Central Depository & Settlement Co. Ltd

Annual Report 2014

The board of directors of the Central Depository & Settlement Co. Ltd (CDS) is pleased to present the Annual Report of the Company for the year ended 30th June 2014. The report was approved by the board of directors of CDS on 27th August 2014.

The board of directors is grateful to all the stakeholders of the Company (Ministry of Finance and Economic Development; Financial Services Commission; Bank of Mauritius; Stock Exchange of Mauritius; investment dealers; custodian banks; listed companies; and company registries) for their continued support and collaboration.

The board of directors wishes to thank the management and staff for their dedicated efforts which have contributed to the excellent performance of the Company.

Vikash Tulsidas
Chairperson

Vipin Y.S. Mahabirsingh
Managing Director

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Corporate Information

Company Profile

The core business of the CDS is to provide centralised depository, clearing and settlement services to securities markets. The objective of the Company is to provide its services in line with the new Principles for Financial Market Infrastructures that were issued by the Bank for International Settlements (BIS) and International Organization of Securities Commissions (IOSCO) in April 2012, with particular emphasis on safety, efficiency and financial stability. The Securities (Central Depository, Clearing and Settlement) Act 1996, the Securities Act 2005 and the Financial Services Act 2007 provide the legal framework for the operations of the CDS. The CDS is licensed by the Financial Services Commission and is guided in its day-to-day activities by its Rules and Procedures. The CDS also provides consultancy services to African exchanges and depositories as well as IT outsourcing services and registry software on an application service provider basis.

Board of Directors

Mr Vikash Tulsidas	Chairperson
Ms Aruna Radhakeesoon Collendavelloo	Vice-Chairperson
Mrs Tilotma Gobin Jhurry	
Professor Donald Ah-Chuen	
Mr Dev Gopy	
Mr Gaëtan Lan Hun Kuen	
Mr Steve Leung Sock Ping	
Mr Vipin Y.S. Mahabirsingh	Managing Director
Mr Ramanaidoo Sokappadu	
Mr Kevin Rangasami	

Company Secretary

Mr Chaitanand Jheengun (FCIS)

Management Team

Mr Vipin Y.S. Mahabirsingh	Managing Director
Mr Joseph How Tien Fat	Finance & Administration Manager
Mr Manoven Sadayen	Systems Manager

Registered Office

4th Floor, One Cathedral Square Building
16 Jules Koenig Street
Port Louis
Mauritius

Website : www.stockexchangeofmauritius.com/cds

Legal Adviser

Sir Hamid Moollan Q.C
Chambers
PCL Building
Sir William Newton Street
Port Louis

Bankers

The Mauritius Commercial Bank Limited
Sir William Newton Street
Port Louis

State Bank of Mauritius Limited
State Bank Tower
1, Place D'Armes
Port Louis

ABC Banking Corporation Ltd
7, Duke of Edinburgh Avenue
Place D'Armes
Port Louis

Banque des Mascareignes Limitée
7th Floor, One Cathedral Square
16, Jules Koenig Street
Port Louis

Afrasia Bank Limited
Bowen Square
10, Dr Ferrière Street
Port Louis

Bank One Limited
16, Sir William Newton Street
Port Louis

Independent Auditors

Lamusse Sek Sum & Co
5 Duke of Edinburgh Avenue
Port Louis

Chairperson's and Managing Director's Report

The financial year 2013-2014 was marked by significant capital raising activity on the Mauritian stock market. Companies listed on the Stock Exchange of Mauritius Ltd (SEM) raised around Rs 21.6 billion through bond issues and private placements. Traditionally most of the Mauritian companies preferred to have recourse to bank loans instead of raising capital on the market but now companies seem to have realized that raising capital through the SEM platform is less costly and also less risky especially in a difficult economic environment. During the year, there were 15 new listings on the SEM including different types of instruments (equity, debt and ETFs) and securities issued by local and international entities. The all shares index of the SEM (SEMDEX) posted a loss of 0.5% in the first semester of 2014, after going through a roller coaster ride in line with what happened in global markets except that most of these markets posted a small gain for the period. It is noteworthy that around 40% of the total turnover in 2013-2014 on the Official Market came from foreign investors.

The Mauritian economy grew by 3.2% in 2013 compared to 3.4% in 2012. In addition to the economic problems of Europe, one of the main sources of concern for the Mauritian economy in recent years has been the significant reduction in private investment. The level of private investment as a percentage of GDP has decreased from 20% in 2009 to around 16% in 2013. To improve this situation, the government has set up a Fast Track Committee (FTC) in the 2014 Budget to expedite the processing of permits and clearances relating to large investment projects. At its first meeting held in February 2014, the FTC examined a first set of ten projects pertaining to sectors such as: real estate and mixed use developments; port; airport; education; manufacturing; and research and development related projects. Some 76 projects involving investments of around Rs 50 billion were in the pipeline in February 2014 and these are expected to be implemented in the next five years. The diversification of our export markets which started some two years ago, has started to bear its fruits. The percentage of our manufacturing products that are exported to Africa is now around 21% compared to 16.7% in 2008. Tourists from Asian and African countries have also continued to increase. We are seeing the formation of more investment vehicles in the global business sector for investments in Africa. The above measures coupled with the slight improvement in the global economic landscape are expected to have a positive impact on our economic growth. The GDP growth rate for 2014 is forecasted to be around 3.5%.

This year the Company has achieved a Profit after Tax of Rs 40.15 M which represents an increase of 36.6% compared to last year and which is an all time high in terms of profitability achieved by the Company since its inception. The main factors that have contributed to this exceptional performance are as follows:

- Substantial increase in market turnover compared to last year but with around 23% of the total turnover coming from large transactions (having value higher than Rs 100 M) which were the result of some major restructuring deals that took place during the year

- Income from international projects
- Increase in investment income
- Good employee productivity
- Costs kept under control
- Reduction in the actuarial loss regarding the Defined Benefit Pension Scheme of the Company coupled with a profit on net current cost

It is important to note that the Company earned an amount of Rs 14.48 M which represents around 20% of total revenue, from sources other than the depository, clearing and settlement services which is its core business. These other sources of income include investment income, fees from international projects, IT outsourcing services and fees on issue of International Securities Identification Numbers. The revenue from other sources has increased by 12.4% compared to last year.

Our main achievements during 2013-2014 were both on the international and operational fronts. Following a request for proposal exercise, the Zimbabwe Stock Exchange (ZSE) has selected CDS to provide consultancy services to spearhead the implementation of a trading system at the exchange. The ZSE received 18 proposals for this assignment. After the signature of the agreement with the ZSE in August 2013, we prepared the request for proposal for the implementation of the trading system and the document was issued by the ZSE in September 2013. The ZSE received proposals from four vendors. CDS carried out the evaluation of the four proposals and submitted a report containing its recommendations to ZSE in November 2013. The ZSE accepted our recommendations and entered into contract negotiations with the selected vendor after a due diligence exercise. The contract between the ZSE and the selected vendor for the implementation of the trading system was finally signed in March 2013. In a press statement dated 20th March 2014, the Chief Executive of the ZSE acknowledged our contribution to the project and stated that we have successfully guided them through the tender and vendor selection processes. The implementation of the trading system is progressing smoothly under the supervision of CDS and the system is expected to be live in December 2014.

Another major achievement on the international front was the completion of the implementation of the depository systems at the Bolsa de Valores de Mocambique (BVM), in partnership with Millennium IT. Our role in this project was to assist BVM on the following tasks:

- drafting of rules and procedures;
- organisational set-up;
- training;
- user acceptance testing; and
- market preparation.

It should be noted that the business collaboration agreement between CDS and Millennium IT was renewed in April 2014 for a period of 3 years.

A team from the newly set-up Zimbabwe Central Securities Depository (Chengetedzai Depository Company Limited) visited CDS in May 2014 to learn from our long experience in risk management, systems and operations. It is expected that there will be further collaboration between Chengetedzai and CDS in the future.

Our activity on the international front also included participation in different conferences. At the meeting of the Africa & Middle East Depositories Association that was held in Dubai In September 2013, the Managing Director gave a presentation to explain how risk management framework set up by CDS together with specific legal provisions regarding netting and the protection of clients' assets, allows it to provide benefits that are similar to those of a Central Counterparty (CCP) without additional costs and risks.

The Managing Director has actively participated in the works of the task force that has been set up by the World Forum of Central Securities Depositories (WFC) to come up with a single WFC global disclosure form that could eventually replace the multiple existing questionnaires (Association of Global Custodians, Committee on Payment and Settlement Systems – International Organization of Securities Commission) that CSDs must complete, by a single WFC global disclosure. The task force has submitted its report at WFC Board meeting held in Zurich on 20 May 2014 and has received approval to proceed to the next step with respect to the Single Disclosure Project which is to propose a solution for the implementation of an online tool for managing the WFC Single Disclosure Questionnaire and Database.

On the operational front, a major achievement during the 2013-2014 was the admittance of the first remote custodian bank as a Participant of CDS. This initiative allows a foreign bank to provide custody services without having a physical presence in Mauritius and is expected to attract more global investors to our market. The CDS is proud to be the first depository in Africa and Middle East to implement the remote custodian concept. Following the coming into force of the Securities (Recognition of Remote Custodians) Rules 2013 made by the Financial Services Commission (FSC), the Board of CDS approved the participation application of Société Générale Johannesburg Branch (SGJB) at the Board meeting held on 20th December 2013, subject to its recognition as remote custodian by the FSC. SGJB was recognised as remote custodian by FSC under section 155 of the Securities Act 2005 and the Securities (Recognition of Remote Custodians) Rules 2013 on 27th December 2013. SGJB operates as any other custodian bank in Mauritius except that it is located in Johannesburg and it does not have an office in Mauritius. It uses the system of CDS via a Virtual Private Network over the Internet. It has also made arrangements with a local commercial bank for the settlement of transactions effected by its clients. A team from SGJB was at CDS in March 2014 to receive training and to complete the operational arrangements.

Another important achievement on the operational front was the implementation of a schedule of reduced transaction fees for turnaround trades with the collaboration of the SEM, Financial

Services Commission and the Port Louis Stockbroking Association. Turnaround trading involves the selling of securities that have been purchased earlier during a trading session or during previous trading sessions before the settlement date of the initial purchase (i.e. between T and T+2 inclusive, where T is the date of the first trade), to take advantage of an upward movement in prices. Similarly an investor may purchase securities that have been sold earlier during a trading session or during previous trading sessions before the settlement date of the initial sale, to take advantage of a downward movement in price, provided that the investor had the securities in its account prior to the initial sale. The transaction fees for turnaround trades were reduced by 88 % with the following objectives:

1. the fee structure is conducive to the development of active intra-day and pre-settlement trading on the SEM and the emergence of a group of day-traders, as in other larger emerging and developed markets;
2. the activities of the day traders enhances daily liquidity on the exchange for the overall benefit of the market and investors;
3. the day-traders are adequately compensated for the price-risks that they take by lowering turnaround trading fees;
4. the enhanced liquidity is expected to attract more local, regional and global issuers to the SEM and gradually transform the SEM into an attractive capital-raising and trading platform for a wide range of issuers; and
5. the SEM and the CDS bring their contribution to the positioning of Mauritius as an international financial services centre of substance.

We also implemented a schedule of reduced transaction fees for corporate bonds and debentures with the collaboration of the SEM, Financial Services Commission and the Port Louis Stockbroking Association. The transaction fees were reduced by 83% in order to attract more companies to list bonds on the market and also to stimulate trading activity on these listed corporate bonds, especially in a low interest rate environment.

The year under review was marked by the smooth introduction of two Exchange Traded Funds (ETFs) in our trading and settlement systems. The NewGold ETF having gold as underlying, started trading on the SEM in July 2013 and the NewPlat ETF having platinum as underlying, started trading in February 2014. The CDS and SEM continue to innovate on this front and a new ETF having an equity index as underlying is expected to be listed by September 2014.

In 2011 we amended our Procedures to allow us to settle transactions in securities traded in foreign currencies namely in USD, EURO and GB Pound. Although trading and settlement had already been done in USD back then, this year saw the introduction on the market of companies traded and settled in EURO and GB Pound. Again, CDS is the first depository in Africa and Middle East to implement a multi-currency settlement mechanism through the Central Bank. It is important to point out that the CDS has been able to implement the multi-currency mechanism with the support and collaboration of the Bank of Mauritius.

