



Annual Report 2010-11



MONEY MATTERS FINANCIAL SERVICES LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and Managing Director

Mr. Rajesh Sharma

Independent Directors

Mr. Dinesh Chandra Babel

(Appointed w.e.f February 05, 2011)

Mr. Beni Prasad Rauka

(Appointed w.e.f January 12, 2011)

Dr. Sanjeev Kumar Sanger

(Appointed w.e.f January 12, 2011)

Company Secretary & Compliance Officer

Mr. Shyam Bhattbhatt

Sr. Vice President- F&A

Mr. Ashok Agarwal

Sr. Vice President

Mr. Suresh Gattani

Auditors

M/s. Karnavat & Co.,

Chartered Accountants

1st Floor, Kitab Mahal,

D.N. Road,

Mumbai - 400 021

Bankers

Union Bank of India

Bank of India

Axis Bank Limited

HDFC Bank Limited

Punjab National Bank

Indian Overseas Bank

Registered Office

1-B, Court Chambers,

35, Sir Vithaldas Thackersey Marg,

New Marine Lines,

Mumbai - 400 020

Registrar and Share Transfer Agents

M/s. MCS Limited

Shri Kashiram Jamnadas Building,

Ground Floor, Office No. 21/22,

5, P. D'mello Road, Near Ghadial Godi,

Masjid Bunder (East),

Mumbai - 400 009

LETTER TO SHAREHOLDERS



Dear Fellow Shareowners,

The financial year 2010-11 was an eventful year for your company. Your Company witnessed several highs and lows during the year. The first six months of the financial year under consideration, saw your company achieve income from advisory services to the tune of ₹ 120.44 crores compared to ₹ 86.36 crores in the corresponding period in the previous financial year up by 39%. We saw some important milestones being achieved like the successful QIP (qualified institutional placement) issue for ₹ 445 crores and thus establishing a solid base to initiate the lending activity.

Whilst we were engrossed in leveraging the inherent strengths of the Company and were achieving one milestone after another, suddenly some of the company officials were subjected to allegations of wrongdoing by Central Bureau of Investigations (CBI). We believe this to be the hand work of some of our rivals who wished to curtail our speed of progress. We have denied all the charges and are sure that our officials will prove their innocence. We would not like to offer any explanation here as the matter is subjudice. However I would only like to add that there has been no case against the Company for any sort of wrong doing and there are no restrictions on the functioning of the Company.

Although there were no official restrictions on the functioning of the Company, we had to face several challenges. Unfortunately our case was conveniently leveraged by some sections in the media without verifying the facts and the Company had to suffer temporary loss of credibility in the market which resulted into high level of attrition especially in the advisory sections. I am sincerely grateful to the senior management team and all staff members and to our well wishers whose unstinted support and sacrifice enabled us to tide over those difficult and challenging times.

Going forward, I am sure, your Company, guided by the eminent board members, will raise to the challenges and will bounce back. Adversity provides learning and opportunities at the same time and it is up to the wise to imbibe the learning and recognize the opportunity and exploit the same for larger and sustainable benefit. I am sure that the core management team will slowly but surely ensure the Company to regain its past glory and much more. I have no doubts that your Company is in safe hands.



As a matter of strategy we will be focusing on lending business to begin with and this business itself will offer us with opportunities to rebuild our advisory business. We will not hesitate to hire best talent and provide a professional atmosphere and free hand, as has been the culture at Money Matters, where talented individuals with entrepreneurial bent of mind can do wonders.

I am glad to inform that out of the QIP proceeds, we have as of now extended loans to 4 reputed corporates. I would also like to assure all the stakeholders that the funds raised from QIP have been utilized in a very judicious manner. A part has been deployed in lending business and the balance is either invested in government securities or mutual funds/fixed deposits. I would further like to assure that your Company being an NDSI - NBFC has put in the required checks and balances by way of committees and internal audit to ensure that the funds are deployed only after adequate assessment of risk and returns.

On a concluding note, I must admit that I am overwhelmed by the trust and confidence reposed in the Company, its Board, Management and Staff and for the support extended, by all the stake holders. I am extremely thankful to the core management team and the support staff who have shown exemplary composure and outstanding solidarity towards the company and its promoters. I take this opportunity to express my gratitude and thank each of the stakeholders especially the shareholders, my eminent Board members, my colleagues, banks, clients, government agencies, regulatory bodies like SEBI, RBI, Stock Exchanges etc and vendors. My heart reaches out to the family members of all those who have stood together during testing times and would like to send them a message that we will do all that is necessary to make their effort a proud.

I look forward to your continued confidence and support which will enable us to come out of the troubled times and raise our bar once again.

Sincerely,

Rajesh Sharma

Chairman & Managing Director



Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report and the audited statement of accounts of your Company for the year ended March 31, 2011.

FINANCIAL PERFORMANCE

Standalone financial results:

	(₹ in lacs)	
	2010-2011	2009-2010
Operating profit for the year	12,548.73	17,164.48
Less: Depreciation	65.34	33.76
Profit before tax and Exceptional Items	12,483.39	17,130.72
Less: Exceptional Items:		
Loss on sale of Investment in Joint Venture	49.95	Nil
Share of net loss on termination of Joint Venture	22.36	Nil
Profit before tax	12,411.08	17,130.72
Less: Tax provision		
Current Tax	3,980.00	5,780.00
Deferred tax	4.74	(7.06)
Income Tax Adjustment of earlier years	(0.09)	(2.20)
Profit after tax	8,426.43	11,359.98
Add: Balance brought forward from previous year	15,708.17	8,471.12
Profit available for appropriation	24,134.60	19,831.10
Less: Transferred to reserve fund in terms of Section 45IC(1) of the Reserve Bank of India Act, 1934	1,800.00	2,283.43
Transferred to General Reserve	500.00	1,200.00
Interim Dividend	435.86	270.01
Proposed Final Dividend	Nil	277.51
Tax on Dividend	72.39	91.98
Balance carried to balance sheet	21,326.35	15,708.17

Consolidated financial results:

	(₹ in lacs)	
	2010-2011	2009-2010
Operating profit for the year	12,926.57	19,043.86
Less: Depreciation	103.11	84.15
Profit before tax and Exceptional Items	12,823.46	18,959.71
Less: Exceptional Items:		
Loss on sale of Investment in Joint Venture	49.95	Nil
Share of net loss on termination of Joint Venture	22.36	Nil
Profit before tax	12,751.15	18,959.71
Less: Tax provision		
Current Tax	4,068.51	6,416.33
Deferred tax	(3.39)	(11.53)
Income Tax Adjustment of earlier years	(0.05)	(2.20)
Profit after tax	8,686.08	12,557.11
Add: Reversal of earlier years consolidation adjustment of Joint Venture	6.19	Nil
Add: Balance brought forward from previous year profit available for appropriation	17,026.58	8,592.39
Profit available for appropriation	25,718.84	21,149.50
Earning per share (Face value - ₹ 10/-) Before Exceptional Items		
Basic (₹)	28.33	46.19
Diluted (₹)	24.87	27.80
Earning per share (Face value - ₹ 10/-) After Exceptional Items		
Basic (₹)	28.10	46.19
Diluted (₹)	24.67	27.80



Directors' Report

DIVIDEND:

Your Directors, at their meeting held on November 12, 2010, had declared an interim dividend of ₹ 1.25 per equity share (i.e.12.5%) for the financial year 2010-11. The said interim dividend was paid in November, 2010.

