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**Annual Report 2011**



## Vision & Mission

Vision of Central Depository Bangladesh Limited (CDBL) is to be a dynamic, forward looking institution committed to adding value to the business of its clients. It will be equipped with up-to-date Information Technology to ensure prompt customer response and provide innovative solutions to the needs of the capital market playing a pivotal role in Bangladesh's financial services sector.

Mission of CDBL is to have a sound management team with carefully-chosen, highly-motivated staff fostering a spirit of enthusiasm balanced with prudent policies to achieve a high level of sophistication and expertise in the performance of its personnel by consistently striving to provide high quality services that are reliable, transparent and efficient by:

- \* Emphasizing the importance of the customer,
- \* Unleashing employee initiative by empowering them,
- \* Viewing activities of the business as processes and the goal of continuous improvement.

Management's leadership endeavour is to forge a passionate, inspired, motivated and cohesive team to operate from a truly common bottom line, sharing the same agenda, driven by the same vision to achieve the best possible results, not only for the shareholders and the employees but also to boost public confidence in CDBL's growing strength as an independent, professionally managed institution.

## CONTENTS

CDBL Overview	2
CDBL Team	3
Milestones	4
Board of Directors	5
CDBL 10 <sup>th</sup> Annual General Meeting	6
Directors' Report 2011	7
Auditors' Report	15
Statement of Financial Position	16
Statement of Comprehensive Income	17
Statement of Changes in Equity	18
Statement of Cash Flows	19
Notes to the Financial Statements	20

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## Central Depository Bangladesh Limited (CDBL)

### Overview

Central Depository Bangladesh Limited (CDBL) was incorporated on 20<sup>th</sup> August 2000 sponsored by the country's Nationalized Commercial Banks (NCBs), Investment Corporation of Bangladesh (ICB), Private Commercial Banks (PCBs), Foreign Banks, Merchant Banks, Publicly listed Companies, Insurance Companies and Dhaka & Chittagong Stock Exchanges with the collaboration of the Asian Development Bank (ADB).

CDBL's core services cover the efficient delivery, settlement and transfer of securities through computerized book entry system i.e. recording and maintaining securities accounts and registering transfer of securities; changing the ownership without any physical movement or endorsement of certificates and execution of transfer instruments. The Central Depository System (CDS) operated by CDBL has proved to be a convenient and reliable means to settle securities transaction. The investor has been freed from the hassles of physical handling of certificates, errors in paper work and the risks associated with damaged, lost and forged certificates.

Legal basis for CDBL's operations is set out in the Depositories Act 1999, Depositories Regulations 2000, Depository (User) Regulations 2003 and the CDBL Bye Laws.

CDBL's operations are carried out in its Main Data Centre which is linked to a remote Disaster Recovery Centre operating as a backup with data update taking place simultaneously.

CDBL's Software application VeDAS (Versatile Engine for Depository Accounting System) is built on three-tier architecture, with Visual Basic at the Front End, TUXEDO as the middle tier transaction manager and Oracle at the Back End centralized database.

Network connectivity to Depository Participants, Issuers, Banks, Stock Exchanges & Bangladesh Bank is through Front End interfaces accessed by WAN link and dial-up telephone lines.

Live operations of the CDS commenced with the inauguration of the Electronic Government Securities Registry (EGSR) by the Governor of Bangladesh Bank on 20<sup>th</sup> October 2003. The EGSR also serves as a platform for secondary market sale/purchase as well as Repo transactions of government securities to commercial banks linked online to the CDS. Equity market securities dematerialization process i.e. eliminating physical certificate as record of security ownership by substituting it as an electronic book entry record in the CDS commenced on 24<sup>th</sup> January 2004 with the entry of Square Pharmaceuticals Limited into the CDS.

### Highlights of progress of CDS

Depository elements	June '07	June '08	June '09	June '10	June '11
Investors Accounts set-up in the CDS	1,385,144	1,777,334	2,124,976	3,432,295	4,457,661
Investors Accounts in operable state in the CDS	1,303,020	1,395,617	1,419,015	2,570,659	2,678,400
Percentage of operable Investors Accounts	94%	79%	67%	75%	60%
Depository Participants (Equity market)	222	250	272	300	328
Growth of Depository Participants	10%	13%	9%	10%	9%
Equity Securities in the CDS – Issuers	118	150	179	225	275
Growth of Issuers entry in the CDS	18%	27%	19%	26%	22%
Number of Equity Shares in the CDS (in millions)	714	1,098	1,854	5,412	16,995
Growth of Equity Shares in the CDS	55%	54%	69%	192%	214%
% of stock exchange turnover settled in the CDS	86	95	97	98	100%
% of Government Securities held in the CDS	100	100	100	100	100

CDBL is the National Numbering Agency for ISIN (International Securities Identification Number) in Bangladesh as a member of ANNA (Association of National Numbering Agencies).

CDBL is a member of Asia Pacific CSD Group (ACG) and an associate member of South Asian Federation of Exchanges (SAFE).





## CDBL Team

### Managing Director & CEO

Mohammed Habibus Samad, FCA, CTA

#### Chief Financial Officer & Company Secretary

Shuvra Kanti Choudhury, M. Com, FCA

#### Chief Operating Officer

Sayed Javed Ahmad, B. Tech (IT), MBA, FBCS

#### Application Support

Md. Tohabin Huq, M Com, PGD (IT & Comp Sc)

Md. Faruque Ahmed, Dip in Comp Sc (Japan)

#### Customer Support Services

Md. Muniruzzaman Rana, B Sc, Comp Sc & Engg

Shihab Bari, B Sc, Comp Sc & Engg

Kazi Minhaz Uddin, B Sc, Comp Engg

Md. Mokhlesur Rahman, B Sc, Comp Sc & Engg

Md. Monirul Islam, B Sc (CIS), MBA (MIS)

Ms. Farkhunda Dorin, B Sc (Hons), Comp Sc & Engg

Shafaet Ahmed Siddique, B Sc (Hons), Comp Sc

Md. Tajul Islam, B Com, Dip-in-Comp Sc

Md. Sofeoul-Al-Mamun, B Sc, ICT

Md. Abeer Omor, B Sc, ETE

Min Uddin Ahammed, MBA, Marketing

Md. Arif Hossain, B Sc, Comp Sc & Engg

Mohammad Saiful Islam, B Sc, Comp Sc & Engg

Md. Mahfuzur Rahman, B Sc, Comp Sc & Engg

#### Chittagong

Mohammed Yeaqub Ali, B Sc, ECE

Feroz Ahmed, B Sc, Comp Sc & Engg

Manna Dey, B Sc, Comp Sc & Engg, CCNA

#### Sylhet

Prosunjit Biswas, B Sc, Comp Sc & Engg

#### Training

Md. Shariful Alam, B Sc, Comp Sc & Engg

#### Finance & Accounts

Abdur Rahman Sarker, B Com

Md. Golam Mostafa, B Com

Jayanta Biswau Mondal, M Com

Ms. Rumana Rahman, B Com

Ms. Shanaz Begum, M Com

Md. Shahidul Islam, BBA

Almas Arefin, M Com

Naveed Farhan Aziz, BABS, (UK)

Ms. Monoara Begum, B Sc (Hons) M Sc

Ms. Nurjahan Begum, M Sc

#### Systems Operation

G M Ahsanul Haque, M Sc, Comp Sc

Md. Moinul Haque, M Sc, Comp Sc

Raquibul Islam Chowdhury, M Sc, Comp Sc

K M Shaberul Islam, B Sc, Comp Sc

Quazi Ghulam Shakur, MSS (Econ)

Saber Mahmud, B S (USA)

Mosammat Parvin Akhter, M A, Dip in Comp Engg

#### Network Administration

A Hasib Rahman, M A, MCSE (Aus)

Mashrur Sakib, B Sc, Comp Sc

Md. Imam Hossain Sayem, B Sc, Comp Sc (Russia)