Our risk management framework operated effectively during the year and 76,072 trades with a total value of Rs 17.58 Billion were cleared and settled by CDS without any single failure. Neither the CDS system nor the trading system that is managed by the CDS experienced any downtime or security violations. During the year, we have successfully implemented all the recommendations made by the IT security auditors to further enhance the overall security framework of SEM and CDS.

On the legal and regulatory front, we have provided our services smoothly in accordance with the Securities (Central Depository, Clearing and Settlement) Act 1996, the Securities Act 2005 and the Financial Services Act 2007, under the regulatory oversight of the Financial Services Commission. We have also ensured compliance with the new Principles for Financial Market Infrastructures that were issued by the Bank for International Settlements (BIS) and International Organization of Securities Commissions (IOSCO) in April 2012. Furthermore, no complaints were registered from our stakeholder at large and the Company has continued to comply with the Code of Corporate Governance.

The Board of CDS has played a key role in the above achievements by providing guidance, support and strategic direction. We wish to thank all directors for the insights that they have offered at Board meetings and in the various Committees and for their contribution to the development of the Company. Last but not least, we also wish to thank our employees for maintaining a sound and harmonious work environment and for strengthening the team spirit that has fuelled the excellent performance of the Company.

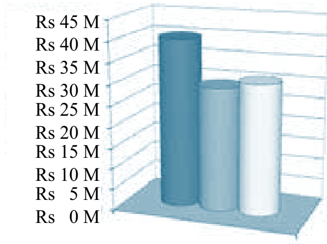
We look forward to a challenging year ahead.

Vikash Tulsidas
Chairperson

Vipin Y.S. Mahabirsingh
Managing Director

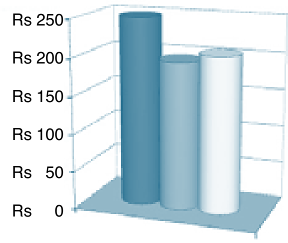
FINANCIAL HIGHLIGHTS

Profit after Tax



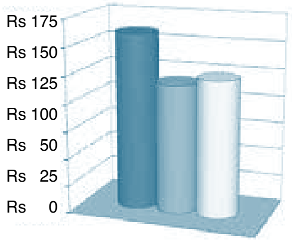
2014	Rs 40,152,651
2013	Rs 29,392,000
2012	Rs 31,007,171

Earnings per Share



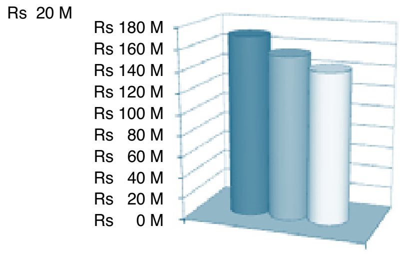
2014	Rs 267.68
2013	Rs 195.95
2012	Rs 206.71

Dividends per Share



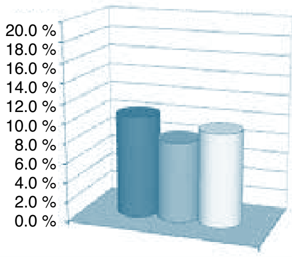
2014	Rs 160.61
2013	Rs 117.57
2012	Rs 124.03

Net Asset Value



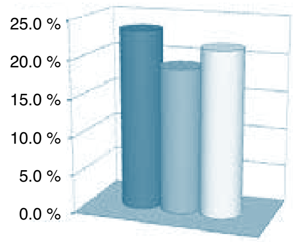
2014	Rs 170,961,132
2013	Rs 154,899,977
2012	Rs 143,143,479

Growth in Net Asset Value



2014	10.37 %
2013	8.21 %
2012	9.49 %

Return on Equity



2014	23.49 %
2013	18.97 %
2012	21.66 %

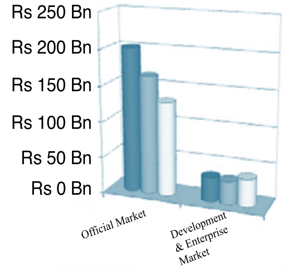
FINANCIAL HIGHLIGHTS

Value Added Statement

	As at 30th June 2014		As at 30th June 2013	
	Rs ‘ 000	**%**	**Rs ‘ 000**	**%**
Turnover	58,995		47,287	
Other Income	14,484		12,886	
Administrative Expenses	(6,984)		(6,950)	
Total Wealth Created	**66,495**	**100**	**53,223**	**100**
Distributed as follows				
Members of Staff Salaries and other Benefits	16,158	25	15,289	29
CDS Guarantee Fund Contributions made by the Company	659	1	518	1
Providers of Capital Dividends to Ordinary Shareholders	24,091	36	17,636	33
	40,908	62	33,443	63
Government - Taxation	7,419	11	5,854	11
Corporate Social Responsibility	775	1	754	1
Wealth reinvested in the Company				
Profit Retained	16,061	24	11,757	22
Depreciation	1,332	2	1,415	3
	13,172	26	13,172	25
Total Wealth Distributed and Retained	**66,495**	**100**	**53,223**	**100**

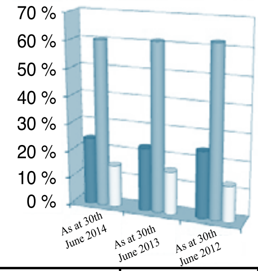
STATISTICS ON OPERATIONS

Aggregate value of securities held in CDS



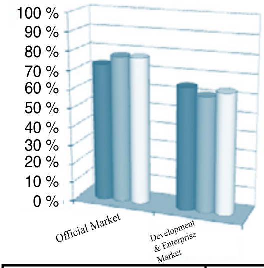
	Official Market	Development & Enterprise Market
As at 30th June 2014	Rs 201,523,838,853	Rs 33,955,879,760
As at 30th June 2013	Rs 164,385,601,373	Rs 31,730,018,968
As at 30th June 2012	Rs 130,812,220,208	Rs 38,399,947,475

Breakdown of aggregate value held in CDS



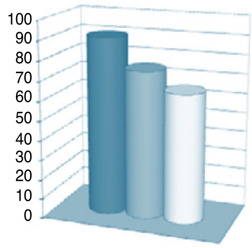
	As at 30th June 2014	As at 30th June 2013	As at 30th June 2012
Local Individual	24.36 %	23.15 %	24.50 %
Local Institutions	60.40 %	61.27 %	62.34 %
Foreigners	15.24 %	15.58 %	13.16%

Percentage of market value held in CDS



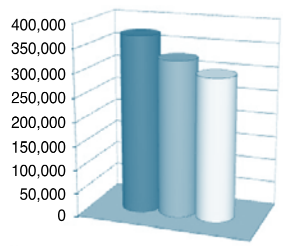
	Official Market	Development & Enterprise Market
As at 30th June 2014	72.8 %	64.70 %
As at 30th June 2013	77.46 %	60.85 %
As at 30th June 2012	77.61 %	63.55 %

Number of Registered Clients



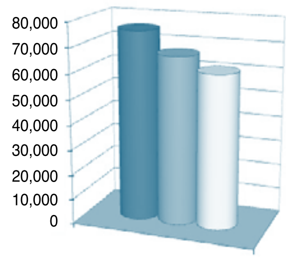
As at 30th June 2014	90,674
As at 30th June 2013	75,269
As at 30th June 2012	65,629

Number of securities accounts opened in CDS



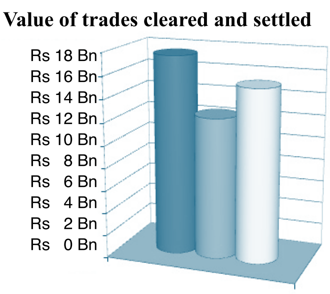
As at 30th June 2014	373,019
As at 30th June 2013	327,718
As at 30th June 2012	299,487

Number of trades cleared and settled

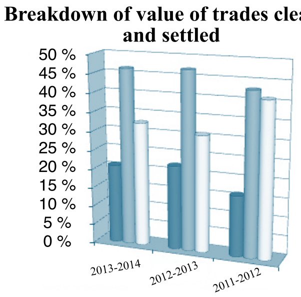


Financial Year 2013-2014	76,072
Financial Year 2012-2013	67,197
Financial Year 2011-2012	61,466

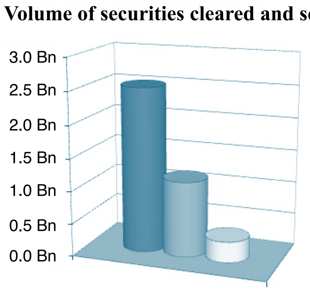
STATISTICS ON OPERATIONS



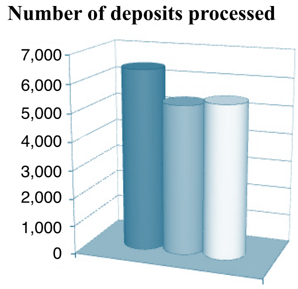
Financial Year 2013-2014	Rs 17,584,413,620
Financial Year 2012-2013	Rs 12,460,717,530
Financial Year 2011-2012	Rs 15,292,279,154



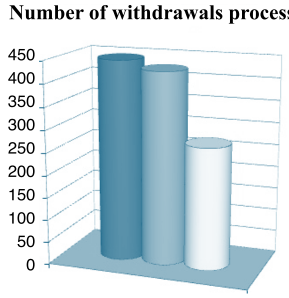
	2013-2014	2012-2013	2011-2012
Local Individual	20.90 %	22.19 %	16.11 %
Local Institutions	46.44 %	46.99 %	42.98 %
Foreigners	32.66 %	30.82 %	40.91 %



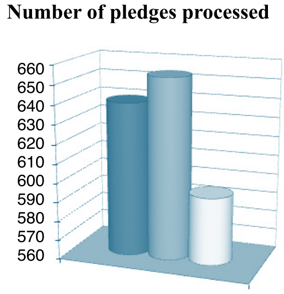
Financial Year 2013-2014	2,528,496,889
Financial Year 2012-2013	1,159,841,391
Financial Year 2011-2012	318,019,469



Financial Year 2013-2014	6,435
Financial Year 2012-2013	5,306
Financial Year 2011-2012	5,450



Financial Year 2013-2014	447
Financial Year 2012-2013	428
Financial Year 2011-2012	272



Financial Year 2013-2014	640
Financial Year 2012-2013	654
Financial Year 2011-2012	595

Corporate Governance Report

1.0 COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR MAURITIUS

This report describes the good governance measures that have been implemented by the Central Depository & Settlement Co. Ltd (CDS) during the financial year 2013-2014 and complies with the requirements of Section 20(1)(a) of the Securities Act 2005. The report also sets out the relevant disclosures as per the requirements of Section 8.4 of the Code of Corporate Governance for Mauritius. Matters relating to risk management, internal control and audit are covered in the Risk Management Report.

The CDS complies with the Code of Corporate Governance for Mauritius except for the following:

Executive Directors

The Company has only one executive director. The Board is of the view that due to the relative small size of the Company, there is no need to appoint a second executive director on the Board. Moreover, directors can request information about the affairs of the Company from departmental managers without necessarily going through the Managing Director.

Internal Audit

The Company has an internal operations audit function but it does not have an internal financial audit function because of its relative small size. The Board is satisfied that the financial control measures that have been implemented by the Company are adequate. The financial controls measures are described in the Risk Management Report. At the request of the Audit Committee, as from 2012-2013 the external auditors carry out an audit of the financial controls of the company and submit a report on their findings.

2.0 NATURE OF ACTIVITIES

The CDS operates a critical component of the capital market infrastructure of Mauritius. It plays a key role in boosting up confidence in the safety and reliability of settlement and safekeeping processes. As such, the Company is committed to operate in accordance with principles of good governance.

3.0 BOARD OF DIRECTORS

3.1 COMPOSITION OF THE BOARD

The Company has a unitary Board composed of 10 directors as follows:

- 5 directors appointed by the SEM;
- 1 director appointed by the Minister to whom the responsibility of Financial Services is attributed;

- 1 director appointed by the Bank of Mauritius;
- 2 directors appointed by ordinary resolution at the annual meeting of shareholders (and where the SEM is not entitled to vote on any resolution appointing such 2 directors);
- 1 Managing Director.

