



2016

ANNUAL REPORT



CENTRAL DEPOSITORY
& SETTLEMENT Co. Ltd.



Central Depository & Settlement Co. Ltd

Annual Report 2016

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 2016. The report was approved by the board of directors of CDS on 25th August 2016.

The board of directors is grateful to all the stakeholders of the Company (Ministry of Financial Services, Good Governance and Institutional Reforms; 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 expresses its appreciation to the management and staff for their dedicated efforts and commitment to 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 Principles for Financial Market Infrastructures that were issued by the Committee on Payment and Market Infrastructure (CPMI) of the Bank for International Settlements (BIS) and the 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 Reedhee Bhuttoo	
Mr Bhogunsingh Chikhuri	
Mr André Chung Shui	
Mr Steve Leung Sock Ping	
Mr Vipin Y.S. Mahabirsingh	Managing Director
Mr P. Gopallen Moorooogen	
Mr Kevin Rangasami	
Mr Sameer Sharma	

Company Secretary

Mr Chaitanand Jheengun (FCIS)

Management Team

Mr Vipin Y.S. Mahabirsingh	Managing Director
Mr Manoven Sadayen	Systems Manager
Mr Joseph How Tien Fat	Finance & Administration 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
PCL Building
Sir William Newton Street
Port Louis

Bankers

The Mauritius Commercial Bank Limited
Sir William Newton Street
Port Louis

SBM Bank (Mauritius) Limited
SBM 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
9th Floor, Maeva Tower
Cnr Bank Street / Silicon Avenue
Ebene

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

Bank One Limited
16, Sir William Newton Street
Port Louis

Independent Auditors

PKF (Mauritius)
5 Duke of Edinburgh Avenue
Port Louis

CHAIRPERSON'S AND MANAGING DIRECTOR'S REPORT

The financial year 2015-2016 was marked by a significant increase in trading and capital raising activity on the global business (GBLI) companies that are listed on the Stock Exchange of Mauritius Ltd (SEM). GBLI companies raised around USD 1.1 billion on the SEM in 2015/2016 through new issues and private placements (2014/2015: USD 699 million). 37.9 million shares of these companies were traded on the SEM in 2015/2016 for a total value of USD 45.2 million (2014/2015: USD 8.2 million). There are currently 32 GBLI companies/funds that are listed on the SEM. These figures show that the SEM has become an attractive listing and capital raising platform for international issuers and that the synergies that have been developed between the capital market and the global business sector are bringing tangible benefits to the financial services sector and contributing to the development of the Mauritian International Financial Centre. The CDS has played a key role in attracting global business companies to list and trade on the SEM by implementing two important initiatives. Firstly with the collaboration of the Bank of Mauritius, the CDS is the only depository in Africa that has implemented a multi-currency settlement platform. Trades in securities denominated in USD, Euro, GBP and ZAR are settled in the currency in which the securities are denominated. There are separate net settlement mechanisms for each currency. Investors make and receive payments to their investment dealers and custodian banks in the currency in which the securities are denominated. For example, an investor who sells a security denominated in USD will receive the settlement amount in USD from its investment dealer or custodian bank on T+3. Similarly an investor who sells a security denominated in USD will need to make payment of the settlement amount in USD to its investment dealer or custodian bank by T+3. In both cases, the settlement amount is not converted in Mauritian Rupee at any point in time during the settlement process. The second important initiative is the implementation of a simple and cost-effective mechanism for the transfer of securities between CDS and any foreign depository. This has facilitated the dual-listing of a number of the GBLI companies on SEM and the Johannesburg Stock Exchange and investors can choose where they wish to trade the shares which they hold in such companies.

The Mauritian economy grew by 3.1% in 2015 (2014: 3.4%). Growth was mainly driven by the tourism, financial services and ICT sectors whereas a slowdown was observed in the construction, sugar and manufacturing sectors. The economy is expected to perform better in 2016 with a forecasted growth rate between 3.6% - 3.9%. The financial services sector is expected to increase by around 5.3 % in 2016, in line with the government's strategy to attract world-class liquidity providers, international broker firms, investment banks, insurance companies and fund managers. The attendance of the Secretary General of the United Nations at the conference of the International Council for Commercial Arbitration that was held in Mauritius in May, brought the Mauritius International Arbitration Centre (MIAC) into the limelight on the international scene. MIAC is expected to contribute to the development and growth of the services sector in Mauritius. In its credit analysis report issued at the end of May 2016, Moody's Investor Services stated that Mauritius's small yet diversified economy, good record of attracting investment and its resilience against external shocks underpin its Baa1 (Stable) government bond rating. However, the impact that Brexit will have on the Mauritian economy remains a cause of concern.

The Profit after Tax for 2015-2016 is Rs 34.6 M, down by 33.9% compared to last year when the company achieved a record Profit after Tax of Rs 52.37 M. The significant reduction in the Profit after Tax is mainly due to a decrease of 33.5% in the market turnover compared to last year. This decrease in turnover was in line with the trend observed in global markets last year. As per the Market Highlights published by the World Federation of Exchanges in July 2016, the value of share trading decreased by 24% worldwide to USD 44.9 trillion in the six-months to June 2016 compared with USD 59.2 trillion in the same period in 2015. Most of the decrease is attributable to the decline in trading activity in the Asia-Pacific region where the value of share trading decreased 47% from that seen in the first half of 2015. The Profit after Tax achieved by the company last year was a record high and was mainly due to significant outflows on the part of foreign investors in line with what happened in most emerging markets. It should be highlighted that the Company earned an amount of Rs 15.18 M which represents around 22% 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 decreased by 12.2% compared to last year mainly because of a delay in the implementation of an international project, which was beyond the control of CDS.

One of our main achievements this year was on the regulatory front with the publication of the Disclosure Regarding Compliance of the CDS with the Principles for Financial Market Infrastructures (PFMIs) issued by the Committee on Payments and Market Infrastructures (formerly known as the Committee on Payment and Settlement Systems or CPSS) of the Bank for International Settlements, and the Board of the International Organisation of Securities Commissions (CPMI-IOSCO). The document was prepared in accordance with Annexure A of the Disclosure Framework and Assessment Methodology Document provided by CPMI-IOSCO in December 2012. Financial market infrastructures (FMIs) that facilitate the clearing, settlement, and recording of monetary and other financial transactions can strengthen the markets they serve and play a critical role in fostering financial stability. However, if not properly managed, they can pose significant risks to the financial system and be a potential source of contagion, particularly in periods of market stress. Although FMIs performed well during the financial crisis, events highlighted important lessons for effective risk management. These lessons, along with the experience of implementing the existing international standards, led the Committee on Payments and Market Infrastructures (CPMI) and the Technical Committee of the International Organization of Securities Commissions (IOSCO) to review and update the standards for FMIs. The review was also conducted in support of the Financial Stability Board (FSB) initiative to strengthen core financial infrastructures and markets. The PFMIs are part of a set of key standards that the international community considers essential to strengthening and preserving financial stability. As such, the PFMIs are also used by the joint IMF/World Bank "Financial Sector Assessment Programme" (FSAP) and the "Reports on the Observance of Standards and Codes" (ROSC). The publication of the Disclosure by CDS improves the transparency about its activities, risk profile and risk management practices and further contributes to its international recognition.

In September 2015, the Stock Exchange of Mauritius (SEM) won for the third time in five years, the “Most Innovative African Stock Exchange of the year Award” at the Institutional Investment Capital Market Awards 2015 organised by Africa investor (Ai), a leading international research and communication group. The Ai Institutional Investment Summit and Capital Markets Index Series Awards is now firmly established as a calendar event and platform to profile African Capital Markets opportunities and success stories to the international investment community. The Ai Index Series Awards aims at rewarding different categories of players within the capital markets sphere, including stock exchanges, socially responsible companies, regulators, listed companies, investment banks, stockbroking companies, research teams and fund managers. The Award in the “Most Innovative African Stock Exchange” category was given on the basis of a number of criteria, including, amongst others, initiatives implemented by the Exchange to embrace new areas of development, programmes in place to enhance the services it provides to its key stakeholders and compliance of the Exchange’s regulatory and operational set-up with international standards. The CDS has played a key role in this achievement as it manages the automated trading system which is the backbone of SEM’s operations, and has also assisted the SEM to successfully implement new initiatives like the SEM sustainability index (SEMSI).