#### Shift Operations

Mohammad Shaiful Alam, B Sc, Comp Sc & Engg

Chiranjib Halder, B Sc, ICT

Sanjib Kumar Baidya, B Sc, ICT

Anwarul Faisal, B Sc, ICT

Shah Alam Masum, Dip in Electrical Engg

Omar A. Aziz Talukder, B Sc, Comp Sc & Engg

Sunnyur Rahman, Dip in Computer Sc & Tech

Md. Muzaffar Mahmud, B Sc, Comp Sc & Engg

Md. Shahidul Islam, B Sc, Comp Sc & Engg

#### Administration & Maintenance

Salahuddin Haidar, MBA (USA), MSCIT (Australia)

Shafiqul Islam, B Sc, Comp Sc & Engg

Md. Anisul Haque Chowdhury

Ms. Supria Florence Biswas, BSS

Ms. Nasrin Haque

Ms. Shrabony Teresa Biswas

Ms. Taslima Akhter, B A

Md. Abdus Salam

Md. Humayun Kabir

Md. Joynal Abedin Sagor

#### Legal Affairs

Ms. Feroza Ahmed, LL M, Notary Public

Syed Akhter Hossain, BA (Hons), MA (Pub Admn)



## Milestones

October 2010	100% threshold reached of stock exchange trades settled in the CDS
July 2009	11 <sup>th</sup> Cross Training Seminar of Asia-Pacific CSD Group held at Dhaka
April 2009	SMS Alert Service introduced
January 2009	BO Accounts setup in CDBL surpass 2 million
October 2008	CDBL completes five years of depository operations
June 2008	90% threshold reached of stock exchange trades settled in the CDS
February 2007	BO accounts setup in CDBL surpass 1 million
January 2007	Dematerialized securities held in CDBL surpass Tk. 100 billion
August 2006	Global Internet Securities Balance Enquiry and Portfolio Valuation Service for BO accountholders launched
January 2004	Dematerialization of equity market securities commenced with the entry of Square Pharmaceuticals Limited into the CDS
October 2003	Electronic Government Securities Registry (EGSR) live operation inaugurated by the Governor of Bangladesh Bank
February 2003	Became National Numbering Agency for ISIN (International Securities Identification Number) in Bangladesh
September 2001	Depository Registration Certificate awarded to CDBL by the SEC
July 2001	Contract signed with the depository system provider CMC Limited
August 2000	CDBL Incorporated
June 2000	Request For Proposal (RFP) issued to implement the country's first automated Depository System
June 2000	Gazette notification of Depository Regulation, 2000 by the SEC
June 1999	Enactment of Depositories Act, 1999



Dr. Fakhruddin Ahmed, Governor of Bangladesh Bank inaugurating the Electronic Government Securities Registry



Mr. Samson H. Chowdhury, Chairman of Squire Group inaugurating the start up of the Central Depository System (CDS) with entry of Square Pharmaceuticals Limited into the CDS



Mr. Faruq Ahmed Siddiqui, Chairman of the Securities and Exchange Commission inaugurating CDBL's global Internet Securities Balance Enquiry and Portfolio Valuation Service



## **CDBL– Board of Directors**

Mr. Samson H Chowdhury Nominee of Square Pharmaceuticals Ltd.	– Chairman
Mr. Md. Shakil Rizvi Nominee of Dhaka Stock Exchange Ltd. (DSE)	– Director
Mr. Fakhor Uddin Ali Ahmed Nominee of Chittagong Stock Exchange Ltd. (CSE)	– Director
Mr. A K M Nurul Fazal Bulbul Nominee of Bangladesh Association of Banks (BAB)	– Director
Mr. Azam J Chowdhury Nominee of Prime Bank Ltd.	– Director
Mr. Syed Manzur Elahi Nominee of Mutual Trust Bank Ltd.	– Director
Mr. Md. Fayekuzzaman Nominee of Investment Corporation of Bangladesh (ICB)	– Director
Mr. Sheikh Kabir Hossain Nominee of Bangladesh Insurance Association (BIA)	– Director
Mr. Md. Humayun Kabir Nominee of Sonali Bank Ltd.	– Director
Mr. Md. Rezaul Karim Nominee of Sadharan Bima Corporation	– Director
Mr. M Fazlur Rahman Nominee of AB Bank Ltd.	– Director
Mr. Salman F Rahman Nominee of Bangladesh Association of Publicly Listed Companies (BAPLC)	– Director
Mr. A K M Shamsuddin Nominee of Standard Chartered Bank	– Director
Mr. Mohammed Habibus Samad, FCA, CTA Central Depository Bangladesh Limited	– Managing Director & CEO



## Central Depository Bangladesh Limited (CDBL) 10<sup>th</sup> Annual General Meeting



The 10<sup>th</sup> Annual General Meeting of Central Depository Bangladesh Limited (CDBL) was held on Wednesday 24<sup>th</sup> November 2010 at the Pan Pacific Sonargaon Hotel presided over by Mr. Samson H Chowdhury, Chairman of the Company. Directors present (from right to left) Mr. M Fazlur Rahman, Mr. A K M Shamsuddin, Mr. A K M Rafiqul Islam, Mr. Md. Rezaul Karim, Mr. Md. Shakil Rizvi, Mr. M H Samad, Mr. Samson H Chowdhury, Mr. Syed Manzur Elahi, Mr. M Zahid Hossain, Mr. Fakhor Uddin Ali Ahmed, Mr. Md. Humayun Kabir & Auditor of the Company Mr. A F Nesaruddin, FCA





## Directors' Report

The Board of Directors of Central Depository Bangladesh Limited (CDBL) is pleased to present the audited financial statements of the Company for the year ended 30<sup>th</sup> June 2011, Auditors' Report thereon along with a market overview relating to the Company's operations.

### Market Overview

The bull run of the stock market abruptly ended on 5<sup>th</sup> December 2010 with the DSE All Share Price Index peaking at 7,384 with the day's turnover at the exchanges registering all time record high figure of Tk. 35.67 billion equivalent to around US\$ 482 million. Market capitalization also peaked at Tk. 3,681 billion (around US\$ 49.78 billion) on 5<sup>th</sup> December 2010. Since then market has been in a retreating trend with drastic decline in daily turnover coupled with widespread price correction with significant intraday volatility from time to time.

However, over the year All Share Price Index of Dhaka Stock Exchange (DSE) was marginally down by 0.37% from 5,112 on 30<sup>th</sup> June '10 to 5,093 on 30<sup>th</sup> June '11 whilst Chittagong Stock Exchange (CSE) index was also down from 18,116 to 17,060, a decline of around 5.83%.

Turnover of DSE at Tk. 3,259 billion as against Tk. 2,564 billion in the previous year was up around 27%. CSE's turnover at Tk. 322 billion compared to Tk. 217 billion in the previous year was also up around 48%. Turnover top performers list, taking the combined turnovers at both DSE & CSE during the year was headed by the conglomerate BEXIMCO Limited as tabulated below:-

Company	Turnover (Tk. Billion)
BEXIMCO Limited	135.68
Titas Gas Transmission & Distribution Company Limited	115.44
People's Leasing & Financial Services Limited	91.33
Bextex Limited	79.84
AB Bank Limited	78.44
United Commercial Bank Limited	74.66
National Bank Limited	69.69
LankaBangla Finance Limited	66.33
Aftab Automobiles Limited	63.76
Prime Finance and Investment Limited	57.59

Market Capitalization at the close of the year ended 30<sup>th</sup> June '11, stood at Tk. 2,737 billion (US\$ 37.01 bln) registering a marginal gain of 1.33% over the figure of 2,701 billion (US\$ 36.52 billion) at the end of the previous year. Share prices of the largest contributors to market capitalization all declined during the year as indicated overleaf:-





Company	Market Cap. (Tk. billion)	Closing Price (Tk.)	% Price Decline
Grameenphone Limited	221.31	163.90	(30.46)
Investment Corporation of Bangladesh	93.74	3,749.50	(24.89)
Titas Gas Trans. & Dist. Co. Ltd.	75.58	802.25	(22.05)
Square Pharmaceuticals Ltd.	69.49	3,542.25	(9.83)
National Bank Limited	56.10	65.20	(14.32)

Total number of listed securities excluding 212 Bangladesh Government Treasury Bonds at DSE stood at 278 at end of the year made up of 232 companies, 35 mutual funds, 8 debentures and 3 corporate bonds. Number of shares, debentures, corporate bonds and mutual funds at DSE was 20,091 million and issued capital of these securities stood at Tk. 305.73 billion as at 30<sup>th</sup> June '11.

