakar were appointed as additional directors of the Company by the Board of Directors during the year. They would hold office till the conclusion of the forthcoming Annual General Meeting.

The members are requested to consider their appointment as directors of the Company.

Mr. Tapasije Mishra and Mr. Pathik Gandotra resigned from the directorship of the Company with effect from April 27, 2011. The Board wishes to place on record its sincere appreciation for their guidance and valuable contribution to the Company during their tenure as director.

4 Board meetings were held during the year.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai will retire as the statutory auditors of the Company at the ensuing Annual

General Meeting. They have expressed their unwillingness to be re-appointed as the statutory auditors and have given the notice in terms of Section 224(2)(b) of the Companies Act, 1956 for the same. The Board of Directors has placed on record its sincere appreciation of the professional service rendered by M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai as statutory auditors.

In view of this, the Board has proposed the appointment of Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, as statutory auditors for the financial year ending March 31, 2012. As required under the provisions of Section 224 of the Companies Act, 1956 the Company has obtained a written confirmation from the Auditors proposed to be appointed to the effect that their appointment, if made, would be in conformity with the provisions of Sections 224 and 226 of the Companies Act, 1956. The shareholders are requested to appoint the auditors and fix their remuneration.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

There were no foreign exchange earnings and expenditure for the financial year ended March 31, 2011.

PERSONNEL AND OTHER MATTERS

Since your Company does not have any employees, the provisions of Section 217(2A) of the Companies Act, 1956 and rules framed thereunder are not applicable.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to the material departures;
- they have selected such accounting policies and applied them consistently and made judgments 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 March 31, 2011 and of the profit or loss of the Company for that period;
- 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 detecting fraud and other irregularities; and
- they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Directors thank the Company's Bankers and local Authorities for their continued support to the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

NAISHADH PALEJA **MAHENDRA N. SHAH**
Director Director

Mumbai
April 27, 2011

COMPLIANCE CERTIFICATE

To The Members of IDFC DISTRIBUTION COMPANY LIMITED (Formerly known as IDFC - SSKI STOCK BROKING LIMITED) MUMBAI.

CIN.	AUTHORISED CAPITAL	PAID-UP CAPITAL
U65990MH1992PLC069824	₹ 20,000,000/-	₹ 15,000,000/-

We have examined the registers, records, books and papers of **IDFC DISTRIBUTION COMPANY LIMITED** (Formerly known as IDFC-SSKI STOCK BROKING LIMITED) (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum of Association and Articles of Association of the Company for the financial year ended March 31, 2011 (financial year). In our opinion, and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

- The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
- 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 within the time prescribed under the Act and the rules made thereunder.
- The Company, being a Public Limited Company has the minimum prescribed paid-up capital.
- The Board of Directors duly met five times respectively on April 21, 2010, June 30, 2010, July 28, 2010, October 25, 2010 and January 28, 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
- The Company was not required to close its Register of Members and/or Transfer Register during the financial year.
- The Annual General Meeting for the financial year ended on March 31, 2010 was held on May 17, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- An Extra Ordinary General Meeting was held on December 2, 2010.
- The Company has not advanced any loan to its Directors or persons or firms or companies referred to under Section 295 of the Act.
- The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
- During the financial year under review the Company was not required to make any entries in the register maintained under Section 301 of the Act.
- As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
- The Company has not issued any duplicate certificates during the financial year.
- During the financial year;
 - There was no allotment/transfer/transmission of securities.
 - The Company has not deposited any amount in a separate bank account as no dividend was declared.
 - The Company has not posted warrants to any member of the Company as no dividend was declared.
 - There was no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued which have remained unclaimed or unpaid for a period of seven years be transferred to Investor Education and Protection Fund.
 - The Company has duly complied with the requirements of Section 217 of the Act.
- The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
- The Company has not appointed any Managing Director/Whole Time Director/Manager during the financial year.
- The Company has not appointed any sole selling agents during the financial year.
- The Company has obtained the approvals of the Central Government and the Registrar of Companies in respect of Change of Name of the Company. However, the Company was not required to obtain any approval of Company Law Board, Regional Director, and/or such authorities prescribed under the various provisions of the Act.
- The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
- The Company has not issued any shares, debentures or other securities during the financial year.
- The Company has not bought back any shares during the financial year.
- There was no redemption of preference shares or debentures during the financial year.
- There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
- The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
- The Company has not made any borrowings during the financial year.
- The Company has not made loans and investments, or given guarantees or provided securities to other bodies corporate during the year.