Another major achievement on the international front was the successful implementation of the automated trading system (ATS) at the Zimbabwe Stock Exchange (ZSE) which went live on 6th July 2015. The project was spearheaded by CDS which provided project management and consultancy services to the ZSE. During the implementation some critical issues cropped up regarding the interfacing between the ATS and the central depository system in Zimbabwe which were supplied by two different vendors. CDS played a key role in addressing these issues.

Our activity on the international front included participation in different conferences. The Managing Director participated in a panel discussion on proprietary trading at the annual conference of the African Securities Exchanges Association (ASEA) which was hosted by the Johannesburg Stock Exchange, from the 15th to the 17th of November, 2015. The Annual ASEA Conference is the flagship event of the Association. It brings together key stakeholders within the African capital market ecosystem, including stock exchanges, issuers, trading participants, domestic and international investors, regulators, government representatives, technology providers, legal advisors and the media. The Managing Director also participated in a panel discussion entitled “Gearing Up For Growth In Africa’s Securities Markets – do we have the right foundation?” at the SWIFT African Regional Conference (ARC) 2016 which was held Mauritius on 17-19 May 2016. The theme for this year’s conference was ‘Facing Global Challenges’ and there were around 400 participants. SWIFT is a global member-owned cooperative and the world’s leading provider of secure financial messaging services. Together with the SEM, we also made presentations in Reunion Island and Maldives on the infrastructure of the Mauritian stock market to investors and companies that could potentially list on SEM.

On the operational front 59,019 trades with a total value of Rs 14.7 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 completed the implementation of all the recommendations made by the IT security auditors in May 2015 to further enhance the cyber resilience posture of SEM and CDS. We have implemented an adaptive cyber resilience framework that evolves with the dynamic nature of cyber risks and strategies to mitigate those risks. We have also made the following changes to our systems to meet new requirements from our stakeholders:

- Restrictions regarding the holding of shares of the MCB India Sovereign Bond ETF by Indian residents, Non-Resident Indians and Persons of Indian Origin
- Freeze/Unfreeze securities of holders when instructed by a Company Registry to enforce any lock-in conditions following a new issue
- Allow investment dealers to allocate bulk trades to their clients using data files in csv format instead of manually entering securities account numbers and corresponding number of securities
- Implementation of SEM Sustainability Index (SEMSI)

Following request made by market players, we have amended the CDS Procedures to cater for foreclosure on securities pledged under the Commercial Code. The previous Procedures catered only for pledges made under the Civil Code.

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 Principles for Financial Market Infrastructures issued by the Committee on Payments and Market Infrastructures (CPMI) of the Bank for International Settlements (BIS) and International Organization of Securities Commissions (IOSCO), and the recommendations of the Group of 30 (G30) on clearing and settlement. Furthermore, there were no complaints from our stakeholders (brokers, banks, investors and issuers).

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 for their contribution to the development of the Company. We also wish to thank our employees for delivering a high quality of service to our stakeholders and for maintaining an excellent team spirit.



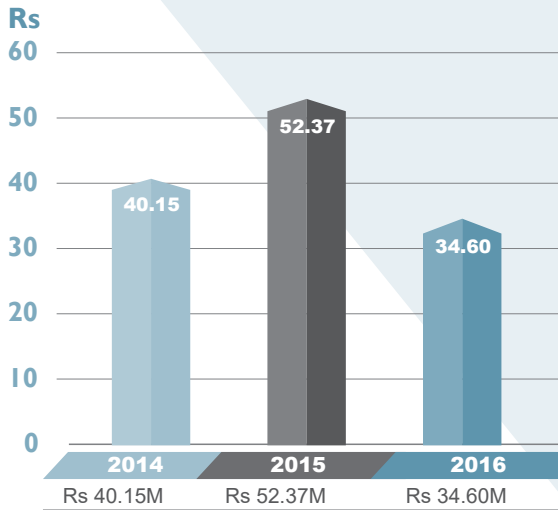
Vikash Tulsidas
Chairperson



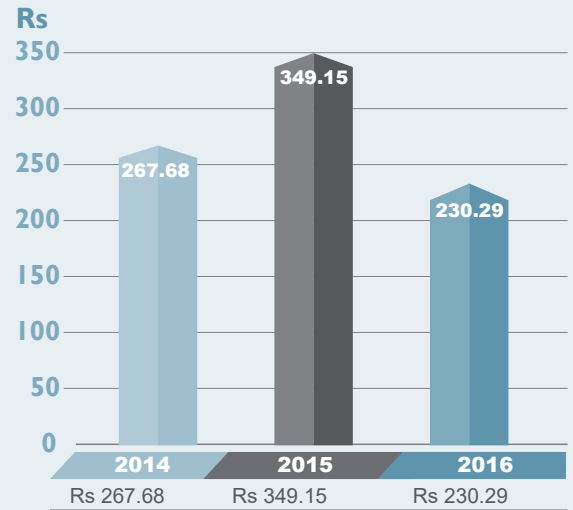
Vipin Y. S. Mahabirsingh
Managing Director

FINANCIAL HIGHLIGHTS

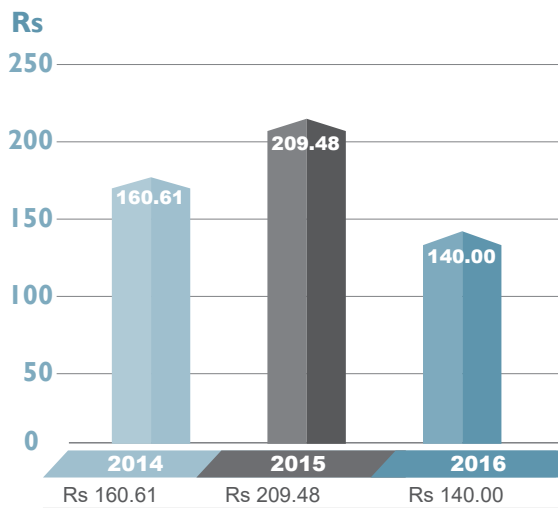
PROFIT AFTERTAX (in Million)



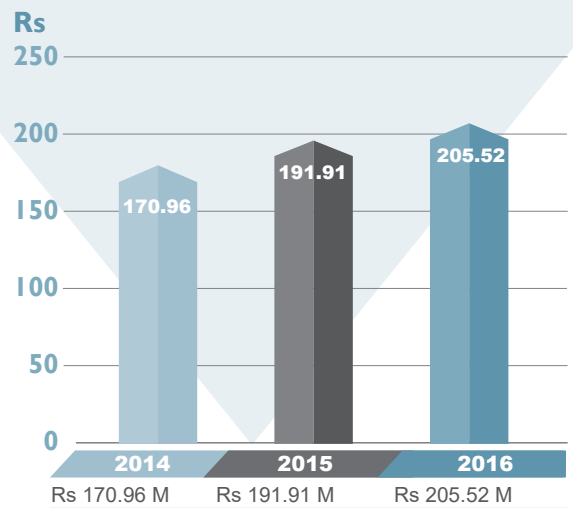
EARNINGS PER SHARE



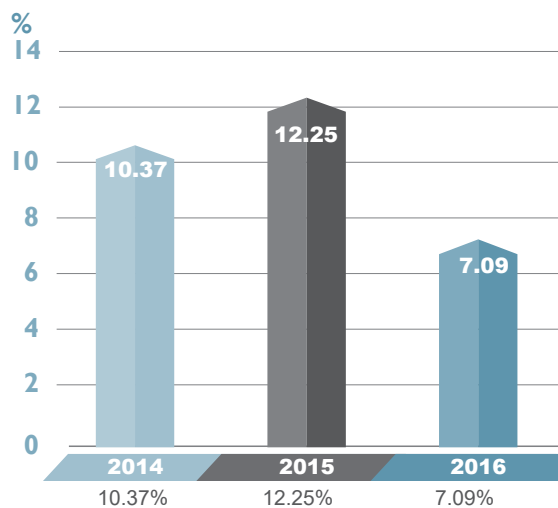
DIVIDENDS PER SHARE



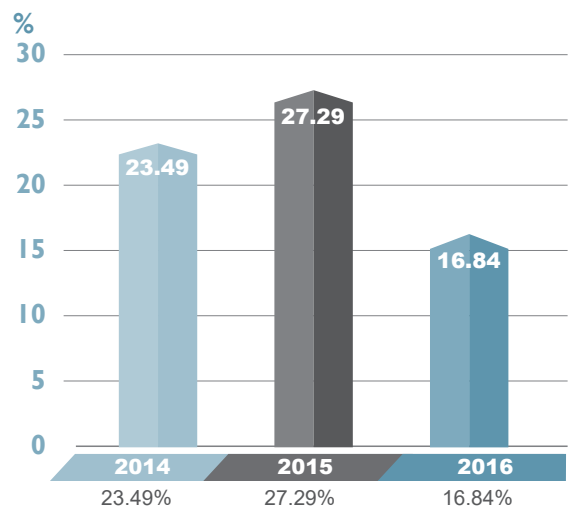
NET ASSET VALUE (in Million)