Initial Public Offerings (IPO) by 17 entities tapped the market for around Tk. 18,299 million as tabulated below which included 10 new Mutual Funds and 1 Convertible Bond by a Banking Company.

Subscription Date		Company	IPO (Tk. mln)
Opening	Closing		
01.08.10	05.08.10	First Janata Bank Mutual Fund	1,000
10.08.10	17.08.10	Green Delta Mutual Fund	750
22.08.10	26.08.10	Popular Life First Mutual Fund	1,000
14.09.10	20.09.10	Active Fine Chemicals Limited	160
26.09.10	30.09.10	IFIL Islamic Mutual Fund – 1	500
03.10.10	07.10.10	PHP First Mutual Fund	1,000
24.10.10	28.10.10	Deshbandhu Polymer Limited	160
21.11.10	25.11.10	AIBL 1 <sup>st</sup> Islamic Mutual Fund	500
05.12.10	09.12.10	BRAC Bank 25% Subordinated Convertible Bonds	300
12.12.10	19.12.10	MBL 1 <sup>st</sup> Mutual Fund	500
02.01.11	06.01.11	MJL Bangladesh Limited (At face value Tk.10 plus premium Tk. 142.40 per share)*	6,096
09.01.11	13.01.11	M.I. Cement Factory Limited (At face value Tk. 10 plus premium Tk. 101.60 per share)	3,348
30.01.11	03.02.11	Salvo Chemical Industry Limited	260
06.03.11	10.03.11	Barakatullah Electro Dynamics Limited (At face value Tk. 10 plus premium Tk. 50.00 per share)	1,200
06.03.11	20.03.11	Southeast Bank 1 <sup>st</sup> Mutual Fund	500
13.03.11	31.03.11	EBL NRB Mutual Fund	750
15.05.11	22.05.11	Reliance Insurance Mutual Fund	275
			<b>18,299</b>

\* MJL Bangladesh Limited subsequently refunded premium amounting to Tk. 37.40 per share to the subscribers of the IPO

Moneys raised through IPOs were around 29% more in comparison to the previous year when 21 entities raised Tk. 14,218 million through initial public offerings.



## Central Depository System (CDS) Operations

Depository Participants (DP) increased by 28 from 300 to 328 during the year ended 30<sup>th</sup> June '11 as detailed below:

Depository Participants (DPs) admitted to CDBL	30 <sup>th</sup> Jun '10	30 <sup>th</sup> Jun '11
Broker Dealers – Full Service DPs	263	287
Custodian DPs	35	39
Stock Exchanges	2	2
	<b>300</b>	<b>328</b>

Investors Accounts in operation, as tabulated below, registered around 5% growth during the year, increasing by 124,993 due to entrance of new investors during the Bull Run and increased Initial Public Offerings.

Investor Accounts in operation	30 <sup>th</sup> Jun '10	30 <sup>th</sup> Jun '11
Individual Accounts	1,581,505	1,702,052
Joint Accounts	964,667	968,239
Company Accounts	5,941	6,660
Omnibus Accounts	423	472
Principal Accounts	374	402
Clearing Accounts	497	575
	<b>2,553,407</b>	<b>2,678,400</b>

Listed Securities of 51 publicly listed companies came into the CDS whilst one company i.e. Keya Detergent Limited went out of the CDS count having merged with Keya Cosmetics Limited during the year taking the total from 225 as at 30<sup>th</sup> June '10 to 275 as at 30<sup>th</sup> June '11.

Number of shares held in the CDS increased during the year by 11,582,528,438 (around 214%) because of number of shares splits to Tk. 10 per share from Tk.100 per share taking the total from 5,412,723,193 as at 30<sup>th</sup> June '10 to 16,995,251,631 as at 30<sup>th</sup> June '11. Market value of the shares held in CDS as at 30<sup>th</sup> June '10 amounted to around Tk.1,395.95 billion which increased to Tk.1,624.89 billion as at 30<sup>th</sup> June '11 registering an increase of around 16%.

With the increase in securities held in the depository, share transfers in the depository relating to settlement of stock exchange trades during the year were significantly higher compared to the previous year, as also, transactions value up over 30% as tabled below resulting in an upsurge in this income stream:

No. of Shares in CDS	Year Ended	No. of Trades (Min)	No. of Shares Traded (Min)	Turnover Tk. (Bln)
16,995,251,631	30 <sup>th</sup> June '11	56.27	22,400	3,577.79
5,412,723,193	30 <sup>th</sup> June '10	41.11	11,085	2,734.32
<b>213.99 %</b>	<b>% Increase</b>	<b>36.88 %</b>	<b>102.07 %</b>	<b>30.85 %</b>

Of the DSE & CSE combined trades during the year ended 30<sup>th</sup> June '11, as much as 99.91% of the turnover was settled in the demat market segment as detailed overleaf.



Exchanges Demat Segment	No. of Trades (Mln)	No. of Shares (Mln)	Turnover Tk. (Bln)
DSE/CSE combined	56.70	22,416	3,580.92
Settled at CDBL	56.27	22,400	3,577.79
% at CDBL	99.24	99.93	99.91

Corporate Actions relating to bonus issues, right issues and stock split were much higher compared to the previous year. Consequently credits to the investors depository accounts in the Central Depository System (CDS) of CDBL arising from Corporate Actions of Issuers during the year increased substantially in number as well as in value compared to the previous year as depicted below:-

Year Ended	No. of Shares			Total		
	Bonus	Rights	Stock split	Shares	A/Cs credited	Value Tk. Billion
30 <sup>th</sup> June '11	3,153,337,660	1,672,988,453	477,495,579	5,303,821,692	4,167,971	590.86
30 <sup>th</sup> June '10	637,074,141	56,135,846	97,834,399	791,044,386	1,538,532	326.56
% Increase	395	2,880	388	570	171	81

**Electronic Government Securities Registry (EGSR) of Bangladesh Bank** holdings of outstanding T-Bills in the EGSR at the end of the year on 30<sup>th</sup> June '11 increased by 29.20% compared to the end of previous year whilst T-Bonds were also up by 34.77% as follows:

Tenure Amount	91 Days Tk mln	182 Dys Tk mln	364 Dys Tk mln	5 Yrs Tk mln	10 Yrs Tk mln	15 Yrs Tk mln	20 Yrs Tk mln	Total Tk mln
<b>T-Bills outstanding in the EGSR</b>								
On 30-Jun-11	29,000	43,500	59,610	-	-	-	-	132,110
On 30-Jun-10	10,500	27,250	64,500	-	-	-	-	102,250
% Variance	176.19	59.63	(7.58)	-	-	-	-	29.20
<b>T-Bonds outstanding in the EGSR</b>								
On 30-Jun-11	-	-	-	198,514	224,905.8	62,300	48,300	534,019.80
On 30-Jun-10	-	-	-	150,899	172,410.3	42,100	30,850	396,259.30
% Variance	-	-	-	31.55	30.45	47.98	56.56	34.77

T-Bills lodged at CDBL during the year ended 30<sup>th</sup> June '11 decreased by around 2% compared to the previous year as follows:

Tenure Amount	91 Days Tk mln	182 Dys Tk mln	364 Dys Tk mln	5 Yrs Tk mln	10 Yrs Tk mln	15 Yrs Tk mln	20 Yrs Tk mln	Total Tk mln
<b>T-Bills issued</b>								
During the year ended 30-Jun-11	78,000	68,700	59,610	-	-	-	-	206,310
During the year ended 30-Jun-10	92,000	54,250	64,500	-	-	-	-	210,750
% Variance	(15.22)	26.64	(7.58)	-	-	-	-	(2.11)

T-Bonds issued during the year ended 30<sup>th</sup> June '11 were up by 62.38% compared to the previous year as depicted overleaf:



Tenure Amount	91 Days Tk mln	182 Dys Tk mln	364 Dys Tk mln	5 Yrs Tk mln	10 Yrs Tk mln	15 Yrs Tk mln	20 Yrs Tk mln	Total Tk mln
<b>T-Bonds issued</b>								
During the year ended 30-Jun-11	-	-	-	52,500	52,500	20,200	17,450	142,650
During the year ended 30-Jun-10	-	-	-	35,400	30,100	12,800	9,550	87,850
% Variance	-	-	-	48.31	74.42	57.81	82.72	62.38

During the year ended 30<sup>th</sup> June '11, 1,189 T-Bills Repo transactions took place involving face value of Tk. 229.18 bln and 1,901 Repo transactions of T-Bonds were executed with face value of Tk. 416.89 bln.