26. 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 year under scrutiny.

27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under review.

28. The Company has altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.

30. The Company has altered its Articles of Association during the financial year 2010-11.

31. There was no prosecutions initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.

32. The Company has not received any money as security from its employees during the financial year.

33. The Company has not deducted any contribution towards Provident Fund during the financial year in terms of Section 418 of the Companies Act, 1956.

FOR S. S. RAUTHAN & ASSOCIATES

Company Secretaries

SURJAN SINGH RAUTHAN

(Proprietor)

C.P. No. 3233

Mumbai

April 27, 2011

Annexure – A

Registers as maintained by the Company

1. Register of members under Section 150 and Index of Members under Section 151.
2. Register of Transfers.
3. Register of particulars of contracts in which directors are interested under Section 301.
4. Register of directors, managing director, manager and secretary under Section 303.
5. Register of director's shareholding under Section 307.

Annexure – B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended March 31, 2011.

1. Form No. 66 alongwith Compliance Certificate filed u/s 383A (1) for the financial year ended 31/03/2010 filed on 11/06/2010.
2. Annual Return made upto 17/05/2010 filed alongwith Form No. 20B u/s. 159 for the year ended 31/03/2010 filed on 12/06/2010.
3. Balance Sheet alongwith Form No. 23AC and Profit and Loss Account alongwith Form No. 23ACA filed u/s. 220 for the year ended 31/03/2010 filed on 12/06/2010.

4. Form No. 32 filed for Resignation of Mr. Atul Doshi as a Director of the Company w.e.f. 10/05/2007 filed on 22/06/2010.

5. Form No. 1A filed for Application of Change of Name of the Company filed on 01/11/2010.

6. Form No. 23 filed for Change of Name of the Company from "IDFC-SSKI Stock Broking Limited" to "IDFC Distribution Company Limited" filed on 08/12/2010.

7. Form No. 1B filed for approval of the Central Government for Change of Name of the Company filed on 08/12/2010.

FOR S. S. RAUTHAN & ASSOCIATES

Company Secretaries

SURJAN SINGH RAUTHAN

(Proprietor)

C.P. No. 3233

Mumbai

April 27, 2011

To The Members of IDFC Distribution Company Limited

1. We have audited the attached Balance Sheet of IDFC DISTRIBUTION COMPANY LIMITED (FORMERLY IDFC-SSKI STOCK BROKING LIMITED) ("the Company") as at March 31, 2011, 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 March 31, 2011;
 - (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 March 31, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

FOR DELOITTE HASKINS & SELLS

Chartered Accountants
Reg. No. 117366W

NALIN M. SHAH
Partner
(Membership No. 15860)

Mumbai
April 27, 2011

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

- (i) Having regard to the nature of the Company's business/activities/ results/transactions, etc. clauses (i), (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xv), (xvi), (xvii), (xviii), (xix), and (xx) of CARO are not applicable.
- (ii) The Company has neither granted nor taken any loan, secured or unsecured, to or from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iii) 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 the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (iv) 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.
- (v) 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.
- (vi) 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 Income-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 and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they become payable.
- (c) There were no disputed Income-tax, Service Tax and other material statutory dues which were not deposited as on March 31, 2011.
- (vii) Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in mutual fund investments and timely entries have been made therein. The aforesaid securities are held by the Company in its own name.
- (viii) To the best of our knowledge and according to the information and explanations given to us, no fraud by or on the Company has been noticed or reported during the year.