GROWTH IN NET ASSET VALUE



RETURN ON EQUITY

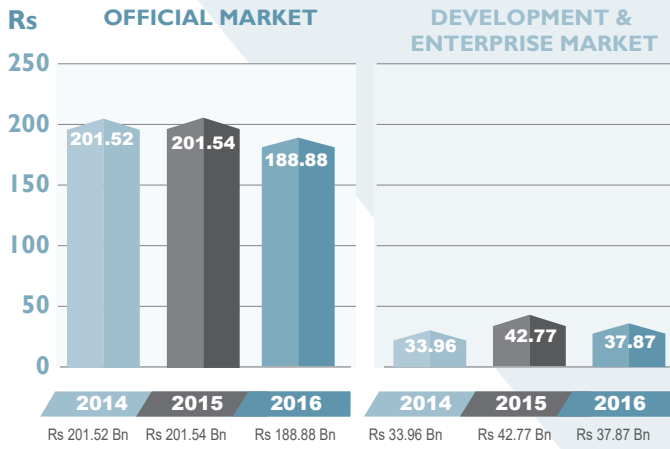


VALUE ADDED STATEMENT

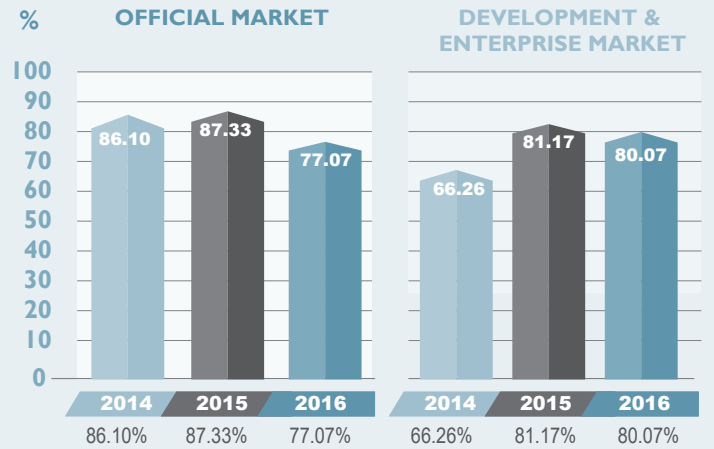
	As at 30 th June 2016		As at 30 th June 2015	
	Rs ' 000	%	Rs ' 000	%
Turnover	53,426		71,668	
Other Income	15,181		17,293	
Administrative Expenses	(8,333)		(7,743)	
Total Wealth Created	60,274	100	81,218	100
Distributed as follows				
Members of Staff Salaries and other Benefits	15,841	25	16,088	20
CDS Guarantee Fund Contributions made by the Company	218	1	820	1
Providers of Capital Dividends to Ordinary Shareholders	21,000	35	31,422	39
	48,330	61	48,330	60
Government - Taxation	6,435	11	9,351	12
Corporate Social Responsibility	1,214	2	986	1
Wealth reinvested in the Company				
Profit Retained	13,604	23	20,950	25
Depreciation	1,962	3	1,601	2
	15,566	26	22,551	27
Total Wealth Distributed and Retained	60,274	100	81,218	100

STATISTICS ON OPERATIONS

AGGREGATE VALUE OF SECURITIES HELD IN CDS (in Billion)

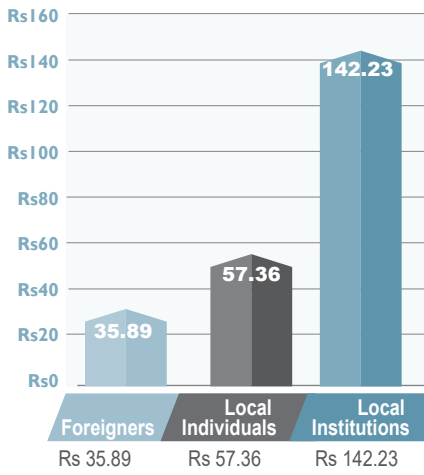


PERCENTAGE OF QUANTITY ISSUED HELD IN CDS

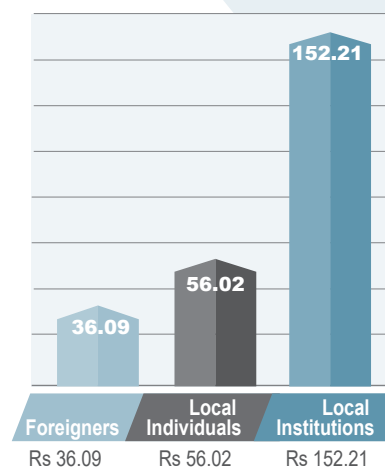


BREAKDOWN OF AGGREGATE VALUE HELD IN CDS (in Billion)

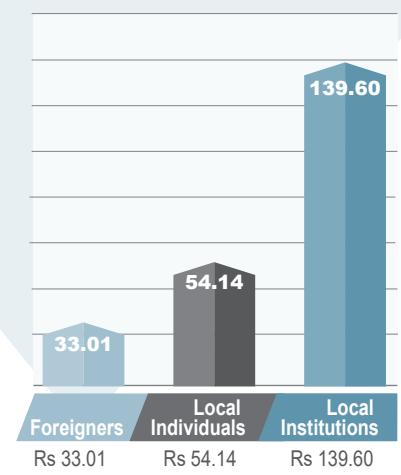
As at 30th June 2014



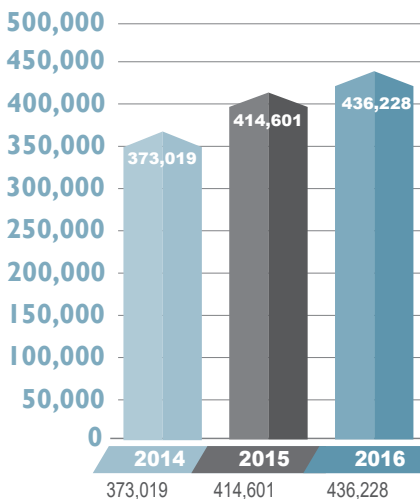
As at 30th June 2015



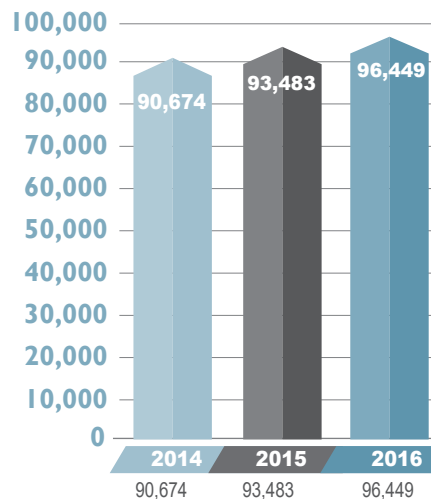
As at 30th June 2016



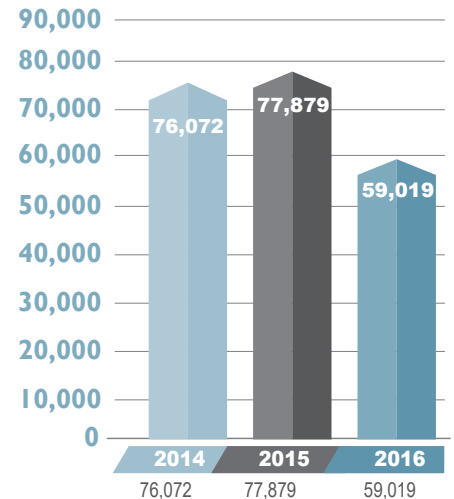
NUMBER OF SECURITIES ACCOUNTS OPENED IN CDS