Non-bank entities (including provident funds) purchase of T-Bills during the year involved 472 transactions in the amount of Tk. 87.71 bln, whilst there were 760 T-Bonds transactions, mainly of provident funds amounting to Tk. 78.49 bln.

### System Operations

At the height of the bull run in December '10, three technical experts from CMC Mumbai visited CDBL office and fine-tuned application software VeDAS to minimize EOD processing time and enhanced VeDAS performance some of which were significant as follows:

File Upload module enhanced to facilitate Payin / Payout transactions via flat file to minimize transaction processing time.

VeDAS Frontend database migrated to MS SQL 2008 Express from MS Access.

A tool provided by CDBL to DPs to check their daily shortages by exporting share balance details of their clearing accounts in text file.

Changing the logic for invoking multiple instances, query tuning and creating new indexes, reducing by 45% EOD processing time for the following 3 jobs:

Counter Incrementation

Bill processing job

jpofilxfer report distribution

Hardware Maintenance under the HP Customer Support Contractual Services Agreement was satisfactorily provided by Hewlett-Packard Singapore during the year.

On 10<sup>th</sup> July '10, four filesystems were resized to cope with increased volumes as detailed below:

File System	Old size	New size	Increased By
/dev/vgvedas/lvol6	130 GB	155 GB	25 GB
/dev/vgvedas/lvol8	160 GB	185 GB	25 GB
/dev/vgvedas/lvol10	100 GB	120 GB	20 GB
/dev/vgvedas/lvol13	550 GB	600 GB	50 GB

On 29<sup>th</sup> October 2010, iCAP Processors and RAM of Primary & DR site servers were activated as indicated overleaf to double the processing capacity to cope with the increased trade volume.





Primary Site: Main server	-	Processors to 8 from 4 and RAM to 64GB from 32GB
Standby / Failover server	-	Processors to 8 from 4 and RAM to 64GB from 32GB
DR Site server	-	Processors to 8 from 4 and RAM to 64GB from 32GB

On 17<sup>th</sup> December 2010, disk storage capacity was doubled to cope with increased trade volume by adding 16 HP EVA 300 GB 15K FC hard disks in storage systems of both the Main & DR site.

Network communication infrastructure of CDBL faced a major disruption on 2<sup>nd</sup> February 2011 when CDBL lost all communications with the two stock exchanges and also with most of the individual DPs connected through the Service Provider's network link. This happened due to sudden removal of all over-head fibre optic cables from the city's main streets by the authorities in their effort at beautification of the city streets for the 2011 World Cup Cricket festivities. Although some links were restored at the end of the day, yet a large number of DPs had to settle their transaction through dialup connection to CDBL whilst a large number had to physically come over with their PCs to the CDBL main site at Kawran Bazar as well as to the Disaster Recovery Site at Topkhana Road where emergency contingency arrangements were made for them to upload their day's transactions to the CDBL system.

CDBL eventually managed to restore its communication network under new arrangements with the Communication Service Providers using underground fibre cables to link up all the important locations i.e. Disaster Recovery Centre and both the Dhaka and Chittagong Stock Exchanges. Two Companies are now authorized by BTRC (Bangladesh Telecommunication Regulatory Commission) to provide underground fibre cable infrastructures in Dhaka city.

During the year, one of the Data Communication Service Providers (Telnet Communications) of CDBL moved their clients from Layer 2 to Layer 3 connectivity. The change will enable them to detect link failures instantly.

### **Personnel**

Workforce of the Company as on 30<sup>th</sup> June '11 was 65, of whom 40 were IT professionals. The workforce increased by 9 during the year as against 11 in the previous year. During the year 7 Systems & Customer Support staff and 4 System Maintenance Shift Operations staff joined the services of the Company while 2 Systems & Customer Support staff resigned from the services of the Company.

In view of the growth in business volume and clientele the Company is continuing its ICT Management Trainee Program of 6 months duration.

The Company has continued to outsource its security and cleaning services.

### **Financial Results**

Exceptional financial results have been achieved in the year as a consequence of the Bull Run in the market during the first half of the year and the tight lid maintained on expenditure. Profit after tax at Tk. 1,493 mln for the year was up over 72% compared to the previous year as a result of growth in income from depository operations of over 62% net of rebates to customers.



**Cash Dividend:** Considering the profitability attained by the Company during the year, the Board of Directors in its meeting held on 15<sup>th</sup> November '11 recommended a cash dividend of 10% i.e. Tk. 1 per ordinary share of Tk. 10 each for the year ended 30<sup>th</sup> June '11 to shareholders in the register of members as on 27<sup>th</sup> November '11 for the consideration of the shareholders at the 11<sup>th</sup> Annual General Meeting of the Company.

**Stock Dividend:** In addition, to further strengthen the capital base of the Company, the Board of Directors in its meeting held on 15<sup>th</sup> November '11 have also recommended 1:4 stock dividend i.e. 1 bonus share for 4 shares held as on 27<sup>th</sup> November '11 for the consideration of the shareholders.

<b>Appropriations</b>	<b>Taka</b>
Net profit after taxation	1,492,692,431
Un-appropriated profit brought forward	1,364,410,655
Cash dividend @ 10% paid for the year ended 30 <sup>th</sup> June 2010	(69,200,000)
Stock dividend 1:1 Bonus Shares for the year ended 30 <sup>th</sup> June 2010	(692,000,000)
Transferred to CDS Up-gradation Reserve	(100,000,000)
Transferred to CDBL Headquarter Building Reserve	(1,400,000,000)
Profit available for appropriation	595,903,086
<b>Dividends proposed for year ended 30<sup>th</sup> June 2011</b>	
Cash dividend @ 10%	(160,000,000)
Stock dividend 1:4 Bonus Shares	(400,000,000)
Un-appropriated profit carried forward	<b>35,903,086</b>

### **Contribution to National Exchequer**

During the year ended 30<sup>th</sup> June 2011 the Company paid Tk. 809,612,153 as direct tax.

### **Outlook**

The business outlook for the Company in the coming year appears to be bleak as recovery is nowhere in sight from the bubble burst of the overheated market that occurred in December 2010.

However, the Company is well positioned to face up to the downturn having put itself in sound financial footings over the last couple of good business years.



### **Changes in Directorship**

During the year changes that occurred in the directorship of the Company were as follows:

- |                           |   |
|---------------------------|---|
| 14 <sup>th</sup> July '10 | Mr. Md. Fayekuzzaman, Managing Director, Investment Corporation of Bangladesh (ICB) replaced Ms. Dina Ahsan as nominee of ICB.      |
| 14 <sup>th</sup> June '11 | Mr. Sheikh Kabir Hossain, Chairman, Bangladesh Insurance Association (BIA) replaced Mr. A K M Rafiqul Islam as nominee of BIA.      |
| 14 <sup>th</sup> June '11 | Mr. A K M Nurul Fazal Bulbul, Executive Committee Member, Bangladesh Association of Banks (BAB) joined the Board as nominee of BAB. |

### **Election of Directors**

Pursuant to Article 117 to 120 of the Company, Mr. Md. Shakil Rizvi, Mr. Fakhor Uddin Ali Ahmed, Mr. Azam J Chowdhury, Mr. Syed Manzur Elahi and Mr. Md. Humayun Kabir Directors of the Company will retire and being eligible, offer themselves for re-election.