FOR DELOITTE HASKINS & SELLS

Chartered Accountants
Reg. No. 117366W

NALIN M. SHAH

Partner
(Membership No. 15860)

Mumbai
April 27, 2011

BALANCE SHEET

AS AT MARCH 31, 2011

		₹	₹	₹
	SCHEDULE ▾		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	15,000,000		15,000,000
Reserves and Surplus	2	2,681,086		1,780,201
			17,681,086	16,780,201
			17,681,086	16,780,201
APPLICATION OF FUNDS				
Investments	3		6,397,764	6,820,300
Current Assets, Loans and Advances				
Sundry Debtors	4	2,273,527		-
Cash and Bank Balances	5	10,364,768		10,076,369
Loans and Advances	6	971,840		266,584
		13,610,135		10,342,953
Less: Current Liabilities and Provisions				
Current Liabilities	7	2,114,974		126,845
Provision for Income Tax (Net of Advance Tax)		211,839		256,207
		2,326,813		383,052
Net Current Assets			11,283,322	9,959,901
			17,681,086	16,780,201
Notes to the Accounts	10			

IN TERMS OF OUR REPORT ATTACHED
FOR DELOITTE HASKINS & SELLS
 Chartered Accountants

NALIN M. SHAH
 Partner

FOR AND ON BEHALF OF THE BOARD

MAHENDRA N. SHAH
 Director

NAISHADH PALEJA
 Director

Mumbai | April 27, 2011

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

		₹	₹
	SCHEDULE ↘	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
INCOME			
Brokerage		2,982,575	-
Other Income	8	1,061,186	1,432,017
		4,043,761	1,432,017
EXPENDITURE			
Brokerage Paid		2,393,761	-
Establishment & Other Expenses	9	526,578	305,355
		2,920,339	305,355
PROFIT BEFORE TAXATION			
		1,123,422	1,126,662
Less: Provision for Taxation			
Current Tax		250,000	350,000
Excess Provision for Income Tax		(27,463)	-
PROFIT AFTER TAXATION			
		900,885	776,662
Add: Balance as per last Balance Sheet		1,780,201	1,003,539
Balance carried forward		2,681,086	1,780,201
Earning per share (Face Value ₹ 10)		0.60	0.52
Basic and Diluted (See Schedule 10, Note II. 1)			
Notes to Accounts	10		

IN TERMS OF OUR REPORT ATTACHED
FOR DELOITTE HASKINS & SELLS
 Chartered Accountants

NALIN M. SHAH
 Partner

Mumbai | April 27, 2011

FOR AND ON BEHALF OF THE BOARD

MAHENDRA N. SHAH
 Director

NAISHADH PALEJA
 Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2011

	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation	1,123,422	1,126,662
Adjustments for		
Interest Income	(728,397)	(1,318,170)
Dividend Income	(321,179)	(113,253)
Profit on Sale of Investments	(6,285)	(594)
	(1,055,861)	(1,432,017)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	67,561	(305,355)
Changes in:		
Current Assets, Loans & Advances	(2,978,783)	323,091
Current Liabilities	1,988,129	10,180
	(990,654)	333,271
Cash (used in)/generated from Operations	(923,093)	27,916
Direct Taxes paid	(266,905)	(201,213)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(1,189,998)	(173,297)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(17,825,464)	(12,113,847)
Sale proceeds of Investments	18,254,285	6,200,594
Interest Income	728,397	1,318,170
Dividend Income	321,179	113,253
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	1,478,397	(4,481,830)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B)	288,399	(4,655,127)
Cash and Cash equivalents, as at the beginning of the year as per Schedule 5	10,076,369	14,731,496
Cash and Cash equivalents, as at the end of the year as per Schedule 5	10,364,768	10,076,369
	288,399	(4,655,127)