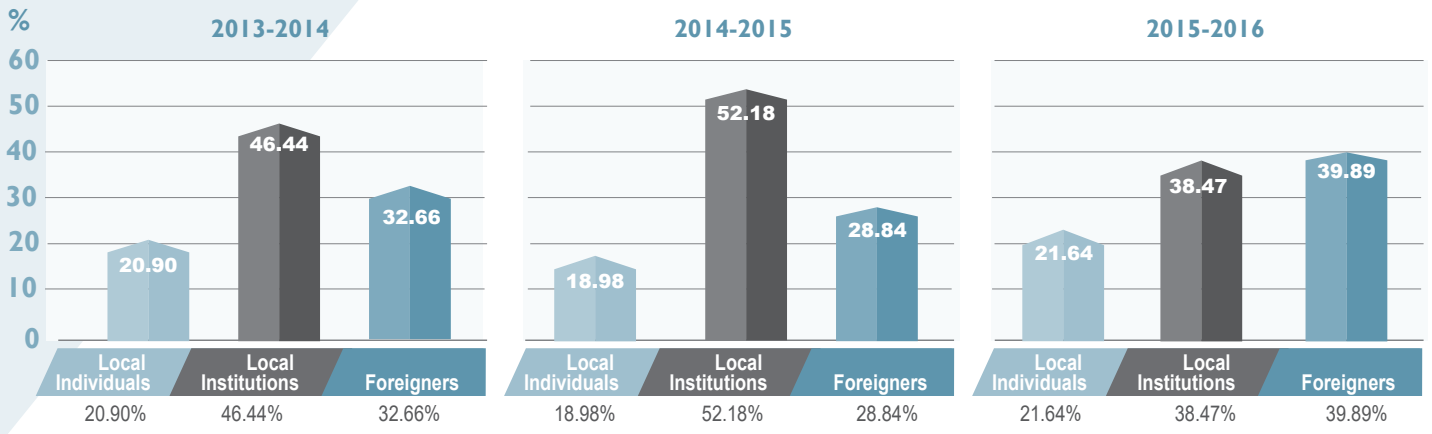
NUMBER OF REGISTERED CLIENTS



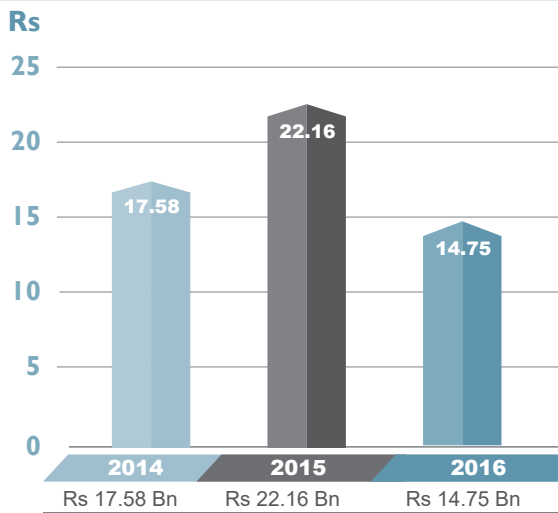
NUMBER OF TRADES CLEARED AND SETTLED



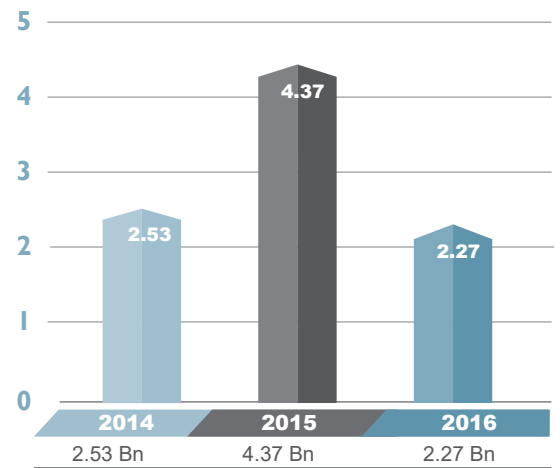
BREAKDOWN OF VALUE OF TRADES CLEARED AND SETTLED



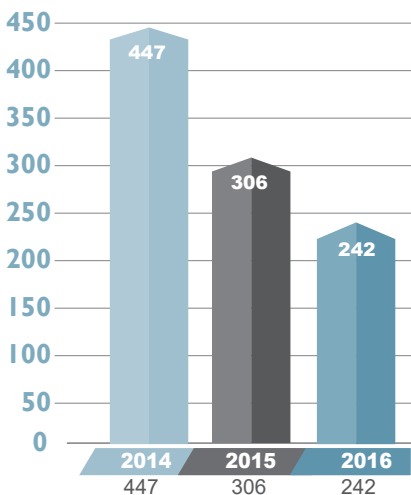
VALUE OF TRADES CLEARED AND SETTLED (in Billion)



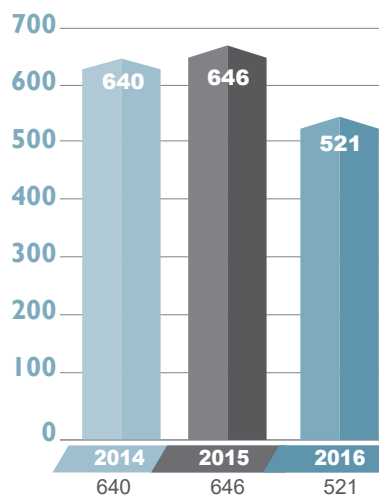
VOLUME OF SECURITIES CLEARED AND SETTLED (in Billion)



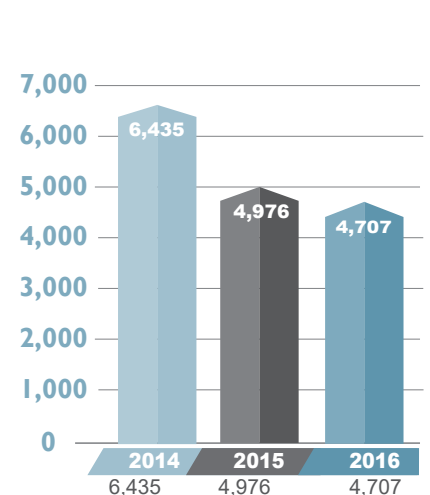
NUMBER OF WITHDRAWALS PROCESSED



NUMBER OF PLEDGES PROCESSED



NUMBER OF DEPOSITS PROCESSED



CORPORATE GOVERNANCE REPORT

1.0 COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR MAURITIUS

This report describes the governance measures that have been implemented by the Central Depository & Settlement Co. Ltd (CDS) during the financial year 2015-2016 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 (2003) 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. Moreover, directors may have access to departmental managers.

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 and described in the Risk Management Report are adequate.

2.0 NATURE OF ACTIVITIES

The CDS operates the post-trade component of the capital market infrastructure of Mauritius. It plays a key role in boosting 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 persons who held office as directors of the Company for the year under review are listed in Table I below.

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 arising out of acts or omissions of the directors and officers of the Company but excludes claims for any deliberately fraudulent act or omission or any willful violation of any statute or regulation.

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.

Table I 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	Capacity	No. of meetings attended	Total remuneration and benefits received (Rs)
Mr Vikash Tulsidas	Chairperson, Non-Executive (appointed by SEM)	6/6	316,500
Ms Aruna Radhakeesoon Collendavelloo	Vice-Chairperson, Non-Executive (appointed at annual meeting)	5/6	168,000
Mrs Reedhee Bhuttoo	Non-Executive (appointed by SEM)	4/4 (as from 01/01/2016)	58,000
Mr Bhogunsingh Chikhuri	Independent (appointed by Minister of Financial Services, Good Governance and Institutional Reforms)	4/4 (as from 01/01/2015)	74,000
Mr André Chung Shui	Non-Executive (appointed by SEM)	5/6	136,500
Mr Gaëtan Lan Hun Kuen	Non-Executive (appointed by SEM)	1/2 (up to 31/12/2015)	48,500

Name	Capacity	No. of meetings attended	Total remuneration and benefits received (Rs)
Mr Steve Leung Sock ping	Non-Executive (appointed at annual meeting)	5/6	134,500
Mr Vipin Y.S.Mahabirsingh	Executive	6/6	4,300,000
Mr P. Gopallen Moorooogen	Non-Executive (appointed by SEM)	4/6	106,000
Mr Kevin Rangasami	Non-Executive (appointed by SEM)	6/6	130,500
Mr Sameer Sharma	Independent (appointed by Bank of Mauritius)	5/6	108,500
Mr Ramanaidoo Sokappadu	Independent (appointed by Ministry of Finance and Economic Development)	1/1 (up to 28/09/2015)	33,000

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 2016 was as follows:

Chairperson: Mr André Chung Shui
 Members: Mr Steve Leung Sock Ping
 Mr Kevin Rangasami
 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 is given in Table 2 below.