In the backdrop of decline in revenue and profits and with a view to conserve the resources for future growth, your Directors do not recommend any further dividend. The interim dividend already paid on equity share capital will be treated as final for the financial year 2010-11.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis of financial condition, including the results of operations of the Company for the year under review as required under clause 49 of the listing agreement with the stock exchanges, is given as a separate statement in the Annual Report.

INVESTIGATIONS BY CENTRAL BUREAU OF INVESTIGATION:

During the year on November 22, 2010, the Central Bureau of Investigation (CBI), Economic Offences Wing (EOW), Mumbai conducted investigation and filed FIRS and one Charge-sheet under IPC and Prevention of Corruption Act against 3 officials of the Company/Subsidiary including the Chairman and Managing Director of the Company for their alleged role in extending gratification money to some officials of banks, financial institutions, for obtaining pecuniary gain to themselves and to the business of the Company. Prima-facie, the Charge-sheet filed by CBI does not allege about any financial impropriety or any other financial irregularities being committed by the officials within the Company. Further there has been no case against the Company and there are no restrictions on the functioning of the Company.

FUTURE OUTLOOK:

Your Company has been primarily operating in the investment banking space with an emphasis on debt advisory business. MMFSL (along with its subsidiaries) offers the entire bouquet of financial services encompassing Credit Syndication and Debt Capital Market Advisory Services (Primary and Secondary), Financial Restructuring, Investment Banking and Asset Financing. Going forward the Company has decided to concentrate on fund based activities and the non fund based activities such as advisory business will be carried on through its wholly owned subsidiaries.

SHARE CAPITAL:

During the year, the Company has issued and allotted 7,117,153

equity shares of ₹ 10/- each fully paid-up at a premium of ₹ 615.25 per share to QIB's as defined in Regulation 2(1)(zd) of SEBI (ICDR) Regulations, 2009 pursuant to Chapter VIII on private placement basis. Out of the above 879,648 equity shares were issued and allotted to Domestic QIB, aggregating to ₹ 549,999,912/- and 6,237,505 equity shares of ₹ 10/- each fully paid-up were issued and allotted to Foreign Institutional Investors in QIP under Schedule 2 of Regulation 5(2) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 i.e.; Purchase/sale of shares and/or convertible debentures of an Indian company by a registered Foreign Institutional Investor under Portfolio Investment Scheme, and received an amount aggregating to ₹ 3,900,000,001.25. The total amount received from Domestic and Foreign QIB is ₹ 4,449,999,913.25. All the above shares ranks pari-pasu with the existing equity shares. After these allotments total outstanding issued, subscribed and paid up equity share Capital of the Company has increased to ₹ 348,684,580/- from ₹ 277,513,050/-. The said equity shares were listed on the Bombay Stock Exchange Limited on October 21, 2010 and listed on National Stock Exchange of India Limited on October 29, 2010.

ANNULMENT OF SUB-DIVISION OF EQUITY SHARES:

Pursuant to the powers conferred on the Board by the Shareholders of the Company at their 16th Annual General Meeting held on September 08, 2010 relating to sub-division of the equity shares of the Company from ₹ 10/- to ₹ 5/- each, the Board of Directors, at its meeting held on November 12, 2010, fixed the Record Date as December 27, 2010 for the sub-division.

Further the Board of Directors, at its meeting held on November 27, 2010 decided that in view of recent developments and on account of seizure of records/documents by CBI officials, it was not possible to comply with formalities pertaining to stock-split before the Record Date i.e. December 27, 2010 and hence it was decided to consider a new record date in due course.

In the Board of Directors meeting held on May 30, 2011 it was decided to annul the sub-division of equity shares subject to the approval of shareholders. The necessary resolution has been proposed in the Notice of the ensuing Annual General Meeting for the approval of the shareholders.

ALTERATION IN THE MAIN OBJECT CLAUSE OF COMPANY'S MEMORANDUM OF ASSOCIATION:

Your Company is a registered Non Deposit Accepting Systematically Important Non-Banking Financial Company (NDSI-NBFC) regulated by the Reserve Bank of India and is



Directors' Report

currently engaged in the following key businesses, namely, non-banking financial activities, financial advisory services, debt capital market services, other general non-banking financial activities.

To enlarge the scope of main objects in line with its existing NBFC activities and remove objects pertaining to unrelated activities, your Company amended the main object clause in its Memorandum of Association by expanding the scope of its existing clauses 1 and 2, and removed clauses 3, 4 and 5 for activities where the Company has not engaged till date.

The aforesaid alteration was carried out through postal ballot process under section 192A of the Companies Act, 1956 and the result of the same was announced by the Chairman & Managing Director of the Company on April 21, 2011.

TERMINATION OF JOINT VENTURE WITH MILESTONE:

Your Company had formed a joint venture with Milestone Group and acquired 50% stake in 'Capstone Capital Services Private Limited', an Asset Management Company rendering investment advisory services to Special Opportunities Fund (SOF). As a sponsor to SOF, your Company had invested ₹ 1,893.32 lacs against capital commitment of ₹ 2,000 lacs and executed Shareholders' Agreement with Milestone Capital Advisors Limited on December 16, 2009 for rendering investment advisory services to distress assets fund or such other special situation schemes of Milestone Private Equity Fund (SEBI registered domestic venture capital fund). The Company had also subscribed to 499,999 equity shares of ₹ 10 each aggregating to ₹ 4,999,990/- in the Joint Venture entity viz. Capstone Capital Services Private Limited.

Due to unforeseen circumstances, the SOF could not attract any third party capital contribution commitment from investors even after a period of nearly 12 months. Further for the said reason IL&FS Trust Company Limited, a trustee to the Special Opportunity Fund (SOF) suggested that the Fund should initiate action for winding up. Considering the scenario your Company has executed the termination of shareholders agreement on February 05, 2011.