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS

Chartered Accountants

NALIN M. SHAH

Partner

FOR AND ON BEHALF OF THE BOARD

MAHENDRA N. SHAH

Director

NAISHADH PALEJA

Director

Mumbai | April 27, 2011

SCHEDULE 1 Share Capital	₹	₹
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
AUTHORISED:		
2,000,000 equity shares of ₹ 10/- each	20,000,000	20,000,000
	20,000,000	20,000,000
ISSUED, SUBSCRIBED AND PAID-UP:		
1,500,000 equity shares of ₹ 10/- each fully paid	15,000,000	15,000,000
[All the above shares are held by IDFC Securities Limited and its nominees. The ultimate holding company is Infrastructure Development Finance Company Limited.]	15,000,000	15,000,000

SCHEDULE 2 Reserves and Surplus	₹	₹
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Profit and Loss Account	2,681,086	1,780,201
	2,681,086	1,780,201

SCHEDULE 3 Investments (Non-Trade, Unquoted)	₹	₹
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
I. CURRENT		
MUTUAL FUNDS		
	NUMBER OF UNITS	FACE VALUE ₹
IDFC Money Manager Fund Treasury Plan A Daily Dividend	677,295.67	10
IDFC Cash Fund-Growth	323,208.93	10
IDFC Money Manager Fund Treasury Plan A Growth	49,020.02	10
[Net Asset Value ₹ 6,399,495.55; (Previous Year ₹ 6,820,299.67)]	6,397,764	6,820,300

SCHEDULE 4 Sundry Debtors (Unsecured) (Considered Good)	₹	₹
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Less than six months	2,273,527	-
	2,273,527	-

SCHEDULE 5 Cash and Bank Balances	₹	₹
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Cash	2,950	6,275
Balance with Scheduled Banks		
in Current Account	461,818	170,094
in Deposit Account	9,900,000	9,900,000
	10,361,818	10,070,094
	10,364,768	10,076,369

SCHEDULE 6 Loan and Advances (Unsecured Considered Good)	₹	₹
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Interest accrued on Deposits	922,142	266,584
Advances recoverable in cash or in kind or for value to be received	49,698	-
	971,840	266,584

SCHEDULE 7 Current Liabilities	₹	₹
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Sundry Creditors (See Schedule 10, Note II.5)	1,786,299	110,300
Other Liabilities	328,675	16,545
	2,114,974	126,845

SCHEDULE 8 Other Income	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Interest on Deposits (Tax deducted at source ₹ 72,840; Previous year ₹ 143,883)	728,397	1,318,170
Dividend on Current Investment (Non-Trade)	321,179	113,253
Profit on Sale of Current Investments	6,285	594
Interest on Income Tax Refund	5,325	-
	1,061,186	1,432,017

SCHEDULE 9 Establishment & Other Expenses	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Rates and Taxes	6,400	2,000
Bank Charges	1,653	-
Legal & Professional Fees	168,525	27,545
Miscellaneous Expenses	-	60
Auditors' Remuneration [See Schedule 10, Note II.2]	350,000	275,750
	526,578	305,355

BACKGROUND

IDFC Distribution Company Limited (formerly, IDFC – SSKI Stock Broking Limited) is a wholly-owned subsidiary of IDFC Securities Limited. Infrastructure Development Finance Company Limited (“IDFC”) is the ultimate holding company.

I Significant Accounting Policies

I.1 Accounting convention

The accompanying financial statements are prepared under the historical cost convention on an accrual basis of accounting and comply with the accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 and in accordance with the generally accepted accounting principles ('GAAP') and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

I.2 Use of Estimates

The Company adopts the accrual concept in the preparation of the accounts. The preparation of financial statements 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 financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

I.3 Investments

Investments are classified into long-term investments and current investments. Investments, which are intended to be held for more than one year, are classified as long-term investments and investments which are intended to be held for less than one year are classified as current investments. Long-term investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for. Current investments are valued at cost or market/fair value, whichever is lower. In case of investments in units of mutual funds, the net asset value of units has been considered as the market value.