Corporate Governance Committee

The composition of the Corporate Governance Committee as at 30th June 2016 was as follows:

Chairperson: Ms Aruna Radhakeesoon Collendavelloo

Members: Mr P. Gopallen Moorooogen
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 meetings of the Audit Committee for the year under review is given in Table 2 below.

Remuneration Committee

The composition of the Remuneration Committee as at 30th June 2016 was as follows:

Chairperson: Mr Vikash Tulsidas

Members: Ms Aruna Radhakeesoon Collendavelloo
Mr Steve Leung Sock Ping
Mr Ramanaidoo Sokappadu

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 is given in Table 2 below.

Investment Committee

The composition of the Investment Committee as at 30th June 2016 was as follows:

Chairperson: Mr Vikash Tulsidas

Members: Mr André Chung Shui

Mr Vipin Y. S. Mahabirsingh

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. Any proposed deviation from the Investment Guidelines must be approved by the Committee. The Investment Committee is kept informed of the investment decisions taken via electronic mail.

Table 2: Attendance at Meetings of Board Committees

Name	Audit Committee	Corporate Governance Committee	Remuneration Committee
Mr Vikash Tulsidas		1/1	1/1
Ms Aruna Radhakeesoon Collendavelloo		1/1	1/1
Mr André Chung Shui	3/3		
Mr Steve Leung Sock Ping	3/3		1/1
Mr P. Gopallen Moorooogen		1/1	
Mr Kevin Rangasami	3/3		
Mr Ramanaidoo Sokappadu	1/1 (up to 28/09/2015)	1/1 (up to 28/09/2015)	

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 Company on the international scene;
- h) Provide consultancy services to African stock exchanges and depositories.

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	Medine Ltd / EUDCOS Ltd	-	1.52%
Mrs Reedhee Bhutto	SBM Securities Ltd	3.33%	4.83%
Mr André Chung Shui	Newton Securities Ltd	-	5.76%
Mr P. Gopallen Moorooogen	Mauritius Telecom 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 Rs 21 M (Rs 140 per share) for the year ended 30th June 2016. This represents a decrease of 33% compared to last year.

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 General 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 2016 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

Labour cost represented about 60% of the Company's total operating expenses for 2015-2016. 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 adopted by the Company during the past few years and as decided by the Corporate Governance Committee at its meeting held on 31 July 2015, CDS continued to support the Association of Disability Service Providers (ADSP) under its CSR programme for 2015-2016. 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 our support, 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 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. ADSP recently added a new classroom and a store room to its building to cater for new pre-vocational students. Moreover 2 students and 3 teachers from ADSP participated in the International Convention for Challenging Students Quality Control Circle which was held in India in December 2015.

This year in its request for assistance submitted to CDS, ADSP stated that its budgeted expenses for 2016 amount to Rs 2,846,336 and that its expected revenue for 2016 from sources other than CDS (Ministry of Education, Ministry of Social Security, NGO trust Fund and Parents' contribution), amount to Rs 1,416,688. The CSR Fund of CDS for the financial year 2015-2016 amounts to Rs 1,213,606. The Corporate Governance Committee decided that an amount Rs 1,011,400 from the CSR Fund of CDS be donated to ADSP to partially cover its operating expenses. An informal audit was carried out by the Finance and Administration Department of CDS at ADSP in November 2015 to ensure that the financial assistance that the CDS provides to ADSP is used for the correct purpose and to have a general view on the financial matters of ADSP. The findings of the informal audit were satisfactory.

The Chairperson of the Corporate Governance Committee of CDS was the Chief Guest of ADSP at the Independence Day celebrations.

The Corporate Governance Committee decided to donate the remaining balance of Rs 202,206 in our CSR Fund to the Society for Aid to Children Inoperable in Mauritius (SACIM) to partially finance the surgery of Ethan, a ten year old boy with congenital skeletal abnormalities, in Bangalore. Ethan had knee corrective surgery and hips reconstructive surgery in April 2016 and both operations were successful. SACIM is a registered NGO (ref no. 1119).

The management team of CDS participates in the activities of ADSP (e.g Independence Day Celebrations, Parents' Day 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 12,000 statements were sent by e-mail for the month of June 2016);
- ii. Sending Board and Committee papers by electronic mail to directors who choose this option;
- iii. Making efficient use of paper by printing on both sides; and
- iv. Sensitising employees to use consumables efficiently 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 2015-2016 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 Controls
- 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 2015 – 2016 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
- Statistics on operations

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	11/11
Ms Feerdaus Bundhun	9/11
Mr Tega Appavou	10/11
Mr Ashish Jagarnath	11/11
Mr Vikash Tulsidas	11/11

NEW PARTICIPANT

During the year under review, AfrAsia Bank Ltd submitted its application to become a Participant of CDS as a custodian bank. The application was submitted together with certified true copies of the relevant documents. AfrAsia Bank Ltd holds a banking licence from Bank of Mauritius and a custodian services (non-CIS) licence granted by the Financial Services Commission.

Given that AfrAsia Bank Ltd satisfied the eligibility criteria and standards of participation set out in CDS Rule 2.1, the Board approved its participation application as recommended by the Business Conduct Committee in accordance with CDS Rule 2.2.4. AfrAsia Bank Ltd started operating as a CDS Participant in September 2015.

CAPITAL ADEQUACY REQUIREMENTS FOR PARTICIPANTS

The CDS has set up capital adequacy requirements for its Participants as a first line of defence against risk. An assessment of the stability and financial health of Participants in the clearing and settlement services provides 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 2014 – 2015 showed Capital Surpluses.

DELIVERY VERSUS PAYMENT

The CDS has eliminated principal risk with respect to transactions effected on the Stock Exchange of Mauritius, 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 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.

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

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 217,916 to the Fund in 2015–2016 (Rs 820,068 in 2014-2015). 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 only invested in low-risk liquid instruments. The size of the Fund as at 30th June 2016 was as follows:

Cash contributions: Rs 32,772,573 (Rs 32,236,260 as at 30th June 2015).

Letters of Credit/Deposits submitted by investment dealers: Rs 32,790,000 (Rs 33,668,500 as at 30th June 2015)

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 2015–2016, there were 15 cases where the settlement limits of investment dealers were exceeded (39 cases in 2014-2015). 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.

There was no funds settlement failure during the year under review.

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 with 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. 1,364 turnaround trades for a total amount of Rs 194.3 M were cleared and settled in 2015-2016 compared to 1,635 trades for a total amount of Rs 240.5 M in 2014-2015.

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 correctly 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 2016, 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 renewed the 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, Custodian Banks, 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.

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 2015-2016.

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 2015 by PricewaterhouseCoopers Ltd (PwC). In their report, the auditors concluded that IT environment of CDS and SEM is well secured from both internal and external threats. They observed that several security controls ranging from information security policies regulating end user actions to technological solution such as firewalls have been put in place to safeguard the SEM and CDS IT ecosystem servers and databases are appropriately configured in line with leading industrial practices and proven methods. Their vulnerability assessment and penetration testing did not reveal weaknesses which may lead to the compromise of the SEM/CDS IT infrastructure. The auditors also observed that all the recommendations that they made in their previous audit report have been implemented by CDS.

The auditors have also made 7 new recommendations to further enhance the overall security posture of CDS and SEM. All the recommendations made by the auditors have been implemented by CDS during the financial year 2015-2016.

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 DR site within 4 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 2015–2016, three simulations of the DRP were successfully performed on the following respective dates: 16th September 2015; 23rd December 2015; and 6th May 2016. The simulation performed on 16th September 2015 involved the participation of investment dealers, custodian banks as well as SEM and CDS personnel. During the last simulation, it took 1 hour and 40 minutes to restore the ATS and CDS systems at the DR site.

There was no systems downtime during 2015 – 2016.

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).

The Board controls financial matters by receiving and reviewing detailed management accounts at regular and short intervals (monthly). Payments, banking and other financial transactions for amounts higher than Rs 50,000 cannot be made without the authorization of one non-executive director.