With the exception of the Managing Director, all directors have a term of office of one year.

The following persons held office as directors of the Company for the year under review:

Name	Capacity
Mr Vikash Tulsidas	Chairperson, Non-Executive (appointed by SEM)
Ms Aruna Radhakeesoon Collendavelloo	Vice-Chairperson, Non-Executive (appointed at annual meeting)
Mrs Tilotma Gobin Jhurry	Independent (appointed by Bank of Mauritius)
Professor Donald Ah-Chuen	Non-Executive (appointed by SEM)
Mr Dev Gopy	Non-Executive (appointed by SEM)
Mr Vincent Lamusse	Non-Executive *(up to 30/09/2013)* (appointed by SEM)
Mr Gaëtan Lan Hun Kuen	Non-Executive (appointed by SEM)
Mr Steve Leung Sock ping	Non-Executive (appointed at annual meeting)
Mr Vipin Y.S Mahabirsingh	Executive
Mr Kevin Rangasami	Non-Executive *(as from 2/12/2013)* (appointed by SEM)
Mr Ramanaidoo Sokappadu	Independent (appointed by Ministry of Finance and Economic Development)

Directors nominated by shareholders who hold more than 5% of the shares of the Company are not classified as Independent Directors.

A directors' and officers' liability insurance policy has been subscribed to by the Company. This policy provides cover for the risks arsing out of acts or omissions of the directors and officers of the Company.

An induction pack is given to new directors to familiarise them with the Company's affairs and operations.

The secretary of the Company is Mr Chaitanand Jheengun (F.C.I.S).

3.2 BOARD MEETINGS AND REMUNERATION OF DIRECTORS

Board meetings are convened by formal notice. A detailed agenda together with a comprehensive board pack are circulated to directors at least a week before board meetings.

The table below shows the attendance of directors at board meetings of the Company and the total remuneration and benefits received by each director during the year under review.

Name	No. of meetings attended	Total remuneration and benefits received (Rs)
Mr Vikash Tulsidas	6/6	260,500
Ms Aruna Radhakeesoon Collendavelloo	5/6	150,500
Mrs Tilotma Gobin Jhurry	6/6	102,000
Professor Donald Ah-Chuen	3/6	112,000
Mr Dev Gopy	4/6	104,000
Mr Gaëtan Lan Hun Kuen	2/6	82,000
Mr Vincent Lamusse	1/1 *(up to 30/9/2014)*	42,000
Mr Steve Leung Sock ping	5/6	112,000
Mr Vipin Y.S Mahabirsingh	6/6	3,635,082
Mr Kevin Rangasami	4/4 *(as from 2/12/2014)*	53,500
Mr Ramanaidoo Sokappadu	6/6	103,000

3.3 DIRECTORS' REMUNERATION PHILOSOPHY

A fixed monthly fee as well as an attendance fee is paid to directors of the Company. An additional fee is paid to directors who are members of Board committees for each meeting of the respective Board committee that they attend. The Managing Director is not remunerated for attending Board and committee meetings.

3.4 BOARD COMMITTEES

The Board has constituted the following committees to facilitate efficient decision making and to assist it in the execution of its duties and responsibilities: Audit Committee; Corporate Governance Committee; Remuneration Committee and Investment Committee. The terms of reference of these committees have been determined and approved by the Board and are posted on the website of the Company. The Corporate Governance Committee also has the responsibilities of a Nomination Committee. A separate Risk Committee has not been set up since the Business Conduct Committee, which was set-up at the inception of CDS, already covers the functions of the Risk Committee. The work done by the Business Conduct Committee is covered in the Risk Management Report.

AUDIT COMMITTEE

The composition of the Audit Committee as at 30th June 2014 was as follows:

Chairperson: Prof. Donald Ah Chuen
Members: Mrs Tilotma Gobin Jhurry
Mr Dev Gopy
Mr Steve Leung Sock Ping

Secretary: Mr Chaitanand Jheengun

The main responsibility of the Audit Committee is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.
The attendance of members at the meetings of the Audit Committee for the year under review was as follows:

Name	No. of meetings attended
Prof. Donald Ah Chuen	3/3
Mrs Tilotma Gobin Jhurry	*2/2 (as from 23/10/2013)*
Mr Dev Gopy	3/3
Mr Steve Leung Sock Ping	3/3
Mr Ramanaidoo Sokappadu	1/1 (*up to 23/10/2013)*

CORPORATE GOVERNANCE COMMITTEE

The composition of the Corporate Governance Committee as at 30th June 2014 was as follows:

Chairperson: Ms Aruna Radhakeesoon Collendavelloo
Members: Prof. Donald Ah Chuen
Mr Ramanaidoo Sokappadu
Mr Vikash Tulsidas
Secretary: Mr Chaitanand Jheengun

The Corporate Governance Committee makes recommendations to the Board on all corporate governance measures to be adopted so that the Board remains effective and complies with prevailing corporate governance principles. It also oversees the CSR activities of the Company. The Committee ensures that the reporting requirements with regard to corporate governance, whether in the annual report or on an ongoing basis, are in accordance with the principles of the Code of Corporate Governance.

The attendance of members at the meeting of the Corporate Governance Committee for the year under review was as follows:

Name	No. of meetings attended
Ms Aruna Radhakeesoon Collendavelloo	1/1
Professor Donald Ah- Chuen	1/1
Mr Ramanaidoo Sokappadu	1/1
Mr Vikash Tulsidas	1/1

REMUNERATION COMMITTEE

The composition of the Remuneration Committee as at 30th June 2014 was as follows:

Chairperson: Mr Vikash Tulsidas
Members: Ms Aruna Radhakeesoon Collendavelloo
Mr Steve Leung Sock Ping
Mr Dev Gopy

The Remuneration Committee determines the annual salary increases and the performance bonus of employees of the Company. The Committee makes recommendations to the Board regarding the remuneration of the Managing Director and Non-Executive Directors.

The attendance of members at the meeting of the Remuneration Committee for the year under review was as follows:

Name	No. of meetings attended
Mr Vikash Tulsidas	1/1
Ms Aruna Radhakeesoon Collendavelloo	1/1
Mr Steve Leung Sock Ping	1/1
Mr Dev Gopy	0/1

INVESTMENT COMMITTEE

The composition of the Investment Committee as at 30th June 2014 was as follows:

Members: Mrs Tilotma Gobin Jhurry
Mr Vipin Mahabirsingh
Mr Ramanaidoo Sokappadu
Mr Vikash Tulsidas

The Investment Committee sets investment guidelines within which funds generated by the Company are invested. Investment decisions are then made by management based on the guidelines. The decisions of management do not need to be approved by the Investment Committee as long as they are within the parameters of the investment guidelines. The Investment Committee is kept informed of the investment decisions taken via electronic mail. Any proposed deviation from the Investment Guidelines must be approved by the Committee. The Investment Guidelines were last amended in July 2014 following discussions among members which took place via electronic mail.

3.5 ROLE OF MANAGING DIRECTOR

The Managing Director performs the following main duties:

a) Make recommendations to the Board regarding strategic issues;
b) Oversee management activities and human resources;
c) Responsible for overall operations, cost control, risk management and development of the company;
d) Manage legal and regulatory issues;
e) Responsible for the implementation of Board decisions and policies;
f) Interact with government and relevant institutions in the financial sector;
g) Promote the services of the Company on the international scene.

3.6 DEALING IN SHARES BY THE DIRECTORS

There was no dealing in the shares of the Company by the directors for the year under review.

3.7 COMMON DIRECTORS AND THEIR PERCENTAGE SHAREHOLDING

The table below gives the names of the common Directors of CDS and its holding Company (SEM), together with the shareholding percentages of the shareholders they represent:

Name of Directors	Shareholders' Names	% Holding in CDS	% Holding in SEM
Mr Vikash Tulsidas	GML Investissement Ltée	-	2.9%
Professor Donald Ah Chuen	ABC Group of Companies	-	7.5%
Mr Dev Gopy	SICOM Ltd	-	7.5%
Mr Gaetan Lan Hun Kuen	Ireland Blyth Ltd / Mauritian Eagle Insurance Co. Ltd	-	7.5%
Mr Kevin Rangasami	MCB Stockbrokers Ltd	-	5.44%

4.0 DIVIDEND

In 2011, the CDS adopted a new dividend policy whereby the percentage of Profit after Tax to be distributed as dividend was increased from 40% to 60%. The main reason for the increase of the payout ratio was that the reserves of the Company have grown to a comfortable level. However, the Board was of the view that it was important for CDS to strike the right balance between rewarding shareholders and ensuring that the Company fulfils its obligations under the law in a sustainable manner.

The objective of the Company is to provide an acceptable return to its shareholders whilst at the same time continuing to build up its reserves to ensure business continuity and provide a shock absorber to cover the ultimate risk of default in the event that the resources of the Guarantee Fund are exhausted. The Board maintained the dividend policy that was adopted in 2011 and declared a dividend equal to 60% of the Profit after Tax for the year ended 30th June 2014. The Profit after Tax for the year ended 30th June 2014 is Rs 40.15 M and the amount distributed as dividend is Rs 24.09 M (Rs 160.61 per share) which represents an increase of 36.6% compared to the dividend declared the previous year (Rs 117.57 per share).

5.0 SHAREHOLDERS OF CDS

Shareholder	Number of shares	Percentage holding
The Stock Exchange of Mauritius Ltd	76,500	51.00%
The Mauritius Commercial Bank Ltd	25,000	16.67%
Rogers and Company Ltd	20,000	13.33%
Promotion & Development Limited	10,000	6.67%
SBM Securities Ltd	5,000	3.33%
Swan Insurance Co. Ltd	5,000	3.33%
United Docks Ltd	2,500	1.67%
Harel Mallac & Co. Ltd	2,500	1.67%
State Investment Corporation Ltd	2,000	1.33%
Automatic Systems Ltd	1,000	0.67%
Mauritius Computing Services Ltd	500	0.33%
	150,000	100%

Any change in the ownership of shares of the Company is subject to restrictions and limitations set out in the Constitution of the Company.

6.0 RELATED PARTY TRANSACTIONS

CDS has a contract with its holding company (SEM) for the technical management of the Automated Trading System and for other IT services. The fees for the IT outsourcing services provided to the SEM for the year ended 30th June 2014 amount to Rs 1,341,000 plus VAT.

7.0 POLITICAL DONATIONS

No political donation was made by the Company for the year under review.

8.0 HR ISSUES

Labour cost represented about 56 % of the Company's total operating expenses for 2013-2014. The Company recognizes the importance of its human capital in sustaining its smooth operations and growth. The Company's remuneration philosophy is to pitch its pay policy at the market average. The Company has a stable workforce with very low turnover.

The Company has also implemented a number of measures to promote the welfare of its staff. These include car grant scheme, car loan scheme and soft loans to cater for specific needs. Training courses are provided to employees on a regular basis to enhance their skills. Financial assistance is also given to staff taking professional or tertiary courses. Managers and executives are given the opportunity to attend international conferences and training programmes.

The Company complies with the provisions of the Occupational Safety and Health Act 2005 regarding the safety and health of its employees. There was no complaint on this matter for the year under review.

9.0 CORPORATE SOCIAL RESPONSIBILITY

In line with the policy that the Company has adopted during the past few years, it continued to support the Association of Disability Service Providers (ADSP) under its CSR programme for 2013-2014. ADSP operates a specialized school for mentally and physically disabled children in the village of Long Mountain. CDS is currently the main sponsor of ADSP and thanks to the support of the Company, ADSP has been able to appoint more health care professionals to offer their services and expertise to the students and staff. An occupational therapist is now available on full time basis and a general practitioner visits the school once a week. ADSP also employs a speech therapist on a part-time basis. Additional teaching staff and a secretary have also been recruited in 2013. One of the major achievements of ADSP in 2013 was the admission of one of its students in a State Secondary School after the latter successfully passed his CPE exams.

This year in its request for assistance submitted to CDS, ADSP stated that its budgeted expenses for 2014 amount to Rs 1,822,600 and that its expected revenue for 2014 from sources other than CDS (Ministry of Education, Ministry of Social Security, NGO trust Fund and Parents' contribution), amount to Rs 850,000. The Corporate Governance Committee of the Company therefore decided to donate the total amount in the CSR Fund for 2013-2014 (Rs 774,732) to ADSP to partially cover the salaries of 5 teachers, 1 full-time occupational therapist and 1 part-time speech therapist.