WITHDRAWAL OF APPLICATION FOR MONEY MATTERS VENTURE CAPITAL FUND:

Your Company was the Sponsor to Money Matters Venture Capital Fund (MMVCF). The objective of the MMVCF was to focus on companies engaged in the infrastructure sector. Your Company, as the Sponsor to the said Fund, had committed ₹ 2,000/- lacs as a contribution towards the Fund. Money

Matters Resources Private Limited; a wholly owned subsidiary of the company, (MMRPL) was the Asset Management Company (AMC) to the proposed fund. An application for registration of MMVCF as a SEBI registered domestic venture capital fund was filed with Securities and Exchange Board of India on July 08, 2010 by MMRPL.

IL&FS Trust Company Limited the Trustee to the MMVCF in view of current state of affairs and the market scenario felt that it would be difficult to obtain certificate of registration from SEBI tendered their resignation to act as the Trustee to MMVCF. Consequently, MMRPL withdrew the application from SEBI for registration of Fund and further to the withdrawal of application by MMRPL, the Company's capital commitment to contribute Rs. 2,000 lacs as a sponsorer to the Fund stood automatically cancelled.

COMPLETION OF SECOND WARRANT EXERCISE PERIOD WITH NIL CONVERSION:

The Company had issued 18,000,400 detachable warrants along with Equity Shares at the time of Rights issue and allotted the same on March 27, 2009. Out of the above 750,705 Warrants were converted into Equity Shares during the FY 2009-10 during the first warrant conversion period. During the current financial year the promoters and promoter group have surrendered their warrants aggregating 13,515,208 warrants. Currently 3,734,487 warrants are outstanding for conversion into equity shares at the option of the warrant holders. The Warrants are listed on the Bombay Stock Exchange Limited (BSE) since April 08, 2009. The period for second conversion of warrants commenced from December 27, 2010 and ended on March 26, 2011 as per the revised schedule approved by the warrants holders in their meeting held on December 16, 2009. The Warrant exercise price for the second exercise period was ₹ 485.36. None of the warrants holders have exercised their right for conversion.

DIRECTORS:

During the year under review, Mr. R. N. Bhardwaj (vide letter dated December 21, 2010), Dr. B. Samal (vide letter dated December 4, 2010), Mr. V. P. Singh (vide letter dated December 21, 2010) and Mr. Sanjiv Kapoor (vide letter dated December 2, 2010) have resigned as Independent Directors of the Company and the same was noted in the Board Meeting held on January 12, 2011.

Mr. Pramod Kasat, vide letter dated March 12, 2011 has resigned as a whole time director of the company and the same was approved by the Board in its Meeting held on March 14, 2011.



Directors' Report

The Board has placed on record its appreciation of the invaluable services and guidance given by them during their respective tenures as Directors of the Company.

During the year under review, Mr. Beni Prasad Rauka and Dr. Sanjeev Kumar Sanger were appointed as Additional Directors (Independent) of the Company with effect from January 12, 2011 and Mr. Dinesh Chandra Babel was appointed as an Additional Director (Independent) of the Company with effect from February 05, 2011.

In terms of the provisions of section 260 of the Companies Act, 1956, Mr. Beni Prasad Rauka, Dr. Sanjeev Kumar Sanger and Mr. Dinesh Chandra Babel will hold their respective offices as Directors only up to the date of the ensuing Annual General Meeting. Being eligible, they offer themselves for re-appointment. Your Company has received notices in writing from a member proposing their candidatures for appointment as Directors. All these directors have filed Form DD-A with the Company as required under the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003.

Brief particulars and expertise of these Directors, names of companies in which they hold directorships and the memberships/chairmanships of committees of the Board etc as stipulated under clause 49 of the listing agreement with the stock exchanges, are provided in the Report on Corporate Governance, forming part of the Annual Report.

APPOINTMENT OF COMPANY SECRETARY AND COMPLIANCE OFFICER:

During the year under review, Mr. Yogesh Kolwalkar resigned as Company Secretary and compliance officer with effect from December 14, 2010.

As required under Section 383A of the Companies Act, 1956 read with the provisions of the Listing Agreement with Stock Exchanges, Mr. Shyam Bhattbhatt, an associate member of the Institute of Company Secretaries of India, New Delhi, has been appointed as the Company Secretary and Compliance Officer on April 26, 2011.

To meet the provisions of the Listing Agreement with Stock Exchanges, Mr. Gaurav Kale was appointed as a Compliance Officer of the company for the period from February 14, 2011 till April 26, 2011.

NBFC (NON DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS:

Your company is categorized as a non deposit taking

systematically important (ND-SI) non-banking finance company (NBFC). Accordingly during 2010-11, your Company has not accepted any deposits from the public and there were no deposits which become due for repayment or renewal. Your Company has complied with the directives issued by the Reserve Bank of India under the Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time.

SUBSIDIARY COMPANIES:

Your Company has following wholly-owned-subsiidiaries (WOS):

1. Money Matters Securities Private Limited
2. Money Matters Investment Advisors Private Limited
3. Money Matters Distribution Company Private Limited
4. Money Matters Capital Private Limited
5. Money Matters Research Private Limited; and
6. Money Matters Resources Private Limited.

Money Matters Advisory Pte. Ltd. (MMAPL) was incorporated in Singapore as a wholly owned subsidiary of Money Matters Research Pvt. Ltd. with a view to engage in the business of providing financial advisory and consultancy services. As of now the company is yet to commence its commercial operations and in view of the recent developments in the company, it has been thought prudent to discontinue the foray into Singapore and strike off MMAPL as per the prevailing procedure in Singapore.

All the aforesaid subsidiaries are non-material unlisted subsidiaries of your Company.

In terms of the General Circular No: 2 /2011 dated February 8, 2011 issued by the Government of India, Ministry of Corporate Affairs granting a general exemption under Section 212 of the Companies Act, 1956, copies of the balance sheet, profit and loss account and reports of the Board of directors and auditors of the Company's subsidiaries have not been attached with the balance sheet of the Holding Company.

However, pursuant to the Clarification in respect of General Circular No: 2 /2011 dated February 8, 2011 Company hereby undertakes that:

1. Annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the Company and subsidiary companies seeking such information at any point of time.
2. The annual accounts of the subsidiary companies shall also



Directors' Report

be kept for inspection by any shareholders in the Registered office of the Company and of the subsidiary companies concerned.

3. The company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder of the company on demand;

As required, the Board of Directors have passed a resolution in their meeting held on May 30, 2011, according their consent not to attach the balance sheet of the subsidiaries concerned.