INVESTMENT COMMITTEE

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. The investment guidelines provide for investment in other instruments subject to the approval of the Investment Committee.

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 annual 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 significant issues.

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 PKF (Mauritius) for the year ended 30th June 2016 are as follows:

Financial audit	115,000
Operations audit	44,000
Audit of Risk Management Report	26,000
Taxation services	16,000
Financial control review	35,000
Total	Rs 236,000

The auditors, PKF (Mauritius), 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 36 to 58 of the Annual Report were approved by the board of directors on 25th August 2016



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 36 to 58 which comprise the statement of financial position as at 30th June 2016 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 sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 36 to 58 give a true and fair view of the financial position of the company as at 30th June 2016, 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 2016.



PKF (MAURITIUS)
Public Accountants
Port Louis




MICHAEL V K LOTIAP KWONG,
FCCA
(Licensed by FRC)

Date: 25th August 2016

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016 Rs'000	2015 Rs'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	(5)	20,012	20,927
Investments	(6)	154,400	146,106
Intangible assets	(7)	96	171
Trade & other receivables	(8)	17,606	11,988
		<u>192,114</u>	<u>179,192</u>
CURRENT ASSETS			
Inventories		309	278
Trade and other receivables	(8)	8,935	10,904
Deposits and cash balances		39,597	46,971
		<u>48,841</u>	<u>58,153</u>
TOTAL ASSETS		<u>240,955</u>	<u>237,345</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Stated capital	(9)	15,000	15,000
Retained earnings		190,515	176,911
Total equity		<u>205,515</u>	<u>191,911</u>
NON-CURRENT LIABILITIES			
Retirement benefit obligations	(10)	4,226	4,134
Deferred taxation	(11)	816	702
		<u>5,042</u>	<u>4,836</u>
CURRENT LIABILITIES			
Trade and other payables	(12)	8,485	6,941
Taxation	(11)	913	2,235
Dividend payable	(15)	21,000	31,422
		<u>30,398</u>	<u>40,598</u>
TOTAL LIABILITIES		<u>35,440</u>	<u>45,434</u>
TOTAL EQUITY AND LIABILITIES		<u>240,955</u>	<u>237,345</u>

These financial statements were approved by the Board of Directors & authorised for issue on 25th August 2016 and signed on its behalf by:


Vikash Tulsidas
Chairperson


Vipin Y. S. Mahabirsingh
Managing Director

The notes on pages 40 to 58 form an integral part of these financial statements. Auditors' Report on pages 34 & 35

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 Rs'000	2015 Rs'000
Revenue		53,426	71,668
Other income	(13(a))	15,181	17,293
		<u>68,607</u>	<u>88,961</u>
Administrative expenses		(25,614)	(26,019)
Operating profit		<u>42,993</u>	<u>62,942</u>
Contribution to guarantee fund		(218)	(820)
Finance costs	(14)	(35)	(41)
PROFIT BEFORE TAXATION		<u>42,740</u>	<u>62,081</u>
Taxation	(11)	(6,435)	(9,351)
Corporate social responsibility		(1,214)	(986)
PROFIT FOR THE YEAR		<u>35,091</u>	<u>51,744</u>
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit pension plan		(487)	628
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>34,604</u>	<u>52,372</u>
Dividend	(15)	(21,000)	(31,422)
RETAINED COMPREHENSIVE INCOME FOR THE YEAR		<u><u>13,604</u></u>	<u><u>20,950</u></u>
EARNINGS PER SHARE	(16)	<u><u>230.69</u></u>	<u><u>349.15</u></u>

The notes on pages 40 to 58 form an integral part of these financial statements. Auditors' Report on pages 34 & 35

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	STATED CAPITAL	RETAINED EARNINGS	TOTAL
	Rs'000	Rs'000	Rs'000
BALANCE AT 1 st JULY 2014	15,000	155,961	170,961
Total comprehensive income for the year	-	52,372	52,372
Dividends	-	(31,422)	(31,422)
BALANCE AT 30th JUNE 2015	15,000	176,911	191,911
BALANCE AT 1st JULY 2015	15,000	176,911	191,911
Total comprehensive income for the year	-	34,604	34,604
Dividends	-	(21,000)	(21,000)
BALANCE AT 30th JUNE 2016	15,000	190,515	205,515

The notes on pages 40 to 58 form an integral part of these financial statements. Auditors' Report on pages 34 & 35

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 Rs'000	2015 Rs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		42,740	62,081
Adjustments for:			
Profit on disposal of property, plant & equipment		-	(81)
Corporate social responsibility		(1,214)	(986)
Actuarial gain/(loss) on defined benefit pension plan		(487)	628
Depreciation	(5)	1,881	1,527
Amortisation	(7)	81	74
Interest income		(10,649)	(10,360)
Exchange loss on deposits		-	193
Retirement benefit obligations		92	(823)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		32,444	52,253
Increase in inventories		(31)	(56)
(Increase)/decrease in trade and other receivables		(101)	2,339
Increase/(decrease) in trade and other payables		1,544	(1,160)
CASH GENERATED FROM OPERATING ACTIVITIES		33,856	53,376
Tax Paid		(7,643)	(8,742)
NET CASH GENERATED FROM OPERATING ACTIVITIES		26,213	44,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in non-current deposit		(27,400)	(44,900)
Purchase of property, plant and equipment	(5)	(966)	(5,753)
Purchase of intangible asset	(7)	(6)	(96)
Proceeds from fixed deposit		19,106	21,000
Proceeds from disposal of property, plant and equipment		-	543
Interest received		7,101	5,982
NET CASH USED IN INVESTING ACTIVITIES		(2,165)	(23,224)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(31,422)	(24,091)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,374)	(2,681)
Cash and Cash Equivalents @ beginning of year		46,971	49,652
Cash and Cash Equivalents @ end of year		39,597	46,971
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Deposits and cash balances		39,597	46,971

The notes on pages 40 to 58 form an integral part of these financial statements. Auditors' Report on pages 34 & 35

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 Koenig Street, 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 standards and amendments

The following new standards and amendments became effective as of 1 July 2015:

- Annual Improvements to IFRS 2010-2012 Cycle
- Annual Improvements to IFRS 2011-2013 Cycle

None of these standards or amendments has had any impact on the financial statements of the Company for the year ended 30 June 2016.

(ii) Standards issued, not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standards	Effective dates
IFRS 9 Financial Instruments	Annual periods beginning on or after 1 January 2018
IFRS 14 Regulatory Deferral Accounts	Annual periods beginning on or after 1 January 2016
IFRS 15 Revenue from Contracts with Customers	Annual periods beginning on or after 1 January 2018
Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests	Annual periods beginning on or after 1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	Annual periods beginning on or after 1 January 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	Annual periods beginning on or after 1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	Annual periods beginning on or after 1 January 2016

2. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Standards	Effective dates
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Annual periods beginning on or after 1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	Annual periods beginning on or after 1 January 2016
Amendments to IAS 1: Disclosure Initiative	Annual periods beginning on or after 1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle	Annual periods beginning on or after 1 January 2016

None of the above standards is expected to have a significant effect on the financial statements of 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:

(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 and trade and other receivables 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 income earned by the company is recognised on the following basis:

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

3. ACCOUNTING POLICIES (CONT'D)

(c) Property, 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:

Office furniture & 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 generate economic 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).

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.

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

(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.

3. ACCOUNTING POLICIES (CONT'D)

(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.

(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.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)**

Property, plant and equipment

The cost of the property, plant and equipment is depreciated over the estimated useful life of the asset. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. Management has not considered any residual value as it is deemed immaterial.

Retirement benefit obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using various assumptions that may differ from actual developments in future. The assumptions used include the discount rate, future salary increases, mortality rates and future pension increases. Changes in these assumptions will impact the carrying amount of the pension obligation.

The company determines the appropriate discount rate at each reporting date after discussions with the actuaries. In determining the appropriate discount rate, management considers the interest rates of long term government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the expected term of the related pension obligation.