The Managing Director of CDS participates in the activities of ADSP (e.g Independence Day Celebrations etc.) on a regular basis.

10.0 PROTECTION OF THE ENVIRONMENT

The Company has implemented the following actions to contribute to the protection of the environment by minimizing the use of paper:

i. Sending statements of accounts by electronic mail rather than by post to account holders who choose this option (around 10,000 statements were sent by e-mail for the month of June 2014);

ii. Sending Board and Committee papers by electronic mail to directors who choose this option;

iii. Making effective use of paper by printing on both sides; and

iv. Sensitising employees to use consumables effectively and print mails and documents only when necessary.

11.0 CODE OF CORPORATE BEHAVIOUR

The Company has adopted a Code of Corporate Behaviour that sets out the standards of behaviour that all directors and employees of CDS are expected to uphold in conducting the Company's business. No breach of the Code of Corporate Behaviour was reported for the year under review.

12.0 EQUAL OPPORTUNITY POLICY

In line with section 9 of the Equal Opportunity Act 2008 and the Guidelines issued by the Equal Opportunities Commission pursuant to Section 27(3)(f) of the Act, CDS has adopted an Equal Opportunity Policy with a view to minimizing the risks of discrimination and to promoting recruitment, training, selection and employment on the basis of merit. There was no complaint on these matters for the year under review.

Chaitanand Jheengun (FCIS)
Company Secretary

Risk Management Report

RISK MANAGEMENT FRAMEWORK

The ability to identify, monitor, measure and manage risks on an ongoing basis is crucial for a central depository, clearing and settlement organisation. Over the years, the Central Depository & Settlement Co. Ltd (CDS) has developed a comprehensive risk management framework to manage the different types of risks that arise in or are borne by a central depository, clearing and settlement organisation, namely: legal risk; credit (counterparty) risk; liquidity risk; systemic risk; general business risk; investment risk; and operational risk. This report describes the risk management policies, procedures and systems that are in place at the CDS and their application during 2013-2014 and complies with the requirements of Section 20(4) of the Securities Act 2005.

The main pillars of the risk management framework implemented by the CDS are as follows:

- Clear, transparent and enforceable rules and procedures that are consistent with the Securities (Central Depository, Clearing and Settlement) Act 1996, the Securities Act 2005 and the Financial Services Act 2007
- The Business Conduct Committee
- Capital Adequacy Requirements for Participants
- Settlement on a strict delivery versus payment basis
- Prevention of Settlement Failures and Guarantee Fund Mechanism
- Securities Lending and Borrowing
- System of Internal Controls
- External Audit of the System of Internal Controls
- Internal Audit of Operations and Systems Departments
- Disaster Recovery Plan
- IT Security Audit
- Financial Control
- Investment Committee
- Strong and liquid balance sheet

ELIGIBLE SECURITIES DEPOSITORY UNDER US INVESTMENT COMPANY ACT

The CDS qualifies as an Eligible Securities Depository under the US Investment Company Act Rule 17f-7. This rule requires US registered investment companies to hold their securities only in Eligible Securities Depositories to reduce risks associated with offshore investments. Rule 17f-7 of the US Investment Company Act sets forth the following six criteria for the determination that a depository is "eligible" to hold assets of a U.S. or Canadian domiciled investment company:

1. Acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated, or a transnational system for the central handling of securities or equivalent book-entries;

2. Is regulated by a foreign financial regulatory authority;

3. Holds assets for the custodian that participates in the system on behalf of the fund under safekeeping conditions no less favourable than the conditions that apply to other participants;

4. Maintains records that identify the assets of each participant, and segregate the system's own assets from the assets of participants;

5. Provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account; and

6. An eligible securities depository must undergo periodic examination by regulatory authorities or independent accountants.

The CDS meets the above six criteria.

THE BUSINESS CONDUCT COMMITTEE

Since its inception in 1997 and in accordance with section 1.4 of the CDS Rules, the CDS has set up a Business Conduct Committee (BCC) with the following mandate:

1. Recommend the adoption of a risk management policy to the Board of Directors
2. Monitor the operations relating to risk management issues

2.1 Ensure enforcement of the risk management policy being adopted, at all levels of the organisation

2.2 Ensure compliance with the requirements of Rule 3.8.7 with regard to the review of internal control

3. Monitor the operations relating to the Guarantee Fund
4. Hear complaints from aggrieved Participants who claim to be adversely affected by any decision of CDS with respect to CDS operations in accordance with Rule 2.4
5. Make recommendations to the Board of Directors of CDS with respect to Participation Applications in accordance with Rule 2.2.4 and to Termination in accordance with Rule 2.3.3.

As per section 1.4.2 of the CDS Rules, the Business Conduct Committee is composed of a majority of members who are not members of the Board of CDS, nor Participants or related to Participants, and not employed by a Participant. The quorum for meetings of the Business Conduct Committee is three with at least two independent members. The composition of the Business Conduct Committee for the financial year 2013 – 2014 was as follows:

Chairperson:	Mr Pierre Dinan
Members:	Ms Feerdaus Bundhun
	Mr Tega Appavou
	Mr Ashish Jagarnath
	Mr Vikash Tulsidas

The Finance & Administration Manager of CDS is the Secretary of the Business Conduct Committee which meets on a monthly basis to review and discuss the following issues:

- Financial Resource Requirements returns submitted by Participants
- Statement of assets and liabilities of the Guarantee Fund
- Settlement Limits of Participants
- Internal audit report
- Audited and unaudited accounts of Participants

The attendance of members at the meetings of the BCC held during the year under review was as follows:

Name	No. of meetings attended
Mr Pierre Dinan	9/11
Ms Feerdaus Bundhun	8/11
Mr Tega Appavou	10/11
Mr Ashish Jagarnath	9/11
Mr Vikash Tulsidas	11/11

NEW PARTICIPANT

During the year under review, Société Générale Johannesburg Branch (SGJB) submitted its application to become a Participant of CDS as a remote custodian bank following the coming into force of the Securities (Recognition of Remote Custodians) Rules 2013 made by the Financial Services Commission (FSC). The application was submitted together with certified true copies of all the relevant documents.

Given that SGJB satisfied the eligibility criteria and standards of participation set out in section 2.1 of the CDS Rules, the Board approved its participation application subject to its recognition as remote custodian by the FSC, as recommended by the Business Conduct Committee in accordance with section 2.2.4 of the CDS Rules. SGJB was recognised as remote custodian by FSC under section 155 of the Securities Act 2005 and the Securities (Recognition of Remote Custodians) Rules 2013 on 27th December 2013.

CAPITAL ADEQUACY REQUIREMENTS FOR PARTICIPANTS

The CDS has set up capital adequacy requirements for its Participants as a first line of defence against risk. The stability and financial health of Participants in the clearing and settlement services is an important indication of potential trouble. The CDS has implemented a set of rules on conditions for participation called Financial Resource Requirements. These rules require each investment dealer to have sufficient adjusted liquid capital to cover its fixed expenditure base requirements and risk (position, counter party and foreign exchange) requirements. Investment dealers are required to submit monthly returns so that CDS can monitor compliance with the Financial Resource Requirements (FRR). These returns are analysed by the BCC at its monthly meetings. Copies of the FRR returns are also filed with the Financial Services Commission.

All the FRR returns submitted by investment dealers during the year 2013–2014 showed Capital Surpluses.

DELIVERY VERSUS PAYMENT

The CDS has eliminated principal risk with respect to transactions effected on the Stock Exchange, by performing the settlement of transactions on a strict delivery versus payment basis. There is no risk that a CDS Participant delivers securities but does not receive payment or vice-versa. Trades executed on the Automated Trading System (SEMATS) are automatically fed into the CDS system and the relevant securities accounts are updated on a real-time basis. On trade day, the seller's securities account shows a Sale-in-Suspense and the traded securities are blocked in this account. The buyer's securities account shows a Purchase-in-Suspense but the securities are not transferred to this account. On settlement date, funds transfer between the seller's and buyer's Participants takes place at a cut-off time on a net basis through the Participants' settlement banks and the Bank of Mauritius. When funds settlement is completed by final and irrevocable transfer in the books of the Bank of Mauritius, the latter sends a confirmation message to CDS which then immediately transfers the securities by debiting the seller's securities account and crediting the buyer's securities account. The securities are delivered to the buyer if and only if the CDS receives confirmation of settlement of the cash leg from the central bank. Conversely, if the buyer makes payment, the delivery of the securities is guaranteed since the securities have already been blocked in the securities account of the seller.

GUARANTEE FUND

In accordance with Section 3(8)(a) of the Securities (Central Depository, Clearing and Settlement) Act 1996, the CDS has set up a Guarantee Fund for the purpose of providing an indemnity against any default in respect of payments for or delivery of securities and of obligations of Participants towards CDS. The CDS Guarantee Fund is used to guarantee the settlement of transactions in the event of a default by a Participant. In such a situation, the Guarantee Fund steps into the net settlement mechanism and makes good the obligation of the defaulting Participant. The Guarantee Fund will seize the unpaid securities and sell these back on the market in order to replenish itself. The Guarantee Fund acts as a shock absorber in the event of a settlement failure and thus prevents the market from collapsing through systemic effect. The Guarantee Fund contributes to maintain confidence in the stock market.

<u>It is important to note that to date there has never been any failed trade in the CDS.</u>

The Fund is constituted of cash contributions by investment dealers and CDS, as well as Letters of Credit/Deposits provided by investment dealers. The CDS contributed an amount of Rs 658,881 to the Fund in 2013–2014 (Rs 518,307 in 2012-2013). The assets of the Fund are segregated from those of the CDS (separate bank accounts) and are available only for the purpose of the Fund as required by law. The Fund is independently managed by the Business Conduct Committee. The assets of the

Fund are invested in low-risk liquid instruments. The size of the Fund as at 30th June 2014 was as follows:

- Cash contributions: Rs 30,444,563 (Rs 28,711,124 as at 30th June 2013)
- Letters of Credit/Deposits submitted by investment dealers: Rs 28,065,503 (Rs 27,927,503 as at 30th June 2013)

The Fund can also have recourse to a standby line of credit of Rs 50 M from its bank.

RISK CONTROLS TO ADDRESS FUNDS SETTLEMENT FAILURES

Each investment dealer has a settlement limit that is based on the amount of collateral (cash and letters of credit) submitted to CDS. The minimum amount of the collateral required for an investment dealer is based on the moving average of its cumulative liability over the past 12 months. CDS monitors the settlement obligation of each investment dealer on a daily basis. If at the close of trading, the net cumulative liability (total amount of unsettled obligations over a period of three days) of an investment dealer exceeds its settlement limit, the investment dealer is required to submit additional collateral before being allowed to buy more securities during the next trading session.

During the year 2013–2014, there were 21 cases where the settlement limits of investment dealers were exceeded (29 cases in 2012-2013). In each case, the relevant investment dealer submitted the required collateral on the next business day after the limit was exceeded.

If an investment dealer fails to meet its settlement obligations, the CDS will have recourse to its Letter of Credit and to the Guarantee Fund to meet the investment dealer's obligations and complete the settlement of transactions. The Stock Exchange of Mauritius (SEM) and the Financial Services Commission will be immediately notified of the funds settlement failure.

<u>There was no funds settlement failure during the year under review.</u>

RISK CONTROLS TO ADDRESS SECURITIES DELIVERY FAILURES

When an investment dealer places a sell order for a client on the automated trading system (ATS), the system verifies that the client has previously deposited or purchased the securities that it wishes to sell, before accepting the sell order in the order book. However, the ATS allows an investment dealer to place a bulk order without indicating the clients' accounts. After the execution of the bulk order, the investment dealer will then allocate the trades to its clients. The CDS system automatically checks the securities balance each time a trade is allocated to a client's account. In case of insufficient balance in the client's account, the system will not allow the investment dealer to allocate the sale to that client. In such a situation, the trade is automatically posted to the account of the investment dealer that must now deliver the securities. If the investment dealer does not hold the securities, its proprietary account will show a negative balance.