As directed by the Central Government and pursuant to Accounting Standard-21 (AS-21) prescribed under the Companies (Accounting Standard) Rules, 2006, Consolidated Financial Statements presented by your Company include financial information about its aforesaid subsidiaries. The financial statements of your Company as well as its aforesaid subsidiaries will also be available on the website of your Company (www.money-matters.in)

AUDITORS:

During the year under review M/s. Haribhakti & Co., Chartered Accountants, Mumbai tendered their resignation as Statutory Auditors of the Company and its subsidiaries vide their letter dated January 12, 2011.

M/s. Karnavat & Co., Chartered Accountants, Mumbai, were appointed as a Statutory Auditor by members in the Extraordinary General Meeting held on February 25, 2011. M/s. Karnavat & Co, Chartered Accountants, Mumbai, will retire as Statutory Auditors of the Company at the ensuing Annual General Meeting and have given their consent for re-appointment.

In terms of the provisions of Section 225 of the Companies Act, 1956, the appointment of Auditors of the Company requires the approval of the shareholders by way of an ordinary resolution. An appropriate resolution has been included in the Notice of the ensuing Annual General Meeting for approval of the shareholders.

Your Company has received the eligibility certificate under section 224(1B) of the Companies Act, 1956 from M/s. Karnavat & Co., Chartered Accountants, Mumbai.

AUDITORS' REPORT:

M/s. Karnavat & Co., the Statutory Auditors of your Company, submitted their report on the accounts of the Company for the year ended March 31, 2011 which is self-explanatory and

requires no comments or explanation under section 217(3) of the Companies Act, 1956.

CORPORATE GOVERNANCE:

As per clause 49 of the listing agreement with stock exchanges, a separate section on Corporate Governance forms part of the Annual Report.

A certificate from the statutory auditors of your Company regarding compliance of conditions of Corporate Governance, as stipulated under clause 49 of the listing agreement and a declaration by the Managing Director with regard to Code of Conduct are attached to the Report on Corporate Governance.

Further, as required under clause 49 of the listing agreement with stock exchanges, a certificate from the Managing Director and Sr. Vice President – Finance & Accounts on the financial statements of your Company for the year ended March 31, 2011, was placed before the Board at its meeting held on May 30, 2011.

EMPLOYEES STOCK OPTION PLAN:

In line with its policy to give incentives to its employees from time to time, your Company has adopted the Employees Stock Option Plan (ESOP) in accordance with the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines') with effect from October 27, 2009 during FY 2009-10.

During the year under review no options were granted. The Stock Options have not yet been vested with the employees.

Disclosures, as prescribed under the SEBI Guidelines, are set out in Annexure to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief:

- i) in the preparation of annual accounts, all applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on March 31, 2011, and of the profit of the Company for the accounting year ended on that date;



Directors' Report

- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Since your Company does not own manufacturing facility, the particulars relating to conservation of energy and technology absorption stipulated as per Section 217(1)(e) of the Companies Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable.

The foreign exchange earnings for the year 2010-11 stood at ₹ NIL (previous year ₹ 36.62 lacs) and foreign exchange outgo during the year was ₹ 76.15 lacs (previous year ₹ 1.02 Lacs).

PARTICULARS OF EMPLOYEES:

Particulars of employees in terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time, forms part of the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report, excluding the aforesaid information, is being sent to all the members of the Company and others

entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

ACKNOWLEDGEMENTS:

The Company is grateful to the Customers, Bankers, Statutory Authorities, Financial Institutions, Business Associates and the Government of India, particularly Ministry of Corporate Affairs, Ministry of Finance, the Reserve Bank of India, the Securities and Exchange Board of India, Stock Exchanges and other Government Agencies for their co-operation and guidance and looks forward to their continued support in the future.

Board of Directors wish to place on record their appreciation for the contributions made by the employees at all level, whose outstanding professionalism, commitment, initiative and solidarity has enabled the organisation to sustain during the challenging times. Finally, the Board of Directors express their gratitude to the members for their trust and support.

For and on behalf of the Board

Rajesh Sharma
Chairman & Managing Director

Place: Mumbai
Dated: May 30, 2011



Annexure to the Directors' Report

(i) Disclosures as required under SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999:

The details of employee stock option scheme of the Company and the details of options granted upto March 31, 2011 are as under:

Sr. No.	Particulars	Date of Grant October 27, 2009	Date of Grant December 16, 2009
1	Options Granted	825,000	50,000
2	The Pricing Formula	₹ 10/- Face Value	₹ 10/- Face Value
3	Options Vested	None	None
4	Options Exercised (as at March 31, 2011)	None	None
5	The total number of Shares arising as a result of exercise of Options	None	None
6	Options Lapsed (as at March 31, 2011)	238,000	50,000
7	Variation of terms of Options	None	None
8	Money realised by exercise of Options	NA	NA
9	Total Number of Options in force	587,000	NIL
10	Employee-wise details of options granted to		
a	Senior Managerial Personnel		
	Mr. Rohit Mehta	150,000	-
	Mr. Omprakash Jain	150,000	-
	Mr. Shrenik Vora	150,000	-
b	any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	None	None
c	identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None	None
11	Diluted EPS pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20	₹ 23.93	
12	Impact of Difference on profits and EPS due to difference in Intrinsic Value and Fair Value		
i	Method of calculation of employee compensation cost	Intrinsic Value Method	
ii	Difference between the employee compensation cost so computed at i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Employee Compensation Cost As per Intrinsic Value Method ₹ 11,934,524/-	



Annexure to the Directors' Report

Sr. No.	Particulars	Date of Grant	Date of Grant
		October 27, 2009	December 16, 2009
		As per Fair Value Method using Black Scholes Model ₹ 12,084,839/-	
		Difference in Cost (₹ 150,315/-)	
iii	The impact of this difference on Profits and on EPS of the Company	Impact on Profits and EPS	
		Amortisation for the FY 2010-11	
		As per Intrinsic Value Method ₹ 11,934,524/-	
		As per Fair Value Method using Black Scholes Model ₹ 12,084,839/-	
		Impact on Profit (₹ 150,315/-)	
		Impact on Diluted EPS (₹ 0.00427)	
a	risk free interest rate	8.00%	8.00%
b	expected life	5 Years	5 Years
c	expected volatility	66.92%	66.92%
d	expected dividends	₹ 2	₹ 2
e	the price of the underlying share in market at the time of option grant	127.05	114.60



Management Discussion & Analysis

Indian Economic Overview:

In spite of continued tightening of monetary policy and further escalation of global risk factors Indian economy remained positive and posted a positive average GDP growth of 8% in the FY2010-11. Even as there has been a deceleration in some important domestic sectors, notably interest-sensitive ones such as automobiles, there is no evidence of any sharp or broad-based slowdown. Corporate earnings growth and profit margins in the fourth quarter of 2010-11 were broadly in line with the performance over the past three quarters, suggesting that demand remained steady, and in the face of sharp increases in input costs, pricing power remained intact. Credit grew steadily and the composite Purchasing Managers' Index (PMI) for May 2011 suggests reasonably good conditions.