5. PROPERTY, PLANT AND EQUIPMENT

	OFFICE PREMISES	OFFICE FURNITURE & EQUIPMENT	COMPUTER EQUIPMENT	MOTOR VEHICLES	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At 1st July 2014	16,409	4,135	11,746	2,456	34,746
Additions	-	956	1,181	3,616	5,753
Disposal	-	-	-	(2,456)	(2,456)
At 30th June 2015	16,409	5,091	12,927	3,616	38,043
Additions	-	112	854	-	966
Disposal	-	(3)	-	-	(3)
AT 30th June 2016	16,409	5,200	13,781	3,616	39,006
DEPRECIATION					
At 1st July 2014	1,627	4,020	10,313	1,952	17,584
Charge for the year	328	153	542	504	1,527
Disposal	-	-	-	(1,995)	(1,995)
At 30th June 2015	1,299	4,173	10,855	461	17,116
Charge for the year	328	278	552	723	1,881
Disposal	-	(3)	-	-	(3)
AT 30th June 2016	1,955	4,448	11,407	1,184	18,994
NET BOOK VALUES					
AT 30th June 2016	14,454	752	2,374	2,432	20,012
AT 30th June 2015	14,782	918	2,072	3,155	20,927

6. INVESTMENTS

	2016 Rs'000	2015 Rs'000
Held-to-maturity		
Maturity falling:		
- Between two to five years	154,400	146,106
	154,400	146,106

The investments bear interest at rates ranging from 5.25% to 7.25% p.a. (2015: 5.35% to 9.60% p.a.)
 These investments will mature in the financial years 2018 to 2021.

7. INTANGIBLE ASSETS

	APPLICATION SOFTWARE	DEVELOPMENT COSTS	TOTAL
	Rs'000	Rs'000	Rs'000
COST			
At 1st July 2014	6,673	250	6,923
Additions	96	-	96
At 30th June 2015	6,769	250	7,019
Additions	6	-	6
At 30th June 2016	6,775	250	7,025
AMORTISATION			
At 1st July 2014	6,620	154	6,774
Charge for the year	24	50	74
At 30th June 2015	6,644	204	6,848
Charge for the year	35	46	81
At 30th June 2016	6,679	250	6,929
NET BOOK VALUES			
AT 30th June 2016	96	-	96
AT 30th June 2015	125	46	171

8. TRADE AND OTHER RECEIVABLES

	Current		Non-current	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	2,491	3,951	-	-
Prepayments	1,076	1,135	-	-
Amount due from holding company	266	96	-	-
Interest receivable	3,898	4,964	14,925	10,311
Other receivables	1,204	758	2,681	1,677
	8,935	10,904	17,606	11,988

The average credit period on sales of services is 1 month. No interest was 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 2016.

	2016	2015
	Rs'000	Rs'000
Ageing of past due but not impaired		
Less than 1 month	2,474	3,948
More than 1 month	17	3
	2,491	3,951

9. STATED CAPITAL

ISSUED & FULLY PAID	
2016	2015
Rs'000	Rs'000
15,000	15,000

150,000 Ordinary Shares of Rs 100 each

The holder of an ordinary share in the company shall confer on the holder:

- (a) the right to vote at meetings of shareholders and on a poll to cast one vote for each share held;
- (b) the right to an equal share in dividends and other distributions made by the company; and
- (c) the right to an equal share in the distribution of the surplus assets of the company on its liquidation.

10. RETIREMENT BENEFIT OBLIGATIONS

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

	2016	2015
	Rs'000	Rs'000
Present value of funded obligations	23,182	19,776
Fair value of plan assets	(18,956)	(15,642)
Liability in the statement of financial position	4,226	4,134

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

	2016	2015
	Rs'000	Rs'000
Current service cost	1,289	1,163
Interest cost	1,395	1,507
Expected return on plan assets	(1,158)	(1,165)
Fund expenses and life insurance	229	211
Net actuarial (gain)/loss recognised in the year	(226)	-
Total included in staff costs (Note 13(b))	487	(628)
	2,016	1,088

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

	2016	2015
	Rs'000	Rs'000
At 1st July	4,134	4,957
Effect of additional emoluments	150	-
Total expenses as shown above	2,016	1,088
Contributions	(2,074)	(1,911)
At 30th June	4,226	4,134

The principal actuarial assumptions used were as follows:

	2016	2015
Discount rate	7.00%	7.00%
Expected return on plan assets	7.00%	7.00%
Future salary increases	4.50%	4.50%
Future pension increases	1.50%	1.50%

10. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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.

	2016	2015
	Rs'000	Rs'000
Effect on present value of funded obligations		
1% increase in discount rate	19,506	16,503
1% decrease in discount rate	27,868	23,971
1% increase in salaries	26,035	22,447
1% decrease in salaries	20,706	17,469
Effect of changing longevity - rate up	22,817	19,465
Effect of changing longevity - rate down	23,539	20,079

Reconciliation of the present value of defined benefit obligation

	2016	2015
Present value of obligation at start of year	19,776	17,724
Effect of additional emoluments	150	-
Current service cost	1,519	1,374
Interest cost	1,395	1,507
Fund expenses and life insurance	(229)	(211)
Liability loss/(gain)	797	(618)
Past service cost	(226)	-
Present value of obligation at end of year	23,182	19,776

Reconciliation of fair value of plan assets

	2016	2015
Fair value of plan assets at start of year	15,642	12,767
Expected return on plan assets	1,158	1,165
Employer contributions	2,074	1,911
Fund expenses and life insurance	(229)	(211)
Asset gain	311	10
Fair value of plan assets at end of year	18,956	15,642

Distribution of plan assets at end of year

The assets of the scheme are invested in a Deposit Administration Policy with Metropolitan life (Mauritius) Ltd.

10. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

History of obligations, assets and experience adjustments

	2016	2015
	Rs'000	Rs'000
Fair value of plan assets	18,956	15,642
Present value of defined benefit obligation	(23,182)	(19,776)
Deficit	<u>(4,226)</u>	<u>(4,134)</u>
Asset experience gain during the year	311	10
Liability experience gain/(loss) during the year	<u>(92)</u>	<u>823</u>

The expected contributions to post-employment benefit plans for the year ending 30th June 2017 are Rs 2,167,380 (2016: Rs 1,971,135). The actual return on plan assets is Rs 1,469,564 (2015: Rs 1,204,697).

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

11. TAXATION

(a) Tax liability

	2016	2015
	Rs'000	Rs'000
At 1st July	2,235	1,875
Taxation paid	(7,643)	(8,742)
Provision for the year	6,321	9,102
At 30th June	<u>913</u>	<u>2,235</u>

(b) Income tax

	2016	2015
	Rs'000	Rs'000
Current tax on the adjusted profit for the year at 15%	6,321	9,102
Deferred taxation	114	249
Tax charge	<u>6,435</u>	<u>9,351</u>

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:

	2016	2015
	Rs'000	Rs'000
Profit before tax	<u>41,039</u>	<u>61,723</u>
Tax calculated at a tax rate of 15%	6,156	9,258
Non-deductible expenses for tax purposes	574	294
Deferred taxation	114	249
Capital allowances effects	(409)	(450)
Tax charge	<u>6,435</u>	<u>9,351</u>

11. TAXATION (CONT'D)

(c) Deferred taxation

	2016	2015
	Rs'000	Rs'000
At 1st July	702	453
Movement for the year	114	249
At 30th June	816	702

12. TRADE AND OTHER PAYABLES

	2016	2015
	Rs'000	Rs'000
Service Fees received in advance	4,931	4,389
Other payables	3,554	2,552
	8,485	6,941

13. OPERATING PROFIT

(a) Operating profit is arrived at after : Crediting :

Other income

	2016	2015
	Rs'000	Rs'000
Interest receivable	10,649	10,360
Fees on issue of ISIN Numbers	848	2,050
Sundry Income	635	355
IT Facilities Management Fees	1,341	1,341
Connection fees	-	100
Project fees	1,660	3,069
Fees on issue of LEI Numbers	48	18
	15,181	17,293

and Charging :

Fees paid to auditors -	audit services	173	166
	operational audit services	51	48
	taxation services	18	18
	audit of risk management report	30	30
Non-Executive Directors' Emoluments		1,216	1,140
Depreciation		1,881	1,527
Amortisation		81	74
Staff costs (Note 13(b))		15,691	16,088

13. OPERATING PROFIT (CONT'D)

	2016	2015
	Rs'000	Rs'000
(b) Staff costs		
Salaries	13,675	15,000
Pension costs (Note 10)	2,016	1,088
	<u>15,691</u>	<u>16,088</u>
(c) Number of employees		
Administration	<u>12</u>	<u>13</u>