When an investment dealer buys or sells securities for the client of a custodian bank, the transaction is subject to the confirmation of the latter. A situation that may lead to a negative balance in an investment dealer's account is when a custodian bank does not accept a sale that has been allocated to its client's account by the investment dealer. In such a case, the sale is allocated to the proprietary account of the investment dealer and this account will show a negative balance if the investment dealer does not hold the securities that must be delivered.

CDS monitors whether there are any negative balances in the proprietary accounts of investment dealers on a daily basis. Any negative balance in the securities account of an investment dealer must be rectified before 9:00 a.m on T+3 by re-allocating the trade to another client or by borrowing the securities through the securities loan service of CDS.

If the investment dealer still does not have securities in the account at 9:00 a.m on T+3, the trade is temporarily suspended and a buy-in procedure is initiated. The SEM and FSC are immediately notified. The investment dealer is required to make a cash deposit of 50% to CDS and pay a daily fine of 0.20% of the value of the securities (marked to market daily) until the buy-in is completed or the situation is corrected. CDS may abort the buy-in procedure in the following circumstances:

1. The Custodian Bank confirms the trade after T+3, 9:00 a.m and such confirmation is submitted to CDS before T+5, 9:00 a.m.
2. The defaulting investment dealer reports to CDS a loan transaction to settle the trade and the duly completed CDS Loan Forms reach CDS by T+5, 9:00 a.m.

When buy-in is aborted, the original failed trade together with all turnaround trades (see next section) linked to it will be reinstated and will be settled on the next Business Day. In such a situation, CDS will return the cash deposit to the defaulting investment dealer.

When buy-in is completed, notwithstanding whether it is successful or not, the CDS will use the cash deposit to compensate all the buyers involved in each turnaround trade linked to the failed trade, except the buyers involved in the last transaction in each chain of turnaround trades, by paying them an amount equal to 50% of the difference between the price at which they bought the securities and the price at which they subsequently sold the securities.

If after 5 trading sessions the buy-in is unsuccessful, CDS will use the cash deposit to also compensate the buyers in the last transaction in each chain of turnaround trades linked to the failed trade, by paying them an amount equal to 15% of the value of the securities that remain undelivered after the buy-in and CDS will request the SEM to cancel the failed trade together will all turnaround trades linked to it.

There was no securities delivery failure during the year under review.

TURNAROUND TRADING

Following the coming into force of the Securities (Brokerage Fees for Turnaround Trades) Rules 2013, a schedule of reduced transaction fees for turnaround trades was implemented on 12th December 2013. Turnaround trading involves the selling of securities that have been purchased earlier during a trading session or during previous trading sessions before the settlement date of the initial purchase (i.e. between T and T+2 inclusive, where T is the date of the first trade), to take advantage of an upward movement in prices. Similarly an investor may purchase securities that have been sold earlier during a trading session or during previous trading sessions before the settlement date of the initial sale, to take advantage of a downward movement in price, provided that the investor had the securities in its account prior to the initial sale. 2,215 turnaround trades for a total amount of Rs 210 M were cleared and settled in 2013-2014 compared to 1,306 trades for a total amount of Rs 78 M in 2012-2013.

SECURITIES LENDING

The securities loan service implemented by CDS allows an investment dealer that faces a potential securities delivery failure consequential to the refusal of a sale by a custodian bank, to borrow the securities from a lender (which can be another Participant or its client) and deliver the securities to the buyer/s. The failure of the trade together with any turnaround trades linked to it would thus be avoided with the execution of the loan transaction.

Even with the implementation of the securities loan service, a securities delivery failure may occur if the investment dealer that faces the failure cannot find a willing lender for the securities. In such situations, the CDS Procedures regarding buy-in and compensation described above are applied.

It should again be noted that there was no securities delivery failure during the year under review.

INTERNAL CONTROL AND INTERNAL AUDIT

The CDS has implemented a system of internal controls pertaining to:

1. The recording of transactions in securities accounts;
2. The processing of transactions, including clearing and settlement, in accordance with CDS Rules and Procedures; and
3. The integrity and reliability of its data processing facilities.

The system of internal controls is implemented in the Rules and Procedures that govern the day-to-day activities of the CDS and is also integrated in the design of the computer system of CDS. Additional measures have been implemented to ensure the integrity of data and the effectiveness of the internal control system. These measures include the following:

a) Before any entry is made in the system, strict verifications are carried out against source documents and instructions.

b) The list of the authorised personnel of registries and CDS participants together with their specimen signatures and the respective powers conferred to them by their company, are kept up-to-date and are referred to when processing transactions relating to the registries and participants.

c) After posting into the system, verifications are carried out to ensure that balances are c-orrectly updated by new validations or transactions posted. The balances of securities recorded in the system of CDS are reconciled with the figures (balances of securities held in the name of CDS) provided by registries, after the processing of each deposit and withdrawal

d) All operations like deposits, withdrawals, transfers, pledges and trade amendments involve at least two CDS staff for control purposes. One person executes the function while the other verifies whether the function has been correctly executed.

e) A full concurrent audit is carried out to ensure that all transactions are backed up by relevant instructions and source documents

f) A series of automated tests are performed by the Systems Department to verify the integrity of the database on a daily basis.

EXTERNAL AUDIT OF THE SYSTEM OF INTERNAL CONTROLS

The suitability and effectiveness of the system of internal controls are verified by external independent auditors on an annual basis. The external auditors also conduct a full operational audit at the same time. For the year ended 30th June 2014, the auditors, on the basis of the audit tests carried out, concluded that the system of internal controls of the CDS operated effectively and responded properly to the current environment. No exceptions were found by the auditors. The certificate of the auditors is included in the Annual Report.

INTERNAL AUDIT OF OPERATIONS AND SYSTEMS DEPARTMENTS

The Secretary of the Business Conduct Committee performs monthly internal audits of the functions performed by the Operations and Systems Departments of the CDS. The objective of these internal audits is to verify whether adequate control procedures are in place and also whether the CDS Rules and Procedures are complied with when performing the different functions. The results of these internal audits are reviewed by the Business Conduct Committee. No material exceptions were found by the internal auditor during the year under review.

IT SECURITY POLICY

The CDS ensures that its IT systems are secure (that is, has access controls; is equipped with adequate safeguards to prevent external intrusion; and provides audit trails), reliable and have sufficient capacity to handle expected volume growth. The CDS has implemented an IT Security Policy that defines the responsibilities relating to the management of the IT systems of the CDS and the procedures to be followed by employees of the company as well as by remote users (investment dealers, custodian banks, Financial Services Commission, Bank of Mauritius and registries) when using the

IT systems of the company. The IT Security Policy is regularly updated to keep pace with latest developments regarding information security.

The CDS system has industry-standard security features like:

- User and Role Based Access Control (users have accessed to the different functions available in the system based on their respective roles)
- Password controls
- Auditing features at application, operating system and database levels

At the application level, the system maintains the history of all transactions carried out. Every event that changes a balance in a securities account is recorded as a ledger entry. These ledger entries are visible in the client balance inquiry screen giving a complete transaction history. In addition any changes made to investor, security and participant details are logged and are viewable in the form of an audit trail.
The system maintains log files that contain an audit trail of all activities and functions performed on the system as well as transactions processed. These log files are verified on a daily basis.

The Stock Exchange of Mauritius Ltd (SEM) has outsourced its IT function to CDS since January 2001. This includes the technical management of the Automated Trading System (ATS). SEM and CDS have signed an IT Outsourcing Agreement where the service provided by CDS is clearly defined. The objective of the outsourcing is to achieve costs savings and synergies for both companies.

Investment Dealers, the Financial Services Commission and the Bank of Mauritius use the same network and telecommunications lines to access the ATS and CDS systems. Both systems use the same database servers. However, the engine of the Automated Trading System (ATS) runs on three separate servers on the same network.

Software enhancements, modifications and additions are thoroughly tested before implementation in the live environment. A formal Change Management Procedure is in place at CDS.

<u>No breach of the IT Security Policy was observed during the year under review and the Change Management Procedure was followed for all changes that were made to the systems during 2013-2014.</u>

IT SECURITY AUDIT

Independent external auditors with specific expertise in IT security perform a security audit of the IT systems of the CDS and SEM, once every two years. The scope of the security audit is as follows:

- Performing a review of the security policy of SEM and CDS;
- Reviewing the existing network architecture to confirm that it is capable of supporting required security controls;

- Performing a security audit of the network components like routers, firewall, switches etc;
- Performing security audit of the Solaris servers and databases;
- Conducting internal vulnerability assessment;
- Verifying the VPN and wireless connections;
- Performing non-intrusive external penetration testing;
- Reviewing of Disaster Recovery Planning and
- Verifying workstations on the network of SEM and CDS.

The last IT security audit was conducted in April-May 2013 by PricewaterhouseCoopers Ltd (PwC). In their report, the auditors concluded that the IT environment of CDS and SEM is well secured from both internal and external threats. They found that servers are appropriately configured in line with good industrial practices and proven methods. They did not find any security vulnerability which can be exploited by unauthorised user and they stated that the current network set-up provide reasonable assurance that smooth and secure electronic transactions are performed. They have also stated that the IT security policy and IT contingency plan are well designed and structured to mitigate known security risks and the disaster recovery procedures are tested regularly to ensure a timely resumption of services following a major incident or disaster. The auditors have also made some recommendations regarding enhancements which can be incorporated in the current IT environment. The implementation of all the recommendations made by the auditors was completed during the financial year 2013-2014.

DISASTER RECOVERY PLAN

The CDS has in place a Disaster Recovery Plan (DRP) to cater for various scenarios. The DRP covers both preventive and corrective measures that will enable CDS to deal with various types of disasters that can disrupt normal systems operation. The physical environment includes UPS, backup generator, automatic fire extinguishing system and access control to the computer room. A back up server maintains a mirror image of the database on the main server. In the event of a problem with the main server, the back up server takes over within 10 minutes, without physical intervention at Participants' sites. In the event of a major disaster that causes the CDS site to be unavailable, systems and business operations will be restored at a back up site within 6 to 24 hours. Prevention of loss of data is achieved through the implementation of redundant and cyclical backup tapes that are stored both on-site and off-site. Backup to tapes is performed four times a day.

During 2013–2014, three simulations of the DRP were successfully performed on the following respective dates: 13th September 2013; 11th December 2013; and 9th May 2014. The simulation performed on 13th September 2013 involved the participation of investment dealers, custodian banks as well as SEM and CDS personnel.

<u>There was no systems downtime during 2013 – 2014.</u>

FINANCIAL CONTROLS

The system of internal controls of the Finance and Administration department is made up of a series of regular reports to the Board as well as authorization controls. They are as follows:

- The management presents a detailed capital and expenditure budget as well as revenue estimates for review and approval by the Audit Committee and the Board of Directors prior to the start of the financial year;
- The management presents monthly management accounts with detailed explanations on variances to budgeted figures at the Board meetings;
- Authorised signatories for payments and bank transactions consist of two mandatory signatures (one from each of the following two groups: Managing Director/Finance Manager; and Directors).

Investments decisions are made within guidelines determined by the Investment Committee. The Company's funds are invested in low-risk fixed income instruments (fixed deposits at banks and other deposit taking institutions; and government securities). The main risks to which such investments are exposed are credit risk (the possibility that the deposit taking institution will default by failing to pay principal and interest in a timely manner) and interest rate risk. The investment guidelines seek to minimize credit risk by limiting the percentage of total funds that can be invested at a specific institution. To minimize interest rate risk, deposits having maturities longer than 2 years are made at floating rates only. The investment guidelines provide for investment in other instruments subject to the approval of the Investment Committee.

The Board controls financial matters by receiving and reviewing detailed management accounts at regular and short intervals (monthly). Payments, banking and other financial transactions cannot be made without the authorization of one non-executive director.

AUDIT OF FINANCIAL CONTROLS

Given the financial control measures that have been implemented and considering the small size of the Company, the Board decided in the past that it is not necessary to implement an internal financial audit function at the CDS. At the request of the Audit Committee, as from 2013 the external auditors carry out an audit of the financial controls of the company and submit a report on their findings. In their report this year, the auditors have stated that the financial control processes of the Company that were reviewed, are adequate and that they have not observed any issues of concern.