### **Appointment of Auditors**

The auditors of the Company, Hoda Vasi Chowdhury & Co, Chartered Accountants, retire as per Sec. 210 (6) of the Companies Act 1994 and being eligible have offered themselves for re-appointment.

### **Conclusion**

The Board of Directors is grateful for the assistance and support rendered to the Company by the Securities and Exchange Commission of Bangladesh. The trust and confidence reposed on the Board and extended to the Company by the sponsor shareholders and the increasing number of users of the Company's CDS is most heartening and deeply appreciated as also the whole hearted support extended to CDBL by the Dhaka Stock Exchange Ltd. and the Chittagong Stock Exchange Ltd.

The Board of Directors is also pleased to record its appreciation for the relentless efforts of the Company's staff at all levels in achieving excellent financial results in the year. The support extended by the Company's IT solution provider, CMC Limited and hardware maintenance team of HP Singapore in keeping the CDS up and running is also duly acknowledged and appreciated by the Board.

For and on behalf of the Board of Directors

Chairman



## **Hoda Vasi Chowdhury & Co** **Chartered Accountants**

Independent Correspondent Firm to Deloitte Touche Tohmatsu

### **AUDITORS' REPORT**

To the shareholders of  
Central Depository Bangladesh Limited

We have audited the accompanying Statement of Financial Position of **Central Depository Bangladesh Limited (CDBL)** as of 30 June 2011 and the related Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended. The preparation of these financial statements is the responsibility of Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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

We report that as disclosed in accompanying accounting policy 2.4(b) and note - 14, deferred tax asset amounting to Taka 20,147,610 was not recognized by the Company, which is apparently non-compliance with Bangladesh Accounting Standard - 12 "Income taxes".

In our opinion, except the above noted non-compliance, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) give a true and fair view of the state of the Company's affairs as of 30 June 2011 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, Depositories Act 1999, the Depository (User) Regulations 2003 and other applicable laws and regulations.

We also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) The Company's Statement of Financial Position and Statement of Comprehensive Income along with the annexed notes 1 to 22 thereto dealt with by the report are in agreement with the books of account; and
- d) The expenditures incurred and payments made were for the purposes of the Company's affairs.

*Hoda Vasi Chowdhury*

Chartered Accountants

Dhaka, 20 November 2011

National Office : BTMC Bhaban (8<sup>th</sup> Floor), 7-9 Kawran Bazar Commercial Area, Dhaka-1215, Bangladesh  
Motijheel Office : Ispahani Building (3<sup>rd</sup> Floor), 14-15 Motijheel Commercial Area, Dhaka-1000, Bangladesh  
Chittagong Office : Delwar Bhaban (4<sup>th</sup> Floor), 104 Agrabad Commercial Area, Chittagong-4100, Bangladesh





Hoda Vasi  
Chowdhury & Co

**Central Depository Bangladesh Limited**  
**Statement of Financial Position**  
**as at 30 June 2011**

	<u>Notes</u>	<u>2011</u> <u>Taka</u>	<u>2010</u> <u>Taka</u>
<b>Sources of fund</b>			
<b>Shareholders' equity</b>			
Share capital	3	1,600,000,000	692,000,000
Retained earnings		595,903,086	1,364,410,655
Reserves:			
CDS up-gradation		100,000,000	-
Headquarter building		1,400,000,000	-
		<b>3,695,903,086</b>	<b>2,056,410,655</b>
Security deposits	4	94,400,000	72,555,000
<b>Net worth</b>		<b>3,790,303,086</b>	<b>2,128,965,655</b>
<b>Application of fund</b>			
Fixed assets-at cost less accumulated depreciation	5	50,588,604	54,659,732
Investment in bonds	6	820,000,000	-
<b>Current assets</b>			
Accounts receivables	7	455,942,857	358,200,310
Interest receivables		185,701,239	67,900,345
Deposits and pre-payments	8	1,003,339	1,415,920
Advances and loans	9	16,925,272	9,944,772
Cash and cash equivalents	10	4,276,679,767	1,929,838,605
		<b>4,936,252,474</b>	<b>2,367,299,952</b>
<b>Less: Current liabilities</b>			
Creditors and other liabilities	11	1,691,214,564	99,624,361
Unearned revenue	12	66,508,971	24,943,058
Provision for income tax	13	258,814,457	168,426,610
		<b>2,016,537,992</b>	<b>292,994,029</b>
<b>Net current assets</b>		<b>2,919,714,482</b>	<b>2,074,305,923</b>
<b>Net assets</b>		<b>3,790,303,086</b>	<b>2,128,965,655</b>

These financial statements should be read in conjunction with annexed notes

Chairman

Director

Managing Director & CEO

CFO & Company Secretary

Auditors' Report to the Shareholders  
See annexed report of date

Chartered Accountants

Dhaka, 20 November 2011

Independent Correspondent Firm to Deloitte Touche Tohmatsu



**Hoda Vasi  
Chowdhury & Co**

**Central Depository Bangladesh Limited  
Statement of Comprehensive Income  
For the year ended 30 June 2011**

	<u>Notes</u>	<u>2011 Taka</u>	<u>2010 Taka</u>
<b>Operating income</b>	15	2,181,326,687	1,343,318,140
Less: Operating and administrative expenses	16	178,365,248	106,227,823
<b>Operating profit</b>		<b>2,002,961,439</b>	<b>1,237,090,317</b>
Add: Other income	17	389,730,992	162,065,334
<b>Net Profit before tax for the year</b>		<b>2,392,692,431</b>	<b>1,399,155,651</b>
Provision for income tax	13	900,000,000	532,000,000
<b>Net Profit after tax</b>		<b>1,492,692,431</b>	<b>867,155,651</b>
Profit brought forward from previous year		1,364,410,655	877,855,004
<b>Profit available for appropriation</b>		<b>2,857,103,086</b>	<b>1,745,010,655</b>
Less: Dividend paid:	18		
Cash dividend		69,200,000	34,600,000
Stock dividend		692,000,000	346,000,000
		<b>761,200,000</b>	<b>380,600,000</b>
Less: Reserves:			
CDS up-gradation		100,000,000	-
Headquarter building		1,400,000,000	-
		<b>1,500,000,000</b>	<b>-</b>
<b>Accumulated profit transferred to retained earnings</b>		<b>595,903,086</b>	<b>1,364,410,655</b>
<b>Earnings per share</b>		<b>9.33</b>	<b>12.53</b>

These financial statements should be read in conjunction with annexed notes

Chairman

Director

Managing Director & CEO

CFO & Company Secretary

Auditors' Report to the Shareholders  
See annexed report of date

Chartered Accountants

Dhaka, 20 November 2011

Independent Consultant Firm to Deloitte Touche Tohmatsu



Hoda Vasi  
Chowdhury & Co

**Central Depository Bangladesh Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2011**

<u>Particulars</u>	<u>Share capital</u> <u>Taka</u>	<u>Retained earnings</u> <u>Taka</u>	<u>Reserves</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
<b>Balance as at 30 June 2009</b>	346,000,000	877,855,004	-	1,223,855,004
Net profit for the year	-	867,155,651	-	867,155,651
Cash dividend paid for 2008-09	-	(34,600,000)	-	(34,600,000)
Stock dividend	346,000,000	(346,000,000)	-	-
<b>Balance as at 30 June 2010</b>	<b>692,000,000</b>	<b>1,364,410,655</b>	<b>-</b>	<b>2,056,410,655</b>
Net profit for the year	-	1,492,692,431	-	1,492,692,431
Cash dividend paid for 2009-10	-	(69,200,000)	-	(69,200,000)
Stock dividend	692,000,000	(692,000,000)	-	-
<b>Reserves:</b>				
CDS up-gradation	-	(100,000,000)	100,000,000	-
Headquarter building	-	(1,400,000,000)	1,400,000,000	-
Share capital (new issue)	216,000,000	-	-	216,000,000
<b>Balance as at 30 June 2011</b>	<b>1,600,000,000</b>	<b>595,903,086</b>	<b>1,500,000,000</b>	<b>3,695,903,086</b>