14. FINANCE COSTS

	2016	2015
	Rs'000	Rs'000
Bank Charges	<u>35</u>	<u>41</u>

15. DIVIDENDS

	2016	2015
Declared and not yet paid :		
Dividend of Rs 140 per Ordinary Share (2015: Rs 209.48)	<u>21,000</u>	<u>31,422</u>

16. EARNINGS PER SHARE

	2016	2015
Profit attributable to shareholders	Rs'000 <u>34,604</u>	<u>52,372</u>
Number of Ordinary Shares in issue	<u>150,000</u>	<u>150,000</u>
Earnings per share	Rs <u>230.69</u>	<u>349.15</u>

17. RELATED PARTY TRANSACTIONS

	2016	2015
	Rs'000	Rs'000
(i) <i>Sales of Services to :</i>		
The Stock Exchange of Mauritius Ltd	<u>1,341</u>	<u>1,341</u>
(ii) <i>Outstanding Balance arising from the sales of services :</i>		
The Stock Exchange of Mauritius Ltd	<u>266</u>	<u>96</u>

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

(iii) <i>Compensation of key management personnel</i>		
Short term benefits	3,565	4,228
Post employment benefits	735	389
	<u>4,300</u>	<u>4,617</u>

	2016 Rs'000	2015 Rs'000
(iv) <i>Remuneration of directors</i>		
- Non executive directors	1,216	1,140
- Executive	4,300	4,617
(v) <i>Dividend payable</i>	21,000	31,422

18. FINANCIAL RISK MANAGEMENT

Overview

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

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

	2016			
	Less than 1 year Rs'000	1-5 years Rs'000	More than 5 years Rs'000	Total Rs'000
Financial assets				
Held-to-maturity investment	-	154,400	-	154,400
Deposits and cash balances	39,597	-	-	39,597
Trade and other receivables	8,935	17,606	-	26,541
	48,532	172,006	-	220,538
Financial liabilities				
Trade and other payables	8,485	-	-	8,485
Proposed dividends	21,000	-	-	21,000
	29,485	-	-	29,485

18. FINANCIAL RISK MANAGEMENT (CONT'D)

	2015			
	Less than 1 year Rs'000	1-5 years Rs'000	More than 5 years Rs'000	Total Rs'000
Financial assets				
Held-to-maturity investment	-	146,106	-	146,106
Deposits and cash balances	46,971	-	-	46,971
Trade and other receivables	10,904	11,988	-	22,892
	57,875	158,094	-	215,969
Financial liabilities				
Trade and other payables	6,941	-	-	6,941
Proposed dividends	31,422	-	-	31,422
	38,363	-	-	38,363

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:

	2016 %	2015 %
Bank balances	2.75-3.00	3.00-3.15
Deposits	3.15-7.25	3.70-9.60

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.

	2016 Rs'000	2016 Rs'000
Increase in profit	850	777
Increase in equity	723	660

18. FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk

Except for an investment in Gold notes denominated in AUD with a balance of Rs 3,316,455 (AUD 128,694.43), a USD bank account with a balance of Rs 721 (USD 53.75), a GBP bank account with a balance of Rs 1,367 (GBP 18.36), a AUD bank account with a balance of Rs 75,994 (AUD 2,948.93) and a Euro bank account with a balance of Rs 52,806 (Euro 1,338.20), 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 and GBP.

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.

	2016 Rs'000	2015 Rs'000
Increase in profit	172	180
Increase in equity	146	153

Credit risk

The company's credit risk is primarily attributable to its trade receivables and deposits with banks and other financial institutions. At year end, the company has no significant concentration of credit risk which has not been adequately provided for. Cash and deposits are held in banks and other financial institutions with high credit ratings.

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 2015.

Categories of financial instruments	2016 Rs'000	2015 Rs'000
Financial assets		
<i>Held-to-maturity</i>		
Held-to-maturity investment	186,467	179,234

18. FINANCIAL RISK MANAGEMENT (CONT'D)
Loan & receivables

 Trade and other receivables
 Cash and bank balances

2016	2015
Rs'000	Rs'000
26,541	22,892
7,530	13,843
220,538	215,969

Financial liabilities

 Trade and other payables
 Proposed dividends

8,485	6,941
21,000	31,422
29,485	38,363

19. CONTINGENT LIABILITY

A contingent liability 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.

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

	2016	2015	2014	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
TURNOVER	53,426	71,668	58,995	47,287	45,386
PROFIT BEFORE TAXATION	42,740	62,081	49,183	38,551	37,797
TAXATION	(6,435)	(9,351)	(7,419)	(5,854)	(5,732)
CORPORATE SOCIAL RESPONSIBILITY	(1,214)	(986)	(775)	(754)	(638)
PROFIT AFTER TAXATION	35,091	51,744	40,989	31,943	31,427
OTHER COMPREHENSIVE INCOME/(LOSS)	(487)	628	(837)	(2,551)	(420)
DIVIDENDS	(21,000)	(31,422)	(24,091)	(17,635)	(18,604)
CAPITAL & RESERVES					
ISSUED & PAID UP STATED CAPITAL	15,000	15,000	15,000	15,000	15,000
REVENUE RESERVES	190,515	176,911	155,961	139,900	128,143

22. GUARANTEE FUND

- (a) 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:-

	2016 Rs'000	2015 Rs'000
Guarantee Fund Assets		
MCB Deposit A/c	28,770	28,070
MCB Savings A/c	3,688	6,211
MCB Current A/c	4	1
Contributions due on value of transactions	14	60
Temporary Cash deposit	(1)	(3,101)
Cash deposit from investment dealers	(410)	(303)
Interest receivable	749	1,333
Income tax payable	(42)	(35)
	32,772	32,236

Contributions made to the Guarantee Fund

BALANCE AT 1ST JULY	32,236	30,445
Contributions	218	820
Initial cash contribution from participant	-	644
Refund to participant	(662)	(682)
Interest	1,153	1,187
Income tax charge	(173)	(178)
BALANCE AT 30TH JUNE	32,772	32,236

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 on the effectiveness of the system of internal controls during the period 1st July 2015 to 30th June 2016.

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
- (b) The processing of transactions, including Clearing and Settlement, in accordance with CDS Rules and Procedures
- (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.

PKF (Mauritius)
Public Accountants

Michael V K Lo Tiap Kwong, FCCA
(Licensed by FRC)

Date: : 21st July 2016

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 2016.



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: Mauritius Development Investment Trust Company Limited National Committee on Corporate Governance Member: MIoD Forum The Law Society of England & Wales The Mauritius Law Society
Reedhee Bhuttoo (Mrs) BA (Hons.) Economics	Head, SBM Securities Ltd Director, The Stock Exchange of Mauritius Ltd
Bhogunsingh Chikhuri	Insurance Advisor, Swan General Ltd Councillor, Municipal Council of Quatre Borne
André Chung Shui BSc (Economics) Fellow of the Institute of Chartered Accountants in England & Wales F.MIoD	Executive Director, LCF Securities Ltd Director, The Stock Exchange of Mauritius Ltd
P. Gopallen Moorooogen Fellow of the Association of Chartered Certified Accountants MBA F.MIoD	Senior Executive, Mauritius Telecom Chairperson, The Stock Exchange of Mauritius Ltd Director, Swan General Ltd Director, Swan Life Ltd
Steve Leung Sock Ping Fellow of the Institute of Chartered Secretaries & Administrators (FCIS) F.MIoD	Head of Quality Assurance, Mauritius Commercial Bank Ltd
Vipin Y.S. Mahabirsingh B.Tech (First Class, Hons) Electronic Engineering M.Phil Microelectronic Eng. MBA (with distinction) F.MIoD	Managing Director, CDS
Kevin S. Rangasami Fellow of the Association of Chartered Certified Accountants	Managing Director, MCB Stockbrokers Ltd Director, The Stock Exchange of Mauritius Ltd
Sameer K. Sharma MSc in Applied Finance Financial Risk Manager – Global Association of Risk Professionals Chartered Alternative Investment Analyst	Chief, Reserves Management Division, Bank of Mauritius

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 supervised the implementation of an automated trading system at the Zimbabwe Stock Exchange and is currently spearheading the replacement of the trading and depository systems at the Lusaka Stock Exchange. He is a member of the Market and Product Development 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.

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. He participated in the implementation of the automated trading system at the Zimbabwe Stock Exchange and is currently involved in the replacement of the trading and depository systems at the Lusaka Stock Exchange

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.

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