Directors' Report

FINANCIAL STATEMENTS, INTERNAL CONTROL AND RISK MANAGEMENT

Company law requires directors to prepare financial statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for the implementation and operations of accounting and internal control systems that are designed to prevent and detect fraud and errors, as well as an effective risk management system.

AUDITORS' REMUNERATION

The fees (exclusive of VAT) paid to Lamusse Sek Sum & Co for the year ended 30th June 2014 are as follows:

Financial audit	105,000
Operations audit	38,000
Audit of Risk Management Report	26,000
Taxation services	15,000
Financial control review	30,000
Total	Rs 214,000

The auditors Messrs Lamusse Sek Sum & Co have expressed their willingness to continue in office. In accordance with Section 195 of the Companies Act 2001, a resolution for their re-appointment as auditors of the Company will be proposed at the annual meeting.

APPROVAL OF AUDITED FINANCIAL STATEMENTS

The audited financial statements of CDS which are set out from pages 38 to 57 of the Annual Report were approved by the board of directors on 27th August 2014.

Vikash Tulsidas
Chairperson

Vipin Y.S. Mahabirsingh
Managing Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the financial statements

We have audited the company's financial statements set out on pages 38 to 57 which comprise the statement of financial position as at 30th June 2014 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in compliance with the requirements of the Companies Act 2001 and in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficent and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Opinion

In our opinion, the financial statements on pages 38 to 57 give a true and fair view of the financial position of the company as at 30th June 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on other legal and regulatory requirements

Companies Act 2001

We have no relationship with, or interests in the Company, other than in our capacity as auditors, tax and business advisers.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Securities Act 2005

In accordance with Section 20(4) of the Securities Act 2005, we have reviewed the Risk Management Report of the Company and in our opinion, it gives a true and fair view of the risk management procedures and their application for the year ended 30th June 2014.

Lamusse Sek Sum & Co

LAMUSSE SEK SUM & CO
PUBLIC ACCOUNTANTS

MICHAEL V K LO TIAP KWONG, FCCA
(Licensed by FRC)

Port Louis

Date: 27th August 2014

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	NOTES	2014 Rs	2013 Rs
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	(5)	17,162,033	18,054,606
Investments	(6)	122,399,583	87,134,331
Intangible assets	(7)	149,266	174,095
Interest & Other receivables	(8)	9,079,109	7,396,933
		148,789,991	112,759,965
CURRENT ASSETS			
Inventories		222,338	302,739
Trade and Other Receivables	(8)	11,774,136	11,134,013
Deposits and Cash Balances		49,651,892	59,951,546
		61,648,366	71,388,298
TOTAL ASSETS		Rs 210,438,357	Rs 184,148,263
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Stated Capital	(9)	15,000,000	15,000,000
Retained Earnings		155,961,132	139,899,981
Total Equity		170,961,132	154,899,981
NON-CURRENT LIABILITIES			
Retirement Benefit Obligations	(10)	4,957,088	4,346,715
Deferred Taxation	(11)	453,055	432,703
		5,410,143	4,779,418
CURRENT LIABILITIES			
Trade and Other Payables	(12)	8,101,008	5,833,986
Taxation	(11)	1,874,574	999,378
Dividend Payable	(15)	24,091,500	17,635,500
		34,067,082	24,468,864
TOTAL LIABILITIES		39,477,225	29,248,282
TOTAL EQUITY AND LIABILITIES		Rs 210,438,357	Rs 184,148,263

These financial statements were approved by the Board of Directors and authorised for issue on 27th August 2014.

VIKASH TULSIDAS
CHAIRPERSON

VIPIN Y.S. MAHABIRSINGH
MANAGING DIRECTOR

The notes on pages 42 to 57 form an integral part of these financial statements.Auditors' Report on pages 36 & 37.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	NOTES		2014 Rs		2013 Rs
Revenue			58,994,961		47,287,465
Other Income	(13(a))		14,483,787		12,896,836
Administrative Expenses			(23,605,974)		(21,049,318)
Operating Profit			49,872,774		39,134,983
Contribution to Guarantee Fund			(658,881)		(518,307)
Finance Costs	(14)		(30,786)		(65,183)
PROFIT BEFORE TAXATION			49,183,107		38,551,493
Taxation	(11)		(7,418,984)		(5,854,296)
Corporate social responsibility			(774,732)		(753,886)
PROFIT FOR THE YEAR			40,989,391		31,943,311
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss:					
Actuarial loss on defined benefit pension plan			(836,740)		(2,551,309)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			40,152,651		29,392,002
Dividend	(15)		(24,091,500)		(17,635,500)
RETAINED COMPREHENSIVE INCOME FOR THE YEAR		Rs	16,061,151	Rs	11,756,502
EARNINGS PER SHARE	(16)	Rs	267.68	Rs	195.95

The notes on pages 42 to 57 form an integral part of these financial statements. Auditors' Report on pages 36 & 37.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

		SHARE CAPITAL Rs	RETAINED EARNINGS Rs	TOTAL Rs
BALANCE AT 1st JULY 2012		15,000,000	128,143,479	143,143,479
Total comprehensive income for the year		-	29,392,002	29,392,002
Dividends		-	(17,635,500)	(17,635,500)
BALANCE AT 30th JUNE 2013	Rs	15,000,000	139,899,981	154,899,981
BALANCE AT 1st JULY 2013		15,000,000	139,899,981	154,899,981
Total comprehensive income for the year		-	40,152,651	40,152,651
Dividends		-	(24,091,500)	(24,091,500)
BALANCE AT 30th JUNE 2014	Rs	15,000,000	155,961,132	170,961,132

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	2014 Rs	2013 Rs
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		49,183,107	38,551,493
Adjustments for:			
Profit on disposal of Plant & Equipment		(350)	(10,803)
Corporate social responsibility		(774,732)	(753,886)
Actuarial loss on defined benefit pension plans		(836,740)	(2,551,309)
Depreciation	(5)	1,276,124	1,358,205
Amortisation		55,431	56,828
Interest income		(9,166,395)	(8,573,439)
Exchange loss		34,748	-
Retirement Benefit Obligations		610,373	2,921,626
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		40,381,566	30,998,715
Decrease/(increase) in Inventories		80,401	(27,192)
Increase in Trade and Other Receivables		(2,732,908)	(710,390)
Increase in Trade and Other Payables		2,267,022	734,552
CASH GENERATED FROM OPERATING ACTIVITIES		39,996,081	30,995,685
Tax Paid		(6,523,436)	(6,163,620)
NET CASH GENERATED FROM OPERATING ACTIVITIES		33,472,645	24,832,065
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Non-current deposit		(58,300,000)	(58,134,331)
Purchase of Property, Plant and Equipment	(5)	(383,551)	(390,504)
Purchase of Inangible asset		(30,602)	-
Proceeds from fixed deposit		23,000,000	44,000,000
Proceeds from disposal of Plant and Equipment		350	27,900
Interest Received		9,577,004	8,487,168
NET CASH USED IN INVESTING ACTIVITIES		(26,136,799)	(6,009,767)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend Paid		(17,635,500)	(18,604,500)
NET (DECREASE)/INCREASE IN CASHAND CASH EQUIVALENTS		(10,299,654)	217,798
Cash and Cash Equivalents @ beginning of year		59,951,546	59,733,748
Cash and Cash Equivalents @ end of year		Rs 49,651,892	59,951,546
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Deposits and cash balances		Rs 49,651,892	59,951,546

The notes on pages 42 to 57form an integral part of these financial statements. Auditors' Report on pages 36 & 37.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. GENERAL INFORMATION

Central Depository & Settlement Co. Ltd is a private company incorporated in Mauritius. Its registered office is situated at 4th floor One Cathedral Square building, 16 Jules KoenigStreet, Port Louis.

The main activities of the company are to provide depository, clearing and settlement services in order to facilitate dealings in securities.

2. ADOPTION OF NEW AND REVISED STANDARDS

(i) *New and amended standards adopted by the Company*

IAS 1 – Presentation of Financial Statements

Amendments to IAS 1, 'Financial statements presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustment).

The Company has applied the amendments to IAS 1 - Presentation of items in other comprehensive income in the current period. The Amendments introduce new terminology,whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the "Statement of Comprehensive Income" is renamed as the "Statement of profit or loss and other comprehensive income".

IFRS 12 – "Disclosures of interests in other entities"

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13 – "Fair value measurement"

IFRS 13 improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements to use across IFRSs. The requirements do not extend the of use fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

(ii) *New standards and interpretations that are not yet effective and have not been early adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

There are no other standards or IFRIC interpretations that are issued but not yet effective that would be expected to have a material impact on the Company.

3. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements have been consistently applied to all years presented, unless otherwise stated and are set out below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3. ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation

The financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention except that held-to-maturity investments are carried at amortised cost, less any impairment loss.

(b) Revenue Recognition

Revenues are recognised upon performance of services, net of Value Added Tax. Other revenues earned by the company are recognised on the following basis:

(i) Interest Income - using the effective interest method.
(ii) Consultancy fees - as it accrues.
(iii) Fees on issue of ISIN Numbers - as it accrues.
(iv) IT Facilities Management fees - as it accrues.

(c) Propert, Plant and Equipment

Property, Plant and Equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of assets by equal instalments to their residual values over their estimated useful lives as follows:

Furniture, Fittings & Equipment	5 years
Motor Vehicles	5 years
Computer Equipment	5 to 11 1/2 years
Office Premises	50 years

The assets' estimated residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

When the carrying amount of an asset is greater than that its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of Property, Plant and Equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

(d) Intangible Assets

Computer software
Intangible assets (Application Software) are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised at the rate of 7.41% per annum for a period of 13 1/2 years.

Development Costs
Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Company and that will generateeconomic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs.

The Computer software development costs recognised as assets are amortised over their estimated useful lives (5 years).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3. ACCOUNTING POLICIES (CONT'D)

(e) Investments

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. They are measured at amortised cost, less any impairment loss. The interest accrued is recorded as interest income in the statement of profit or loss and other comprehensive income.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Inventories represent stationery and CDS Forms, and are stated at cost. Cost is determined on the first-in first-out (FIFO) method.

(g) Deferred Tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

(h) Employee Benefits

(a) *Defined benefit pension plan*

The company contributes to a pension scheme which is a 'Defined Benefit' plan.

The present value of funded obligations is recognised in the statement of financial position as a non-current liability after adjusting for the fair value of plan assets, any recognised actuarial gains and losses and any unrecognised past service cost. The valuation of these obligations is carried out annually by a firm of consulting actuaries.

A portion of the actuarial gains and losses will be recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous accounting period exceeded the greater of:

- 10% of the present value of the defined benefit obligation at that date; and
- 10% of the fair value of plan assets at that date.

The current service cost and any recognised past service cost are included as an expense together with the associated interest cost, net of expected return on plan assets.

(b) *State pension plan*

Contributions to the National Pension Scheme are expensed to the statement of profit or loss and other comprehensive income in the period in which they fall due.

(i) Provisions

Provisions are recognised when the company has a present or constructive obligation as a result of past events and it is probable that it will result in an outflow of economic benefits that can be reasonably estimated to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3. **ACCOUNTING POLICIES (CONT'D)**

(j) **Financial Instruments**

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company has become a party to the contractual provisions of the instrument.

The company's accounting policies in respect of the main financial instruments are set out below:

(i) **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. The amount of loss is recognised in the Statement of profit or loss and other comprehensive income.

(ii) **Cash and cash equivalents**

Cash includes balances with banks. Cash equivalents are short-term, highly liquid assets which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

(iii) **Trade payables**

Trade payables are stated at fair value and subsequently measured at amortised cost using the effective interest rate method.

(k) **Foreign Currencies**

(i) **Functional and presentation currency**

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency").

The financial statements are presented in Mauritian rupees, which is the company's functional and presentation currency.

(ii) **Transactions and balances**

Transactions denominated in foreign currencies are translated in Mauritian rupees at the rates ruling at the transactions dates. Monetary assets and liabilities which are expressed in foreign currencies are translated into Mauritian rupees at the rates ruling at reporting date. Resulting gains or losses are transferred to the statement of profit or loss and other comprehensive income.

(l) **Alternative Minimum Tax (AMT)**

Alternative Minimum Tax (AMT) is provided for, where the company which has a tax liability of less than 7.5% of its book profit pays a dividend. AMT is calculated as the lower of 10% of the dividend paid and 7.5% of book profit.