Despite RBI's anti-inflationary stance the major focus of the Government is to boost the manufacturing and services activity in the country where both have posted an average growth of 8% and 10.1% respectively. Policy makers believe that maintaining an 8-9% growth path would necessitate an infrastructure spend of close to 10% of GDP over the next five years, which in turn translates into \$1 trillion between 2012-17. To help achieve this, they believe that private sector investment in infrastructure would need to reach about 50% of total infrastructure investment. In turn, facilitating this quantum of private sector investment would necessitate significant reforms in the corporate bond market as well as following through on the current path of fiscal consolidation.

Indian Capital Markets

The Indian capital market has experienced a process of structural transformation with operations conducted to standards equivalent to those in the developed markets.

The benchmark indices in India, BSE Sensex and NSE Nifty, outperformed most of their global peers. The BSE Sensex rose to a high of 21,108 points during FY 2010-11 registering a growth of 11% year-on-year basis.

For a developing economy like India, debt markets are crucial sources of capital funds. The debt capital market in India is amongst the largest in Asia and this market played a crucial role in facilitating revival for Corporate India. Debt markets are considered an alternative route to banking channels for finance and it is very important for a growing economy which requires a large amount of capital for achieving accelerated growth.

To conclude as India heads towards a growth path policymakers have recognized the importance of increased infrastructure

investment and the need for the private sector to increasingly finance this investment. There was a clear consensus among policymakers that the development of India's physical infrastructure (roads, ports, power, airports, telecom, oil and gas) is critical to both increasing India's potential growth rate in the medium term and also facilitating more inclusive growth.

Company Overview:

Money Matters Financial Services Limited (MMFSL) is a non banking financial services company (NBFC) and is categorized as a non-deposit taking systemically important (ND-SI) NBFC by Reserve Bank of India (RBI). MMFSL has been primarily operating in the investment banking space with an emphasis on debt advisory business. MMFSL (along with its subsidiaries) offers the entire bouquet of financial solutions and services encompassing Credit Syndication and Debt Capital Market Advisory Services (Primary and Secondary), Financial Restructuring, Investment Banking and Asset Financing. MMFSL has been servicing various corporate spanning across sectors such as Real Estate, Power, Telecom, Hospitality, Retail and Financial Services. Going forward, the Company has decided to concentrate on fund based activities and the non fund based activities such as advisory business will be carried on through its wholly owned subsidiary companies.

Financial Overview:

The Company's consolidated profit after tax (PAT) stood at ₹ 86.86 crores as against ₹ 125.57 Crores in the previous year.

Similarly PAT for the first two quarters of the financial year 2010-11 stood at ₹ 79.30 crores compared to ₹ 64.14 crores for the corresponding period in the previous fiscal year. As can be observed the Company on a consolidated basis has shown robust performance during the first two quarters of the current financial year. The decline in income and profitability during the second half of the current financial year is due to the adverse impact of the investigations carried out by the Central Bureau of Investigations (CBI) based on alleged wrongdoing on part of the three official of the Company/subsidiary. Since the matter is subjudice, the company is constrained from offering any explanation. Post investigations the advisory business has been impacted. The Company has been recently focusing on lending business (asset financing) and successfully completed one transaction before the close of the FY11.

Business Overview:

During the FY11, MMFSL operated through Offices spread



Management Discussion & Analysis

across Mumbai, New Delhi and Bangalore. While our New Delhi office primarily caters to our clients based in northern regions of India, our Mumbai offices service our clients in the rest of the country. In each of our offices, we have dedicated marketing and consulting professionals to service our clients. The Company has been successful in executing large sized complex transactions during the year 2010-11. A brief on each of business vertical and future outlook and opportunities is presented hereunder.

1. Debt Capital Market (DCM):

MMFSL combines superior debt origination and structuring expertise with exceptional execution capabilities with a large base of investors consisting of Banks, Mutual Funds, FIs & FII's. The firm helps corporate, institutional clients, achieve their objectives across the entire debt spectrum. These include financial advisory, acquisition finance, syndicated facilities to domestic bonds for both high grade and high yield issuers, to hybrid capital, securitization and money market instruments (Commercial Paper) The Debt Capital Markets (DCM) Group is responsible for all fixed income capital-raising activities undertaken by our clients, the team consist of high caliber experienced professional who works directly with issuers, including PSU entities that seek funding from Capital Markets. MMFSL advises these clients on debt financing strategies, from a simple plain vanilla bond to complex structured financing solutions across asset classes.

To place on record, mentioned below are a few memorable achievements for the Debt Capital Market Team;

- Primary Market Placements: As per PRIME Database Arranger League Tables, MMFSL is ranked at No.10 in arranging Commercial paper (₹ 4,270 Cr) and at No. 29 in Non Convertible Debentures (amount ₹ 1,479 Cr) category.
- Securitisation Business: MMFSL commenced its activities in securitisation business this year (2010-2011) and successfully sourced, structured and placed a commercial vehicle loan book of one of the top three industrial houses in India as a secondary trade.

2. Credit Syndication:

The Company continued to retain its strong position in project finance and corporate finance debt market and syndicated loans for various large and emerging corporate during the year under review. Debt advisory & syndication services continued to be the major contributor to our net earning contributing total revenues of ₹ 126.05 crores in the financial year ended March 31, 2011.

The Company shall continue to offer cost effective and time bound solutions to its corporate clients. Powered by our qualified team of professionals with strong execution skills, we shall continue to raise funds for various large and emerging corporate. The Company, through its continuously expanding service offerings, aims to be a complete solution provider for all kinds of financial requirements of its clientele.

3. Investment Banking:

Money Matters offers high quality advisory services across sectors. During the year under review the Company concluded 3 deals and raised ₹ 695 crores. Sectors included were real estate, metal and pharma. The company continues to have a long term vision on the vertical and over a period of time plans to establish a robust team to explore and exploit the ever growing market in following areas a) M&A Advisory; b) Private Equity Advisory; and c) ECB/FCCBs

4. Asset Financing:

Money Matters offers timely services to corporate, addressing their cash flow mismatch especially in capital intensive sectors. Clients operating in these sectors usually face liquidity gaps while moving forward with either project implementation or at times on working capital front. This situation present us with an opportunity to extend need based short term financing.