  
Chairman

  
Director

  
Managing Director & CEO

  
CFO & Company Secretary

Independent Consultant Firm to Deloitte Touche Tohmatsu



**Hoda Vasi  
Chowdhury & Co**

**Central Depository Bangladesh Limited  
Statement of Cash Flows  
For the year ended 30 June 2011**

	<b>2011</b>	<b>2010</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>A. Cash flows from operating activities</b>		
Cash receipts from customers	2,095,956,512	1,098,149,138
Cash payments for operating and administrative expenses	(100,303,303)	(14,722,803)
<b>Cash generated from operation</b>	<b>1,995,653,209</b>	<b>1,083,426,335</b>
Interest income	271,930,098	148,861,419
Income tax paid	(809,612,153)	(484,129,490)
Deposits and pre-payments	412,581	8,258,151
Advances and loans	(6,980,500)	(196,100)
Creditors and other liabilities	1,574,962,279	-
Security deposits	21,845,000	18,000,000
	<b>1,052,557,305</b>	<b>(309,206,020)</b>
<b>Net cash from operating activities</b>	<b>3,048,210,514</b>	<b>774,220,315</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of fixed assets	(28,169,352)	(3,101,860)
Investment in bond	(820,000,000)	-
<b>Net cash used in investing activities</b>	<b>(848,169,352)</b>	<b>(3,101,860)</b>
<b>C. Cash flows from financing activities</b>		
Share capital	216,000,000	-
Dividend paid	(69,200,000)	(34,600,000)
<b>Net cash flows from financing activities</b>	<b>146,800,000</b>	<b>(34,600,000)</b>
<b>D. Net cash flow (A+B+C)</b>	<b>2,346,841,162</b>	<b>736,518,455</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>1,929,838,605</b>	<b>1,193,320,150</b>
<b>F. Cash and cash equivalents at the end of the year</b>	<b>4,276,679,767</b>	<b>1,929,838,605</b>

  
Chairman

  
Director

  
Managing Director & CEO

  
CFO & Company Secretary

Independent Chartered Accountant Firm to Deloitte Touche Tohmatsu





**Central Depository Bangladesh Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

## **1 Background and objective of the company**

Central Depository Bangladesh Limited (hereinafter referred to as CDBL) was incorporated on 20 August 2000 in Bangladesh as a public limited Company for running a central depository operation, first of its kind in Bangladesh. The Company is sponsored by the country's Nationalised Commercial Banks (NCBs), Investment Corporation of Bangladesh (ICB), Private Commercial Banks (PCBs), Foreign Banks, Merchant Banks, Publicly Listed Companies, Insurance Companies and Dhaka and Chittagong Stock Exchanges with the collaboration of the Asian Development Bank (ADB). The Company received registration from the Securities & Exchange Commission (SEC) on 11 September 2001 under Depositories Regulations 2000 and subsequently obtained business commencement certificate on 23 December 2003 from the SEC. However, the Company commenced depository operations of Government securities from 20 October 2003 and that of listed securities from 24 January 2004. The main objective of the Company is to assist listed companies in handling of scripless transfer of ownership of shares, debentures, mutual funds and also Government bonds and treasury bills issued by the Bangladesh Bank.

## **2 Significant accounting policies**

### **2.1 Basis of preparation and presentation of financial statements**

These financial statements have been prepared on Generally Accepted Accounting Principles and in compliance with Bangladesh Financial Reporting Standards (BFRS), Companies Act 1994, Depositories Act 1999, the Depositories Regulations 2000 and the Depository (User) Regulations 2003 and other applicable laws.

### **2.2 Fixed assets and depreciation**

#### **Acquisition of fixed assets**

Operating fixed assets are capitalised at cost inclusive of the cost of installation and erection. These are stated at cost less accumulated depreciation. Expenditure relating to 'site preparation and office renovation' has been capitalised whilst incidental expenses in relation to repairs and maintenance, renewals, and systems up-gradation are charged to Statement of Comprehensive Income.

#### **Depreciation of fixed assets**

The Company uses straight line depreciation method. Depreciation on additions during the year is charged for the whole year irrespective of date of acquisition, while no depreciation will be charged in the year of retirement / disposal.

### **2.3 Foreign currency transactions**

Foreign currency transactions are converted into Bangladesh Taka at the rate of exchange prevailing on the transaction dates.



## **2.4 Taxation**

### **a) Current tax**

Current income tax is recognised on the basis of Company's computation based on the best estimated assessable profit for the year @ 37.5 % pursuant to provisions of Income Tax Ordinance 1984. The tax rate for the year is applied on the basis of Finance Act 2011.

### **b) Deferred tax**

It is the consistent policy of the Company not to recognise the effect of deferred tax (income) / expense calculated in compliance with BAS-12 "Income Taxes"

## **2.5 Revenue recognition**

Consistent to the previous practice, the income of the Company is recognised based on the services rendered and invoices raised there against on accrual basis.

## **2.6 Employee benefits**

### **a) Provident fund**

The Company operates a recognised provident fund scheme with equal contribution by the employees and the Company @ 10 % on monthly basic salary.

### **b) Gratuity**

The gratuity fund is maintained in accordance with the rules of gratuity fund which is approved by the National Board of Revenue (NBR). The employees having five years of services with the Company are eligible to get one month's last drawn pay for each completed year of service.

## **2.7 General**

Figures appearing in these financial statements have been rounded off to the nearest Taka.



### 3 Share capital

#### 3.1 Authorised capital

200,000,000 ordinary shares of Tk 10 each.

	2011 Taka	2010 Taka
	2,000,000,000	2,000,000,000

#### 3.2 Issued, subscribed and paid up capital

160,000,000 ordinary shares of Tk 10 each.

	1,600,000,000	692,000,000
--	---------------	-------------

During the year, the company issued 69,200,000 bonus shares of Tk.10 each at 1:1 ratio for the year 2009-2010 as approved in the 10th Annual General Meeting held on 24 November 2010 and these shares have duly been credited to the accounts of respective shareholders. Further, the Company issued 21,600,000 ordinary shares of Tk. 10 each with a premium of Tk. 50 to its existing shareholders, seven new shareholders, its employees and CDBL Employees Provident Fund in cash on 24 November 2010. Subsequently, the honourable High Court directed the Company on 31 July 2011 to refund share premium to those subscribers from whom share premium was collected. In order to comply with the order of the honourable High Court, the share premium of Tk.1,080,000,000 has been transferred to other liabilities, awaiting refund to respective subscribers.