(m) **Impairment**

At each reporting date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3. **ACCOUNTING POLICIES (CONT'D)**

(n) **Related Parties**

For the purpose of these financial statements, parties are considered to be related to the company if they have the ability, directly or indirectly, to control the company or exercise significant influence over the company in making financial and operating decisions, or vice versa, or where the company is subject to common control or common significant influence. Related parties may be individuals or other entities.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in accordance with IFRSs requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5. PROPERTY, PLANT AND EQUIPMENT

		OFFICE PREMISES	OFFICE FURNITURE & EQUIPMENT	COMPUTER EQUIPMENT	MOTOR VEHICLES	TOTAL
COST		Rs	Rs	Rs	Rs	Rs
At 1st July 2012		16,409,501	4,071,715	11,094,524	2,455,771	34,031,511
Additions		-	38,823	351,681	-	390,504
Disposal		-	-	(39,455)	-	(39,455)
At 30th June 2013		16,409,501	4,110,538	11,406,750	2,455,771	34,382,560
Additions		-	44,594	338,957	-	383,551
Disposal		-	(20,027)	-	-	(20,027)
AT 30th June 2014		16,409,501	4,135,105	11,745,707	2,455,771	34,746,084
DEPRECIATION						
At 1st July 2012		642,725	3,550,408	9,667,083	1,131,891	14,992,107
Charge for the year		328,200	249,184	371,666	409,155	1,358,205
Disposal		-	-	(22,358)	-	(22,358)
At 30th June 2013		970,925	3,799,592	10,016,391	1,541,046	16,327,954
Charge for the year		328,200	240,288	296,481	411,155	1,276,124
Disposal		-	(20,027)	-	-	(20,027)
AT 30th June 2014		1,299,125	4,019,853	10,312,872	1,952,201	17,584,051
NET BOOK VALUES						
AT 30th June 2014	Rs	15,110,376	115,252	1,432,835	503,570	17,162,033
AT 30th June 2013	Rs	15,438,576	310,946	1,390,359	914,725	18,054,606

INVESTMENTS

	2014 Rs	2013 Rs
Held-to-maturity		
Maturity falling between two to five years	122,399,583	87,134,331

The investments bear interest at rates ranging from 4.37% to 9.60% p.a. (2013: 5.40% to 9.60% p.a.)
These investments will mature in the financial years 2016 to 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

INTANGIBLE ASSETS

		APPLICATION SOFTWARE	DEVELOPMENT COSTS	TOTAL
COST		Rs	Rs	Rs
At 1 July 2012		6,642,839	250,000	6,892,839
Additions		-	-	-
At 30 June 2013		6,642,839	250,000	6,892,839
Additions		30,602	-	30,602
At 30th June 2014		6,673,441	250,000	6,923,441
AMORTISATION				
At 1 July 2012		6,607,749	54,167	6,661,916
Charge for the year		6,828	50,000	56,828
At 30th June 2013		6,614,577	104,167	6,718,744
Charge for the year		5,431	50,000	55,431
At 30th June 2014		6,620,008	154,167	6,774,175
NET BOOK VALUES				
AT 30th June 2014	Rs	53,433	95,833	149,266
AT 30th June 2013	Rs	28,262	145,833	174,095

TRADE AND OTHER RECEIVABLES

	Current		Non-current	
	2014	**2013**	**2014**	**2013**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Trade Receivables	5,342,645	3,112,106	-	-
Prepayments	1,000,127	886,775	-	-
Amount due from holding company	276,999	-	-	-
Interest receivable	3,454,614	6,184,056	7,442,128	5,123,294
Other Receivables	1,699,751	951,076	1,636,981	2,273,639
	11,774,136	11,134,013	9,079,109	7,396,933

The average credit period on sales of services is 1 month. No interest is charged on the trade receivables. The company does not hold any collateral as security.

Before accepting any new customer, the Company assesses the potential customer's credit quality.
The directors believe that no provision for impairment is required as at 30th June 2014.

		2014	**2013**
Ageing of past due but not impaired		Rs	Rs
Less than 1 month		5,227,377	3,078,754
More than 1 month		115,268	33,352
	Rs	5,342,645	3,112,106

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

9. STATED CAPITAL

	ISSUED & FULLY PAID	
	2014	2013
	Rs	Rs
150,000 Ordinary Shares of Rs 100 each	15,000,000	15,000,000

10. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the statement of financial position are determined as follows:

	2014	2013
	Rs	Rs
Present value of funded obligations	17,724,582	14,492,605
Fair value of plan assets	(12,767,494)	(10,145,890)
Liability in the statement of financial position	4,957,088	4,346,715

The amounts recognised in the Statement of profit or loss and other comprehensive income are as follows:

	2014	2013
	Rs	Rs
Current service cost	1,133,583	985,405
Interest cost	1,231,871	994,212
Expected return on plan assets	(938,461)	(851,809)
Fund expenses and life insurance	173,538	162,321
Net actuarial loss recognised in the year	836,740	2,551,309
Total included in staff costs (Note 13(b))	2,437,271	3,841,438

Movements in the liability recognised in the Statement of financial position:-

	2014	2013
	Rs	Rs
At 1st July	4,346,715	1,425,089
Total Expenses as shown above	2,437,271	3,841,438
Contributions	(1,826,898)	(919,812)
At 30th June	4,957,088	4,346,715

The principal actuarial assumptions used were as follows:	2014	2013
Discount rate	8.50%	8.50%
Expected return on plan assets	8.50%	8.50%
Future salary increases	6.00%	6.00%
Future pension increases	3.00%	3.00%

Sensitivity

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the period, while holding all other assumptions constant.

	2014	2013
Effect on present value of funded obligations	Rs	Rs
1% increase in discount rate	14,665,242	11,894,200
1% decrease in discount rate	21,666,212	17,860,282
1% increase in salaries	19,748,629	16,227,292
1% decrease in salaries	14,973,547	12,080,703
Effect of changing longevity - rate up	17,447,844	14,266,322
Effect of changing longevity - rate down	17,994,282	14,713,132

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10. **RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

	2014	2013
	Rs	Rs
Reconciliation of the present value of defined benefit obligation		
Present value of obligation at start of year	14,492,605	10,021,346
Current service cost	1,307,121	1,147,726
Interest cost	1,231,871	994,212
Fund expenses and life insurance	(173,538)	(162,321)
Liability loss	866,523	2,491,642
Present value of obligation at end of year	17,724,582	14,492,605
Reconciliation of fair value of plan assets		
Fair value of plan assets at start of year	10,145,890	8,596,257
Expected return on plan assets	938,461	851,809
Employer contributions	1,826,898	919,812
Fund expenses and life insurance	(173,538)	(162,321)
Asset gain/ (loss)	29,783	(59,667)
Fair value of plan assets at end of year	12,767,494	10,145,890

Distribution of plan assets at end of year

The assets of the scheme are invested in a Deposit Administration Policy with Mauritian Eagle Insurance Company Limited.

History of obligations, assets and experience adjustments

		2014	2013
		Rs	Rs
Fair value of plan assets		12,767,494	10,145,890
Present value of defined benefit obligation		(17,724,582)	(14,492,605)
Deficit		(4,957,088)	(4,346,715)
Asset experience gain/(loss) during the year	Rs	29,783	(59,667)
Liability experience loss during the year	Rs	(610,373)	(2,491,642)

The expected contributions to post-employment benefit plans for the year ending 30th June 2015 are Rs 1,936,512 (2014: Rs 975,001). The actual return on plan assets is Rs 968,244 (2013: Rs 792,142).

Pension amounts and disclosures have been based on the report submitted by Feber Associates Limited, Actuaries and Consultants.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

11. TAXATION

(a) Tax Liability

	2014 Rs	2013 Rs
At 1st July	999,378	1,352,508
Taxation paid	(6,523,436)	(6,163,620)
Provision for the year	7,398,632	5,810,490
At 30th June	1,874,574	999,378

(b) Income Tax

		2014 Rs	2013 Rs
Current Tax on the adjusted profit for the year at 15%		7,398,632	5,810,490
Deferred Tax		20,352	43,806
Tax charge	Rs	7,418,984	5,854,296

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the company as follows:

Profit before Tax	Rs	47,571,635	35,246,298
Tax calculated at a tax rate of 15%		7,135,745	5,286,945
Non-deductible expenses for tax purposes		522,658	777,987
Capital allowances effects		(239,419)	(210,636)
Tax charge	Rs	7,418,984	5,854,296

(c) Deferred Tax

		2014 Rs	2013 Rs
At 1st July		432,703	388,897
Movement for the year		20,352	43,806
At 30th June	Rs	453,055	432,703

12. TRADE AND OTHER PAYABLES

	2014 Rs	2013 Rs
Service Fees received in advance	4,025,911	3,063,065
Other payables	4,075,097	2,770,921

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

OPERATING PROFIT

		2014	2013
		Rs	Rs
Operating Profit is arrived at after :			
Crediting :			
Other income			
Interest Receivable		9,166,395	8,573,439
Fees on issue of ISIN Numbers		981,372	1,127,050
Sundry Income		302,020	219,802
IT Facilities Management Fees		1,341,264	1,277,392
Connection fees		229,430	50,000
Profit on disposal		350	10,803
Project fees		2,462,956	1,638,350
		14,483,787	12,896,836
and Charging :			
Fees paid to auditors -	audit services	155,250	143,750
	operational audit services	43,700	41,400
	taxation services	17,250	17,250
	audit of risk management report	29,900	29,900
Non-Executive Directors' Emoluments		1,033,000	995,000
Depreciation		1,276,124	1,358,205
Amortisation		55,431	56,828
Staff Costs (Note 13(b))		16,067,852	15,289,127
Staff costs			
Salaries		13,630,581	11,447,689
Pension costs (Note 10)		2,437,271	3,841,438
		16,067,852	15,289,127
Number of employees			
Administration		12	12

FINANCE COSTS

		2014	2013
		Rs	Rs
Bank Charges	Rs	30,786	65,183

DIVIDENDS

	2014	2013
	Rs	Rs
Declared and not yet paid :		
Dividend of Rs 160.61 per Ordinary Share (2013: Rs 117.57)	24,091,500	17,635,500

EARNINGS PER SHARE

		2014	2013
Profit attributable to shareholders	Rs	40,152,651	29,392,002
Number of Ordinary Shares in issue		150,000	150,000
Earnings per share	Rs	267.68	195.95

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

17. RELATED PARTY TRANSACTIONS

			2014	2013
(i)	*Sales of Services to :*			
	The Stock Exchange of Mauritius Ltd	Rs	1,341,264	1,277,392
(ii)	*Outstanding Balance arising from the sales of services :*			
	The Stock Exchange of Mauritius Ltd	Rs	276,999	-

The above transactions were carried out on commercial terms and conditions and the repayment is over a month upon receipt of invoice.

			2014	2013
(iii)	*Compensation of key management personnel*			
	Short term benefits		3,635,082	3,082,667
	Post employment benefits		757,186	1,182,106
		Rs	4,392,268	4,264,773

18. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

(a) Liquidity risk
(b) Market risk
(c) Interest rate risk
(d) Currency risk
(e) Credit risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Investment decisions are made within guidelines determined by the Investment Committee.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to finance its operations and to mitigate the effects of fluctuation in cash flows.

The maturity profile of the financial instruments is summarised as follows:

	2014			
Financial assets	**Less than 1 year**	**1-5 years**	**> 5 years**	**Total**
	Rs	Rs	Rs	Rs
Held-to-maturity investment	-	122,399,583	-	122,399,583
Deposits and cash balances	49,651,892	-	-	49,651,892
Trade and other receivables	11,774,136	9,079,109	-	20,853,245
	61,426,028	131,478,692	-	192,904,720
Financial liabilities				
Trade and other payables	8,101,008	-	-	8,101,008
Proposed dividends	24,091,500	-	-	24,091,500
	32,192,508	-	-	32,192,508

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

18. **FINANCIAL RISK MANAGEMENT (CONT'D)**

	2013			
Financial assets	**Less than 1 year**	**1-5 years**	**> 5 years**	**Total**
	Rs	Rs	Rs	Rs
Held-to-maturity investment	-	87,134,331	-	87,134,331
Deposits and cash balances	59,951,546	-	-	59,951,546
Trade and other receivables	11,134,013	7,396,933	-	18,530,946
	71,085,559	94,531,264	-	165,616,823
Financial liabilities				
Trade and other payables	5,833,986	-	-	5,833,986
Proposed dividends	17,635,500	-	-	17,635,500
	23,469,486	-	-	23,469,486

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of its financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The interest rate profile of the company's financial assets as at 30 June is as follows:

	2014	2013
	%	%
Bank balances	3.15-3.65	3.15-3.65
Deposits	4.37-9.60	5.4-9.60

Fixed deposits which have fixed interest rates and will not be affected by fluctuations in the level of interest rates. The following table details the sensitivity of the company's bank balances and fixed deposits if interest rate had been 50 basis points higher. For a lower interest rate by 50 basis points, there would be an equal and opposite impact on the profit and their equity.