The Company has developed in-house expertise to evaluate and undertake proposals for following product offerings:

- Short-term Corporate Financing
- Structured Product Financing
- Margin Funding
- Acquisition Financing

Money Matters believes that this service vertical will open window of opportunity for advisory business (debt and private equity) as well and vice versa.

5. Financial Turnaround Advisory

Financial Turnaround Advisory is a very specialized service vertical. During the FY2010-11 Money Matters offered following services in this vertical:

- Financial restructuring of the liabilities
- Recapitalizing / Reorganization of Debt / Equity of the company
- Induction of strategic Investor / Partner



Management Discussion & Analysis

SWOT Analysis

Strengths:

1. Offering one-stop solution for corporate finance services
2. Knowledge of regulatory environment in offering customized financial solutions
3. Need based fund based offering
4. Proven track record of servicing large sized corporate houses
5. Flat structure enabling quick turnaround of transactions

Weaknesses:

1. Major dependence on Credit Syndication and Debt Capital Market
2. Presence primarily in domestic market

Opportunities:

1. Continued economic growth would provide multiple opportunities for the Company's business model, which encompass offerings from advisory services to fund based activities.
2. The lean team with quick decision and operation turnaround time will be in better position to close transactions faster
3. Cross selling of service offerings will help the Company to have larger share of the Clients' servicing requirements

Threats:

1. Attrition of key team members
2. Fortunes linked with the movements in the economy

Outlook:

The Bond Market in India with the liberalization has been transformed completely. The bond market has immense potential in raising funds to support the infrastructural development undertaken by the government and expansion plans of the companies. In a bid to boost investment in the infrastructure sector, in March 2011 the Reserve Bank of India has raised the limit of FII investment in listed non-convertible debentures and bonds issued by core segment companies by \$20 billion. In view of these developments, Bond Markets in India is all set to unveil immense growth opportunities

benefiting the financial services sector. Money Matters as an active intermediary is well positioned to benefit from the unfolding opportunity.

The Company will also undertake cross selling of its offering to increase its revenues from advisory as well asset financing business. This enviable product offering will also provide an unique opportunity to the Company.

Risks and Concerns:

While any business is far from being a risk free activity, the financial services sector is more prone to risk. To combat this Money Matters follows a process of risk management that comprises risk identification, risk analysis and measurement. This is followed by creating a suitable risk mitigation or management framework covering control activities/procedures.

Some of the key risks that the Company manages are listed herein:

Non Performing Loans / Assets (NPL/NPA) risk:

Risk: Any lending or investment activity is prone to the risk of being a non performing loan or asset. With company now focusing on lending / investment business as a major product in the offerings basket, the Company will face the risk of NPLs or NPAs.

Risk mitigation strategy: All NFBC engaged in lending activities are required as per the guidelines of RBI to have proper committees for evaluation of any lending / investment proposal. Accordingly Money Matters has also, under the guidance of eminent Board members constituted investment / lending committee which takes care of any proposal that is being taken up for lending / investment. The committee has outlined a detailed process which is duly followed before any disbursement is undertaken. This reduces, to a large extent, probability of NPL/NPA.

Macroeconomic risk:

Risk: Economy is a dynamic reality and is affected by various extraneous factors such as change in government fiscal, monetary policies. The uncertainty in investment policies have resulted in negative outlook towards investments. This has resulted in various projects being either stalled or scrapped. This development has further reduced the scope for advisory business. Inflow of funds from foreign sources has also reduced due to global developments where the western world is still struggling with the sluggish economic progress.



Management Discussion & Analysis

Risk mitigation strategy: The Company follows a de-risk business strategy and has established its client base across diverse sectors thereby insulating it from dependence on any particular sector.

People risk:

Risk: Staff attrition and non-availability of key personnel affect the company's operations.

Risk mitigation strategy: The Company adopts performance based promotions and rewards, conflict resolution mechanism, sound pay and incentive structure to attract and retain talent.

Market risk:

Risk: The Company has investments in bonds and other fixed income instruments. The Company is exposed to credit and interest rate risk.

Risk mitigation strategy: The Company has a stringent investment policy and risk management structure to manage the value at risk on the portfolio.

Competition risk:

Risk: Increasing competition from domestic and international companies may affect market share and profitability.

Risk mitigation strategy: The Company has diversified its product offerings. This would result in cross selling of various

offerings to existing clients by leveraging on the long-standing relationships with them and in acquisition of new clients.

Human Capital

The Company builds and nurtures a strong talent pool to achieve operational excellence. The Company believes and encourages the employees to bring their entrepreneurial spirits to the fore in the respective domains. Money Matters has been conferred with "Amity HR Excellence Award for Performance Management" at the Global HR Summit of Amity International. The award is a testimony to our continuous focus on enrichment of human capital.

Internal Controls and Adequacy

The Company has adequate system of internal control for business processes with regard to operations, financing reporting, compliance with applicable laws and regulations etc.

Cautionary Statement

Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied.



Report on Corporate Governance

Excellence in performance is directly linked to an organisation's philosophy of Corporate Governance. Keeping this important dictum in view, your Company has always placed major thrust on managing its affairs with diligence, transparency, responsibility and accountability.

The detailed report on Corporate Governance for the financial year ended March 31, 2011, as per the format prescribed by Securities and Exchange Board of India and incorporated in clause 49 of the listing agreement with stock exchanges, is set out below:

CORPORATE GOVERNANCE PHILOSOPHY

Company's Philosophy on Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long-term shareholder value and enhances interests of other stakeholders.

It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder value.

BOARD OF DIRECTORS

Composition of the Board

The Company has maintained an optimum combination of Executive and Non-Executive Directors. As of March 31, 2011, the Board of Directors (the 'Board') consisted of Four (4) members of which Three (3) are Independent Directors. The Independent Directors bring independent judgment in the Board's deliberations and decisions. Considering the stringent requirement of the skill-sets on the Board, eminent persons, having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions, are considered by the Nomination Committee for appointment, inter-alia, of independent directors on the Board. The number of directorships and memberships held in various committees of other companies by such persons is also considered. The Board considers the recommendations of the Nomination Committee and takes appropriate decisions.

Your Company has an Executive Chairman and the management of the Company is headed by the Chairman & Managing Director, who operates under the overall supervision, direction and

control of the Board. The Board reviews and approves strategy and oversees the actions and results of the management to ensure that the long-term objectives of enhancing stakeholder value are met.