#### 3.3 Composition of shareholders

Name of Shareholders	No. of Shares		
Nationalized and specialised banks	29,565,036	295,650,360	128,000,000
Private commercial banks	45,923,602	459,236,020	202,000,000
Foreign commercial banks	15,655,555	156,555,550	76,000,000
Insurance companies	11,848,622	118,486,220	52,000,000
Publicly listed companies	15,822,230	158,222,300	70,000,000
Non-banking financial institutions & M.banks	5,667,596	56,675,960	22,000,000
Asian Development Bank (ADB)	12,000,000	120,000,000	60,000,000
Dhaka Stock Exchange Limited (DSE)	4,890,044	48,900,440	20,000,000
Chittagong Stock Exchange Limited (CSE)	4,890,044	48,900,440	20,000,000
Investment Corporation of Bangladesh (ICB)	4,890,044	48,900,440	20,000,000
Sadharan Bima Corporation	4,890,044	48,900,440	20,000,000
Private limited companies	1,739,350	17,393,500	2,000,000
Employees	1,887,232	18,872,320	-
CDBL Employees Provident Fund	10,000	100,000	-
Other individuals	320,601	3,206,010	-
	160,000,000	1,600,000,000	692,000,000

#### 3.4 Classification of shares by holding

Slabs by number	No. of holders	No. of shares	Holding %
Less than 500	-	-	-
From 500 to 5,000	29	70,500	0.04
From 5,001 to 10,000	17	157,500	0.10
From 10,001 to 20,000	6	93,000	0.05
From 20,001 to 30,000	3	70,000	0.04
From 30,001 to 40,000	-	-	-
From 40,001 to 50,000	2	90,000	0.06
From 50,001 to 100,000	9	652,000	0.41
From 100,001 to 1,000,000	82	42,696,203	26.70
Above 1,000,000	31	116,170,797	72.60
	179	160,000,000	100

### 4 Security deposits

Participants	35,700,000	28,305,000
Issuers	58,200,000	43,900,000
Direct account holders	500,000	350,000
	94,400,000	72,555,000



## 5 Fixed assets - at cost less accumulated depreciation

Figures in Taka

Particulars	C O S T			D E P R E C I A T I O N			Written down value at 30 June 2011	Rate (%)
	Balance on 01 July 2010	Additions during the year	Balance at 30 June 2011	Balance on 01 July 2010	Charge for the year	Balance at 30 June 2011		
Central Depository System (CDS):								
Software	85,197,384	-	85,197,384	85,197,284	-	85,197,284	100	20
Hardware	154,235,578	27,237,496	181,473,074	110,918,965	26,714,616	137,633,581	43,839,493	20
Network equipment								
LAN & WAN	25,078,227	-	25,078,227	21,940,326	1,518,516	23,458,842	1,619,385	
Sub-total	264,511,189	27,237,496	291,748,685	218,056,575	28,233,132	246,289,707	45,458,978	
Computers & accessories	5,494,240	526,406	6,020,646	3,745,164	685,118	4,430,282	1,590,364	20
Office & electrical equipment	4,098,982	405,450	4,504,432	2,645,541	698,290	3,343,831	1,160,601	20
Furniture & fixtures	4,216,726	-	4,216,726	3,479,526	160,327	3,639,853	576,873	15
Air conditioners	3,072,100	-	3,072,100	2,498,184	237,820	2,736,004	336,096	20
Site preparation & office renovation	2,710,140	-	2,710,140	1,920,712	207,062	2,127,774	582,366	15
Power generator	3,526,895	-	3,526,895	2,116,142	705,379	2,821,521	705,374	20
Auto sensor fire alarm	2,060,260	-	2,060,260	1,704,660	177,752	1,882,412	177,848	20
Motor vehicles	8,778,000	-	8,778,000	7,642,296	1,135,600	8,777,896	104	20
Sub-total	33,957,343	931,856	34,889,199	25,752,225	4,007,348	29,759,573	5,129,626	
Total 2011	298,468,532	28,169,352	326,637,884	243,808,800	32,240,480	276,049,280	50,588,604	
Total 2010	295,366,672	3,181,860	298,468,532	216,716,918	27,091,882	243,808,800	54,659,732	

The ownership of the leased vehicle is yet to be transferred in favour of the Company from Bay Leasing & Investment Limited although the lease period has expired.





	<b>2011</b>	<b>2010</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>6 Investment in bonds</b>		
Mutual Trust Bank Limited	70,000,000	-
Dhaka Bank Limited	250,000,000	-
National Bank Limited	300,000,000	-
Trust Bank Limited (note-6.01)	200,000,000	-
	<b><u>820,000,000</u></b>	<b><u>-</u></b>
<b>6.01</b> The amount has been paid to Trust Bank Limited against purchase of Trust Bank Subordinate Bond but neither trust deed has been executed nor bond certificate has been issued as yet.		
<b>7 Accounts receivables</b>		
Participants	270,043,291	323,403,414
Issuers	164,219,869	14,949,758
Bangladesh Bank for EGSR maintenance	53,855,744	22,796,544
Other Banks for EGSR transactions and connections	136,132	169,232
	<b><u>488,255,036</u></b>	<b><u>361,318,948</u></b>
Less: Provision for bad debt	<b><u>32,312,179</u></b>	<b><u>3,118,638</u></b>
	<b><u>455,942,857</u></b>	<b><u>358,200,310</u></b>
<b>8 Deposits and pre-payments</b>		
<b>Deposits</b>		
Bangladesh Development Bank Limited - office rent	440,928	440,928
Bangladesh General Insurance Company - office rent for DRC at BGIC Tower	119,350	119,350
	<b><u>560,278</u></b>	<b><u>560,278</u></b>
<b>Pre-payments</b>		
Pragati Insurance Company Limited	443,061	855,642
	<b><u>1,003,339</u></b>	<b><u>1,415,920</u></b>
<b>9 Advances and loans</b>		
Loans -employees (note - 9.01)	16,925,272	9,944,772
	<b><u>16,925,272</u></b>	<b><u>9,944,772</u></b>
<b>9.01</b> The loan amounting to Tk 16,925,272 to the employees represent interest free loans granted on different personal grounds which are being recovered from monthly salaries.		
<b>10 Cash and cash equivalents</b>		
<b>Cash in hand</b>	<b><u>569,438</u></b>	<b><u>270,714</u></b>
<b>Cash at bank</b>		
<b>Current account with:</b>		
Standard Chartered Bank, Kawran Bazar Branch, Dhaka	1,966,316	3,144,879
<b>Short Term Deposits with:</b>		
Sonali Bank Limited, local office, Dhaka	906,654	878,666
Standard Chartered Bank, Kawran Bazar Branch, Dhaka	18,755,842	95,746,636
Bangladesh Development Bank Limited (BDBL)	31,730,497	15,690,210
Southeast Bank, Eskaton Branch, Dhaka	132,447,409	-
	<b><u>183,840,402</u></b>	<b><u>112,315,511</u></b>
<b>Term deposits (FDR)</b>	<b><u>4,090,303,611</u></b>	<b><u>1,814,107,501</u></b>
	<b><u>4,276,679,767</u></b>	<b><u>1,929,838,605</u></b>



	<b>2011</b>	<b>2010</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>11 Creditors and other liabilities</b>		
<b>Creditors</b>		
CMC Limited	7,508,692	760,000
Thakral Information System Limited	-	713,500
Chittagong Stock Exchange (CSE) - network sharing	1,103,300	96,700
	<b>8,611,992</b>	<b>1,570,200</b>
<b>Other liabilities</b>		
Audit fee	250,000	200,000
Salary & allowances	26,603,447	18,351,915
Contribution to provident fund - June 2011	214,450	167,850
Contribution to gratuity fund	3,443,500	2,210,500
Securities & Exchange Commission for annual account maintenance fee (note 11.1)	40,682,300	76,996,475
Govt. of Bangladesh for annual account maintenance fee (note 11.2)	155,998,600	-
DPs & Issuers (note 11.3)	374,875,194	-
Share premium - refundable (note 11.4)	1,080,000,000	-
Sundry creditors - mobile bill	30,000	25,000
Withholding tax - payroll	505,081	102,421
	<b>1,682,602,572</b>	<b>98,054,161</b>
	<b><u>1,691,214,564</u></b>	<b><u>99,624,361</u></b>

**11.1** The amount represents Securities & Exchange Commission's portion of annual account maintenance fee (Tk 50 per BO account) collected by the company.

**11.2** The amount represents Government of Bangladesh's portion of annual account maintenance fee (Tk 200 per BO account) collected by the company.

**11.3** This amount represents cash back rebate payable to DPs and Issuers for the year 2010-11 as approved by the Board of Directors.

**11.4** As disclosed in note 3.2, during the year, the company issued 21,600,000 ordinary shares of Tk. 10 each with a premium of Tk. 50 per share to the existing shareholders, seven new shareholders, employees and CDBL Employees Provident Fund. However, the honorable High Court vide an order dated 31 July 2011 directed the Company to refund the share premium to the subscribers. Accordingly, the amount has been transferred from share premium account and awaiting for refund to the respective subscribers.