I.4 Revenue recognition

I.4.1 Interest income is recognised on an accrual basis.

I.4.2 Dividend is recognised when the right to receive is established.

I.4.3 Brokerage is recognised on an accrual basis with reasonable certainty regarding the amount of consideration that will be derived and is accounted net of service tax.

I.5 Taxation

The accounting treatment for income-tax in respect of the Company's income is based on the Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

II Notes to Accounts

II.1 Basic & Diluted Earnings Per Share:

In accordance with the Accounting Standard 20 on 'Earnings Per Share' as notified by the Companies (Accounting Standards) Rules, 2006, the Earnings Per Share has been computed as under:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Net Profit attributable to equity shareholders (A) (₹)	900,885	776,662
Number of equity shares issued (B)	1,500,000	1,500,000
Basic and Diluted Earnings per share (EPS) [A/B] (₹)	0.60	0.52

II.2 Auditors' remuneration:

(₹)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Audit Fees	100,000	100,000
Other Services	250,000	150,000
Service Tax	36,050	25,750
Total	386,050	275,750
Less: Service Tax set off claimed	36,050	-
	350,000	275,750

II.3 Related party disclosures:

Related party disclosures, as required by Accounting Standard - 18 "Related Parties Disclosures" as notified by the Companies (Accounting Standards) Rules, 2006.

I. HOLDING COMPANY:

IDFC Securities Limited

II. ULTIMATE HOLDING COMPANY:

Infrastructure Development Finance Company Limited

There are no transactions with fellow subsidiaries.

II.4 The Company is engaged in distribution of IPO/FPO/Bonds etc. All other activities of the Company revolve around the main business in India. As such, there are no separate reportable segments as per Accounting Standard 17 on 'Segment Reporting' as notified by the Companies (Accounting Standards) Rules, 2006.

II.5 The Company has not received any intimation from suppliers regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end as required under the said Act have not been given.

II.6 Prior year comparatives:

The prior year comparatives have been regrouped, recasted and reclassified wherever necessary to ensure conformity with current year's presentation.

FOR AND ON BEHALF OF THE BOARD

MAHENDRA N. SHAH
Director

NAISHADH PALEJA
Director

Mumbai | April 27, 2011

I. REGISTRATION DETAILS

Registration No. U 6 5 9 9 0 M H 1 9 9 2 P L C 0 6 9 8 2 4
 State Code 1 1
 Balance Sheet Date 3 1 0 3 2 0 1 1

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ '000)

Public Issue
 N I L

Right Issue
 N I L

Bonus Issue
 N I L

Private Placement
 N I L

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ₹ '000)

SOURCES OF FUNDS
 Total Liabilities
 1 7 6 8 1

Total Assets
 1 7 6 8 1

Paid-up Capital
 1 5 0 0 0

Reserves and Surplus
 2 6 8 1

APPLICATION OF FUNDS
 Secured Loans
 N I L

Unsecured Loans
 N I L

Net Fixed Assets
 N I L

Investments
 6 3 9 8

Net Current Assets
 1 1 2 8 3

Miscellaneous Expenditure
 N I L

Deferred Tax Asset
 N I L

IV. PERFORMANCE OF THE COMPANY (AMOUNT IN ₹ '000)

Turnover/Income
 4 0 4 4

Total Expenditure
 2 9 2 0

Profit Before Tax
 1 1 2 3

Profit After Tax
 9 0 1

Earnings per Share (in ₹)
 0 . 6 0

Dividend %
 N I L

V. GENERIC NAMES OF PRINCIPAL SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code) N I L

Product Description D I S T R I B U T I O N O F S E C U R I T I E S