Apart from receiving the sitting fees and out of pocket expenses on actual basis, if any that Independent Directors are entitled to receive under the Companies Act, 1956, none of the Independent Directors has any other material pecuniary relationship or transactions with the Company, or its Promoters, Directors, the Management, subsidiaries and associates, which in their judgment would affect their independence.

Directors' Profile

A brief resume of all the Directors, nature of their expertise in specific functional areas are given below:

Mr. Rajesh Sharma, the Chairman and Managing Director, is a Chartered Accountant, has over 17 years of experience in Capital Market and Financial Advisory Services. As a founder entrepreneur, he has been instrumental in making Money Matters Financial Services Limited (MMFSL) one of the leading Financial Services players in India. He brings in rich experience in loan syndication, innovating new financial products, designing investment strategies for clients and financial risk management.

Mr. Dinesh Chandra Babel, Independent Director, is a Chartered Accountant and LLB with an experience that spans over 40 years in the Industry. He is also a member of National Productivity Council, Surveyor & Loss Assessors Association.

Through his career he worked with Birla Corporation Limited, J K Corporation Limited, Jai Prakash Industries India Limited, Hindustan Development Corporation Limited, Birla Yamaha Limited, PSM Limited and Ispat Industries Limited.

Mr. Beni Prasad Rauka, Independent Director, is a Chartered Accountant and Company Secretary with an experience that spans over 23 years in the Finance Industry. Through his career he worked with Category I Merchant Banking firms and finance companies.

Dr. Sanjeev Kumar Sanger, Independent Director, is a working professional who possesses academic degree of M.Com, M. Phil and Ph.D from department of business administration, University of Rajasthan Jaipur.

He has experience of more than 16 year with various blue-chip companies of Indian Corporate sector.



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During the year under review, thirteen (13) meetings of the Board of Directors were held on:

SN	Date of Meeting	SN	Date of Meeting	SN	Date of Meeting	SN	Date of Meeting
1	April 19, 2010	2	July 10, 2010	3	September 08, 2010	4	October 13, 2010
5	November 12, 2010	6	November 27, 2010 (adjourned Board Meeting) originally scheduled on November 26, 2010	7	January 12, 2011 (at 11.00 a.m.)	8	January 12, 2011 (at 5.00 p.m.)
9	January 27, 2011	10	February 05, 2011	11	February 14, 2011 (adjourned Board Meeting) originally scheduled on February 11, 2011	12	February 25, 2011

13 March 14, 2011

The Sixteenth Annual General Meeting was held on September 08, 2010

The Extra Ordinary General Meeting was held on February 25, 2011

The attendance of Directors at Board Meetings and the last Annual General Meeting and Extra Ordinary General Meeting is as follows:

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Whether attended the last AGM	Whether attended the last EGM
Mr. Rajesh Sharma <i>Chairman & Managing Director</i>	13	8	Yes	No
Mr. R. N. Bhardwaj <i>Non Executive Independent Director (upto December 21, 2010)</i>	6	6	Yes	NA
Mr. V. P. Singh <i>Non Executive Independent Director (upto December 21, 2010)</i>	6	6	Yes	NA
Dr. B. Samal <i>Non Executive Independent Director (upto December 04, 2010)</i>	6	6	Yes	NA
Mr. Sanjiv Kapoor <i>Non Executive Independent Director (upto December 02, 2010)</i>	5	4	Yes	NA
Mr. Dinesh Chandra Babel <i>Non Executive Independent Director (from February 05, 2011)</i>	3	3	NA	Yes
Mr. Beni Prasad Rauka <i>Non Executive Independent Director (from January 12, 2011)</i>	6	6	NA	Yes
Dr. Sanjeev Kumar Sanger <i>Non Executive Independent Director (from January 12, 2011)</i>	6	6	NA	Yes
Mr. Pramod Kasat <i>Whole-time Director (from April 16, 2010 to March 12, 2011)</i>	13	13	Yes	Yes

Notes:

1. Mr. Sanjiv Kapoor, Dr. B. Samal, Mr. V. P. Singh and Mr. R. N. Bhardwaj Non Executive Independent Directors of the Company resigned with effect from December 02, 2010, December 04, 2010, December 21, 2010 and December 21, 2010 respectively and Board noted their resignation in the Board Meeting held on Dated January 12, 2011.
2. Mr. Beni Prasad Rauka and Dr. Sanjeev Kumar Sanger were appointed as Additional Directors (Independent) w.e.f January 12, 2011.
3. Mr. Dinesh Chandra Babel was appointed as an Additional Director (Independent) w.e.f February 05, 2011.
4. Mr. Pramod Kasat whole- time Director of the Company resigned with effect from March 12, 2011 and Board approved his resignation in the Board Meeting held on March 14, 2011.



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The composition of the Board, category of Directors and number of memberships/chairmanships of Directors in the Boards and Board Committees as on March 31, 2011, are as follows:

Name of the Director	Total no. of Directorships	Total no. of Memberships of the committees of Board		Total no. of Chairmanships of the committees of Board	
		Memberships in audit / investor grievance committees	Memberships in other committees	Chairmanships in audit / investor grievance committees	Chairmanships in other committees
Mr. Rajesh Sharma	35	1	1	Nil	7
Mr. Beni Prasad Rauka	11	2	8	2	1
Dr. Sanjeev Kumar Sanger	4	2	6	Nil	Nil
Mr. Dinesh Chandra Babel	2	3	4	1	Nil

Notes:

1. While considering the total number of directorships of Directors, their directorships in private companies, section 25 companies, foreign companies, if any, have been considered including their directorship in the Company.
2. The memberships and chairmanships of Directors in committees of public limited companies also include their memberships and chairmanships in the Company.

A) Audit Committee

Pursuant to section 292A of the Companies Act, 1956, and clause 49 of the listing agreement, the Company has a qualified and independent Audit Committee comprising Independent and Non-Executive Directors.