<b>12 Unearned revenue</b>		
Annual fee - issuers	9,955,697	8,767,558
Connection fee - issuers	776,875	712,500
Annual accounts maintenance fee	16,133,399	-
EGSR maintenance - Bangladesh Bank	39,643,000	15,463,000
	<b><u>66,508,971</u></b>	<b><u>24,943,058</u></b>



### 13 Provision for income tax

	<b>2011</b> <b>Taka</b>	<b>2010</b> <b>Taka</b>
Opening balance	168,426,610	120,556,101
Add: Provision made for current year	900,000,000	532,000,000
	<u>1,068,426,610</u>	<u>652,556,101</u>
Less: Advance and payments made during the year		
Tax deducted at source on interest on short term deposit	2,744,574	821,301
Tax deducted at source on interest on fixed term deposit	21,230,713	14,064,840
Tax deducted at source on interest on bond	3,213,611	-
Depository participant & issuer bills	930,255	18,710
Advance income tax	657,400,000	385,000,000
Income tax paid for year 2010	124,093,000	69,816,099
Tax paid for assessment year 2001-02	-	479
Tax paid for assessment year 2006-07	-	14,408,062
	<u>809,612,153</u>	<u>484,129,491</u>
	<b><u>258,814,457</u></b>	<b><u>168,426,610</u></b>

### 14 Deferred tax calculation

Deferred tax has been calculated in accordance with the provision of BAS 12 based on temporary differences arising due to differences in the carrying amount of the assets or liabilities and its tax base which resulted in a deferred tax asset of Tk 20,147,610 arrived as follows:

Carrying amount of fixed assets	50,588,604	54,659,732
Less: Value of vehicle in accordance with provision under clause g, subparagraph - 3, paragraph - 11 of 3rd schedule of ITO 1984 being permanent difference.	-	735,767
	<u>50,588,604</u>	<u>53,923,965</u>
Tax base value of fixed assets	72,003,385	102,210,988
Deductible temporary difference- (A)	(21,414,780)	(48,287,023)
Provision for gratuity	-	(9,081,500)
Provision for bad debt	(32,312,179)	(3,118,638)
Provision for leave encashment	-	(3,769,915)
Deductible temporary difference- (B)	(32,312,179)	(15,970,053)
Total deductible temporary differences- (A+B)	(53,726,959)	(64,257,076)
Applicable tax rate	37.50%	37.50%
Deferred tax asset	<b><u>(20,147,610)</u></b>	<b><u>(24,096,403)</u></b>
Deferred tax asset in previous year	(24,096,403)	(21,483,814)
Deferred tax expense / (income) for the year	3,948,793	(2,612,589)
	<b><u>(20,147,610)</u></b>	<b><u>(24,096,403)</u></b>

The Company has however considered it prudent not to account for the effect of deferred tax ( income) / expense in the Statement of Comprehensive Income until actually realized / expensed.



	<b>2011 Taka</b>	<b>2010 Taka</b>
<b>15 Operating income</b>		
Dematerialization of securities	23,226,453	17,411,180
Settlement of securities transactions	1,241,115,639	867,117,024
Documentations	235,000	205,000
CDS connections	3,739,125	3,179,500
Rematerialization of securities	3,986,660	688,684
Issuers book entry demat register maintenance	11,911,861	9,541,317
Electronic Government Securities Registry (EGSR)	6,879,200	4,049,500
EGSR connections and transactions	394,400	386,700
Corporate actions	411,171,401	95,924,377
Pledging of securities	24,630,627	13,373,237
Suspensions & revocations	129,250	36,190
Fresh issues (IPO)	24,495,879	19,376,304
Statement verifications	4,830	5,900
Transfers & transmissions	73,950,570	39,243,315
Radio link installations	15,000	15,000
Radio link connections	1,183,500	1,203,751
Freeze	10,300	34,900
Internet balance inquiry	245,400	225,812
Confiscations	22,591	100,114
Annual accounts maintenance	353,966,801	271,185,335
SMS alert service	12,200	15,000
	<b>2,181,326,687</b>	<b>1,343,318,140</b>
<b>16 Operating and administrative expenses</b>		
Salaries and allowances	64,013,427	44,554,838
Office rent	5,856,988	5,073,844
Electricity and water	2,894,481	2,560,697
Depository system maintenance	25,151,480	10,464,343
Insurance	1,057,446	1,306,664
Motor car maintenance	664,634	261,520
Advertisement expenses	356,440	265,000
Entertainment expenses	63,917	61,249
Printing, postage and stationery	787,817	477,449
WAN, telephone & internet	5,566,698	2,623,360
Traveling and conveyance	178,461	118,493
License fees & subscriptions	803,978	261,000
Legal & professional fees	706,566	1,300,918
Training and development	1,966,926	2,008,552
Marketing & capacity building	153,309	1,386,107
Refectory expenses	660,388	386,101
Security services	880,884	717,518
Repairs & maintenance	921,348	689,262
Office cleaning	109,503	99,982
Bank charges & excise duty	560,772	170,300
Audit fee	290,000	200,000
Meetings & participant conferences	477,027	380,587
Directors fee	1,014,500	566,000
IPO expense	1,527,250	-
Other expenses	266,986	83,519
Depreciation (Note -05)	32,240,480	27,091,882
Bad debts	29,193,542	3,118,638
	<b>178,365,248</b>	<b>106,227,823</b>



# 17 Other income

## Interest income on FDR

Interest income on Bond

## Interest income on STD account

Sonali Bank Limited

Bangladesh Development Bank Limited (BDBL)

Southeast Bank Limited

Standard Chartered Bank

**2011**  
**Taka**

**2010**  
**Taka**

317,537,493

153,852,335

44,740,210

-

362,277,703

153,852,335

38,639

31,500

799,880

629,440

24,750,415

-

1,864,355

7,552,059

27,453,289

8,212,999

**389,730,992**

**162,065,334**

# 18 Dividend

Cash dividend - 2010

Stock dividend - 2010

69,200,000

34,600,000

692,000,000

346,000,000

**761,200,000**

**380,600,000**

During the year, the Company paid cash dividend @ 10% amounting to Tk 69,200,000 and bonus share at 1:1 ratio of paid-up capital for the year 2009-2010.

# 19 Proposed dividend

The directors in their meeting held on 15 November 2011 have proposed a bonus share issue at 1: 4 ratio of the paid up capital (i.e. 1 bonus share against 4 shares held with fractions rounded up or down as applicable by reference to the mid point to the nearest whole number and any remaining fraction balances dealt with by lottery) as on the record date of 27 November 2011. In addition to stock dividend, they recommended a cash dividend @ 10% i.e. Tk. 1 per ordinary share of Tk. 10 each. The financial statements for the year ended 30 June 2011 do not include the effects of the above stock dividend and cash dividend which will be accounted for in the year in which it is paid.

# 20 Payments/perquisites to directors

Directors attending the Board Meetings were paid Tk 20,000 per meeting. The Managing Director & CEO received an aggregated amount of Taka 7,020,000 (2010 :Tk 5,720,000) as emoluments during the year.

# 21 Contingent liabilities and commitments

21.1 Contingent liability

21.2 Claims against the company not acknowledged as debts

21.3 Capital expenditure commitments:

i) Contracted but not provided for in these accounts

ii) Approved by the Board but not contracted for

**Nil**

**Nil**

**Nil**

**Nil**

**Nil**

**Nil**

**Nil**

**Nil**

**2011**

**2010**

# 22 Particulars of employees

The number of employees engaged during the year and drawing remuneration:

Above Tk. 3,000 per month

Below Tk. 3,000 per month

**65**

**60**

**Nil**

**Nil**

**65**

**60**

Chairman

Managing Director & CEO

Director

CFO & Company Secretary



*Central Depository*

*Bangladesh Limited*