	2014	2013
	Rs	Rs
Increase in profit	170,998	287,240
Increase in equity	145,348	244,154

Currency risk

Except for an investment in Gold notes denominated in AUD with a balance of Rs.3,599,583 (AUD 128,694.43), a USD bank account with a balance of Rs 351,272 (USD 11,783.70), there are no other financial assets and liabilities denominated in foreign currencies.

The Company is exposed to currency risk of MUR relative to AUD, USD, EURO, ZAR and GBP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

18. **FINANCIAL RISK MANAGEMENT (CONT'D)**

The following table details the company's sensitivity to a 5% decrease in the exchange rate of the Australian dollars and United States dollars against the Mauritian Rupee. A positive number below indicates an increase in profit and other equity where United States dollars weaken 5% against Mauritian Rupee. For a 5% strengthening of Australian dollars and United States dollars against the relevant currency, there would be an equal and opposite impact on the profit and their equity.

	2014	2013
	Rs	Rs
Increase in profit	197,603	182,359
Increase in equity	167,963	155,005

Credit risk

The company's credit risk is primarily attributable to its trade receivables. At year end, the company has no significant concentration of credit risk which has not been adequately provided for.

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns and value for its shareholders.

The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the company, comprising issued share capital and retained earnings.

The Company's overall strategy remains unchanged from 2013.

Categories of financial instruments

	2014	2013
	Rs	Rs
Financial assets		
Held-to-maturity investment	122,399,583	87,134,331
Deposits and cash balances	49,651,892	59,951,546
Trade and other receivables	20,853,245	18,530,946
	192,904,720	165,616,823
Financial liabilities		
Trade and other payables	8,101,008	5,833,986
Proposed dividends	24,091,500	17,635,500
	32,192,508	23,469,486

19. **CONTINGENT LIABILITY**

A contingent liablity will arise if, in the event of a default by a participant, the amount due by the participant exceeds the total amount of financial resources available to the Guarantee Fund.

20. **HOLDING COMPANY**

The directors consider The Stock Exchange of Mauritius Ltd, incorporated in the Republic of Mauritius, as the holding company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

21. **FIVE YEAR FINANCIAL SUMMARY**
STATEMENT OF PROFIT, CAPITAL & RESERVES

	2014	2013	2012	2011	2010
	Rs	Rs	Rs	Rs	Rs
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
TURNOVER	58,994,961	47,287,465	45,386,526	46,882,714	50,462,540
PROFIT BEFORE TAXATION	49,183,107	38,551,493	37,797,527	38,347,133	40,471,208
TAXATION	(7,418,984)	(5,854,296)	(5,732,006)	(5,725,695)	(6,112,040)
CORPORATE SOCIAL RESPONSIBILITY	(774,732)	(753,886)	(638,283)	(661,913)	(612,020)
PROFIT AFTER TAXATION	40,989,391	31,943,311	31,427,238	31,959,525	33,747,148
OTHER COMPREHENSIVE INCOME	(836,740)	(2,551,309)	(420,067)	(45,336)	(651,457)
DIVIDENDS	(24,091,500)	(17,635,500)	(18,604,500)	(18,600,000)	(13,200,000)
CAPITAL & RESERVES					
ISSUED & PAID UP SHARE CAPITAL	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
REVENUE RESERVES	155,961,132	139,899,981	128,143,479	115,740,808	102,426,619

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

22. GUARANTEE FUND

Section 3(8) of the Securities (Central Depository, Clearing and Settlement) Act 1996 requires the Central Depository & Settlement Co Ltd (CDS) to establish and maintain a Guarantee Fund for the purpose of providing an indemnity against any default in respect of payments for or delivery of securities by any participant and of obligations of participants towards CDS.

The Fund is independently managed by the Business Conduct Committee (BCC) and not by the Board of Directors of the CDS. The BCC consists of a majority of independent members who are not directors of the CDS. The accounts of the Fund are separately audited.

The assets of the Guarantee Fund consist of all money accruing lawfully to that fund and of such contributions as may be specified in the CDS rules. The assets of the Guarantee Fund are as follows:-

Guarantee Fund Assets		**2014**	**2013**
		Rs	Rs
MCB Deposit A/c		26,500,000	26,900,000
MCB Savings A/c		8,361,030	3,509,810
MCB Current A/c		4,985	4,662
Contributions due on value of transactions		74,676	47,471
Temporary Cash deposit		(3,053,509)	(3,053,509)
Cash deposit from investment dealers		(2,103,000)	(303,000)
Interest receivable		708,350	1,654,275
Income tax payable		(47,969)	(48,585)
	Rs	30,444,563	28,711,124

Contributions made to the Guarantee Fund	**2014**	**2013**
	Rs	Rs
BALANCE AT 1ST JULY	28,711,124	26,532,624
Contributions	658,881	1,139,433
Interest	1,264,186	1,222,432
Income tax charge	(189,628)	(183,365)
BALANCE AT 30TH JUNE	30,444,563	28,711,124

Auditors' Report on the system of internal controls to the Board of Directors of the Central Depository & Settlement Co. Ltd

We have conducted a review of the system of internal controls of the Central Depository & Settlement Co. Ltd (CDS) in accordance with Section 3.8.7 of CDS Rules and have performed tests of the effectiveness of the system of internal controls during the period 1st July 2013 to 30th June 2014.

The review covered the suitability of the system of internal controls of the Central Depository & Settlement Co. Ltd pertaining to:-

(a) The recording of transactions in Securities Accounts
CDS Rules and Procedures

(b) The processing of transactions, including Clearing and Settlement, in accordance with

(c) The integrity and reliability of the data processing facilities of CDS.

Our review also covered the suitability of the system of internal controls of CDS pertaining to the Automated Trading System that is managed by CDS in accordance with the IT Outsourcing Agreement that has been signed between CDS and the Stock Exchange of Mauritius Ltd.

Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests and other procedures as we considered necessary in the circumstances.

In our opinion the control procedures were suitably designed to provide reasonable assurance that the system of internal controls of the CDS operated effectively.

LAMUSSE SEK SUM & CO	**MICHAEL V K LO TIAP KWONG,FCCA**
PUBLIC ACCOUNTANTS	**PARTNER**

Date: 16th July 2014

Company Secretary's Certificate

This is to certify that, in accordance with Section 166 (d) of the Companies Act 2001, all such returns as are required of the Company under the Companies Act 2001 have been filed with the Registrar of Companies during the financial year ended 30th June 2014.

Chaitanand Jheengun (FCIS)
Company Secretary

Profile of Directors

DIRECTORS	KEY POSITION AND MAIN DIRECTORSHIP
Vikash Tulsidas *BA (Hons) Law & Business Studies, UK*	Managing Director, AXYS Stockbroking Ltd Director, The Stock Exchange of Mauritius Ltd
Aruna Radhakeesoon Collendavelloo (Ms) *Attorney-at-law, Mauritius* *Solicitor, England & Wales (NP)* *BA (Hons) Jurisprudence, Oxon* *F.MIoD*	Executive Director & Chief Legal Executive, Rogers and Company Limited Director: Foresite Fund Management Ltd Mauritius Development Investment Trust Company Limited Member: The Law Society of England & Wales The Mauritius Law Society
Tilotma Gobin Jhurry (Mrs) *Member British Computer Society UK*	Chief- Payment Systems and MCIB, Division, Bank of Mauritius
Donald Ah Chuen *MBA (University of Strathclyde)* *FCA (England & Wales)* *FCA (Australia)* *MCIPD (Chartered Institute of Personnel & Development, UK)*	Chief Executive, ABC Group Managing Director, ABC Banking Corporation Ltd Council member, Mauritius Chamber of Commerce & Industry Executive Committee Member, Chinese Chamber of Commerce Director, The Stock Exchange of Mauritius Ltd
Dev Gopy *DEA (Finance)* *Maitrise (Financial Management)*	Chief Investment Officer, State Insurance Comp any of Mauritius Ltd Director, The Stock Exchange of Mauritius Ltd Director, Cyber Properties Investments Ltd Director, SICOM Financial Services Ltd Director, Haute Rive Azuri Hotel Ltd
Gaetan Lan Hun Kuen *Fellow of the Institute of Chartered Accountants in England & Wales*	Finance Director, Ireland Blyth Ltd Chairperson, The Stock Exchange of Mauritius Ltd Director, Mauritian Eagle Insurance Co. Ltd Director of a number of companies involved in various economic activities such as finance, properties and fishing industry Member of Financial Services Consultative Council
Steve Leung Sock Ping *Fellow of the Institute of Chartered Secretaries & Administrators (FCIS)* *F.MIoD*	Head of Quality Assurance, Mauritius Commercial Bank Ltd Vice-President, Institute of Chartered Secretaries and Administrators (ICSA), Mauritius
Vipin Y.S. Mahabirsingh *B.Tech (First Class, Hons) Electronic Engineering* *M.Phil Microelectronic Eng.* *MBA (with distinction)* *F.MIoD*	Managing Director, CDS Member of ICT Advisory Council of Mauritius Director, River Court Administrators Ltd Director, ABC Banking Corporation Ltd
Kevin S. Rangasami *Fellow of the Association of Chartered Certified Accountants*	Managing Director, MCB Stockbrokers Ltd Director, The Stock Exchange of Mauritius Ltd
Ramanaidoo Sokappadu *B.A Economics, Mathematics and Statistics*	Lead Analyst, Financial Services Unit, Ministry of Finance and Economic Development

Profile of Management Team

Managing Director - Vipin Y.S. Mahabirsingh

Vipin Y.S Mahabirsingh holds a B.Tech (First Class, Hons.) degree in Electronic Engineering from the University of Mauritius, an M.Phil in Microelectronic Engineering and Semiconductor Physics from the University of Cambridge and an MBA (with distinction) from Edinburgh Business School, Heriot Watt University. He joined the Central Depository & Settlement Co. Ltd at its inception in 1996 as Systems Manager and was appointed General Manager in July 1997. He was then appointed as Managing Director in November 2005. In his capacity as Managing Director of CDS, he also provides consultancy services to African stock exchanges and central depositories. He was involved as Project Director in the implementation of trading and depository systems at the Nairobi Stock Exchange, Bank of Ghana, Dar es Salaam Stock Exchange, Botswana Stock Exchange, Lusaka Stock Exchange and Bolsa de Valores de Mocambique. He is currently spearheading the implementation of an automated trading system at the Zimbabwe Stock Exchange. He is the Chairman of the Market Development Working Committee of the Committee of SADC Stock Exchanges (CoSSE) which has been set up to drive the interconnectivity and clearing and settlement agenda of CoSSE.

Finance and Administration Manager – Joseph How Tien Fat

Joseph How Tien Fat holds a Diploma in Accountancy from the City of Birmingham Polytechnic (UK) and is a Qualified Stockbroker. He joined the CDS at its inception in 1996 as Accountant and was appointed Finance and Administration Manager in July 2001. He is responsible for the Finance and Administration functions at CDS and plays a key role in managing the funds of the Company.

Systems Manager – Manoven Sadayen

Manoven Sadayen holds a B.Tech (Hons) degree in Computer Science and Engineering from the University of Mauritius. He joined the CDS in December 1998 as IT Officer and was promoted to Assistant Systems Manager in October 2000. He was appointed as Systems Manager in July 2001. He is responsible for the management of the CDS system as well as the automated trading system of the SEM. He also assists the Managing Director in overseeing the Operations department and in providing consultancy services to African stock exchanges and depositories.