Terms of Reference

The terms of reference of Audit Committee are wide enough, covering the matters specified in clause 49 of the listing agreement as well as in section 292A of the Companies Act, 1956, which inter alia are as under:

- a) Overseeing the Company's financial reporting process and disclosure of its financial information.
- b) Reviewing the results and accounts at the end of a quarter, half year and the full year before submission to the Board, focusing particularly on:
 - 1) any changes in accounting policies and practices;
 - 2) major judgmental areas;
 - 3) significant adjustments resulting from the audit;
 - 4) the going concern assumption;
 - 5) compliance with accepted accounting standards;
 - 6) compliance with stock exchanges and legal standards.
- c) Considering the appointment of the statutory auditors, internal auditors, tax auditors, their audit fees, and any matters of resignation or dismissal;
 - d) Discussing with the statutory auditors before the audit commences, the nature and scope of the audit;
 - e) Discussing problems and reservations arising from the statutory audit, and any matters the statutory auditor may wish to discuss (in the absence of the management, where necessary);
 - f) Reviewing the statutory auditors' reports and presentations and Management's response thereto;
 - g) Reviewing the effectiveness of the system of internal financial control and discussing the same periodically with the statutory auditors, prior to the Board making its statement thereon;
 - h) Reviewing the internal audit programme, ensuring co-ordination between the internal and statutory auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and to request internal auditor to undertake specific audit projects, having informed the management of their intentions;
 - i) Considering the major findings of internal investigations and managements response;
 - j) Considering any material breaches or exposure; breaches of regulatory requirements or of ethical codes of practice to which the Company subscribes, or of any related codes, policies and procedures, which could have a material effect on the financial position or contingent liabilities of the Company;

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- k) Reviewing policies and procedures with respect to directors and officers expense accounts, including their use of corporate assets, and considering the results of any review of these areas by the internal auditors or the statutory auditors;
- l) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- m) Carrying out any other functions as may be falling within the terms of reference of the Audit Committee or as may be delegated to the Committee from time to time.

During the financial year 2010-11, four meetings of the Audit Committee were held on April 19, 2010, July 10, 2010, November 12, 2010 and February 14, 2011

Composition as of March 31, 2011 & details of meetings held

Name of the Member	No. of Meetings Held	No. of Meetings Attended
Mr. Beni Prasad Rauka - <i>Chairman</i>	1	1
Dr. Sanjeev Kumar Sanger	1	1
Mr. Dinesh Chandra Babel	1	1
* Mr. R. N. Bhardwaj - <i>Chairman</i>	3	3
*Dr. B. Samal	3	3
*Mr. Rajesh Sharma	3	3

*Notes:

1. *Mr. R. N. Bhardwaj and Dr. B. Samal resigned as Directors with effect from December 21, 2010 and December 04, 2010 consequently they ceased to be member of the Committee.*
2. *The Audit Committee was reconstituted on February 05, 2011 by inducting Mr. Beni Prasad Rauka as Chairman, Dr. Sanjeev Kumar Sanger and Mr. Dinesh Chandra Babel as Members of the Committee and Mr. Rajesh Sharma resigned from the committee.*

B) Compensation & Remuneration Committee

The Compensation Committee and the Remuneration Committee, which earlier existed as separate committees, were merged into a single committee namely, the Compensation & Remuneration Committee with effect from July 10, 2010.

The terms of reference of the Compensation & Remuneration Committee were realigned accordingly.

The composition of the Committee was also changed w.e.f

February 05, 2011 the revised composition is as follows

Mr. Rajesh Sharma	Chairman
Mr. Beni Prasad Rauka	Member
Mr. Dinesh Chandra Babel	Member
Dr. Sanjeev Kumar Sanger	Member

Terms of Reference

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to determination on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages and any compensation payment for the Managing Director and Whole-time Directors of the Company. The role of the Committee includes:

- To provide independent oversight of and to consult with the management regarding the Company's compensation, bonus, incentive, pension and other benefit plans, policies and practices applicable to the Company's executive management.
- To develop guidelines for (a) the annual basic salary, (b) the annual incentive and bonus, including the specific goals and amount and (c) equity compensation for Directors and the other executive officers of the Company.
- To review and approve compensation and/or other arrangements for the Managing Director, Executive Directors and Manager of the Company.
- The Committee is responsible to formulate the detailed terms and conditions of the ESOP which inter-alia include:
 - i) the quantum of Stock Options to be granted under the Company's ESOP per employee and in aggregate;
 - ii) the conditions under which Stock Options vested in employees may lapse in case of termination of employment for misconduct;
 - iii) the exercise period within which the employee should exercise the Stock Options and that the Stock Options would lapse on failure to exercise the Stock Options within the exercise period;
 - iv) the specified time period within which the employee shall exercise the vested Stock Options



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- in the event of termination or resignation of an employee;
- v) the right of an employee to exercise all the Stock Options vested in him at one time or at various points of time within the exercise period;
- vi) the procedure for making a fair and reasonable adjustment to the number of Stock Options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.

During the year under review, the Committee did not meet.

Remuneration policy of the Company

For Managing Director:

The Managing Director and Whole-time Directors are paid a

fixed quantum of salary and perquisites. They are also eligible for such percentage of commission/incentive as may be recommended by the Compensation/Remuneration Committee based on the overall performance of the Company, which shall be within the overall limits permissible under the Companies Act, 1956 and as approved by the Shareholders.

For Non Executive Independent Directors:

Non Executive Directors get sitting fees for attending each meeting of the Board of Directors and reimbursement of out-of-pocket expenses incurred, wherever applicable, for attending such meetings. The sitting fee payable per meeting of the Board of Directors is ₹ 20,000/- and per Committee Meeting is ₹ 10,000/-.

The details of sitting fees/remuneration paid to Directors during the year 2010-11, are as under:

Sr. No.	Name of the Director	Sitting Fees for attending Meetings (₹)	Salary and Perquisites (₹)	Incentive/Bonus (₹)	Total (₹)
1	Mr. Rajesh Sharma	Nil	7,244,467	20,000,000	27,244,467
2	Mr. Pramod Kasat	Nil	8,867,571	Nil	8,867,571
3	Mr. Beni Prasad Rauka	140,000	Nil	Nil	140,000
4	Dr. Sanjeev Kumar Sanger	140,000	Nil	Nil	140,000
5	Mr. Dinesh Chandra Babel	70,000	Nil	Nil	70,000
6	Mr. Sanjeev Kapoor	60,000	Nil	Nil	60,000
7	Dr. B. Samal	140,000	Nil	Nil	140,000
8	Mr. V. P. Singh	130,000	Nil	Nil	130,000
9	Mr. R. N. Bhardwaj	150,000	Nil	Nil	150,000

Notes:

1. Mr. Rajesh Sharma was appointed as the Managing Director of the Company for a period of five years with effect from January 24, 2009. His remuneration includes the salary of ₹ 7,140,000/- and perquisites of ₹ 104,467/- Further he received incentive/ bonus of ₹ 20,000,000/-. His appointment may be terminated by giving three months notice in writing or salary in lieu thereof. No severance fees are payable on termination of his employment.
2. The remuneration paid to Mr. Pramod Kasat as Whole-time Director includes the salary of ₹ 8,600,664/- and perquisites of ₹ 266,907/-.
3. Mr. Sanjiv Kapoor, Dr. B. Samal, Mr. V. P. Singh and Mr. R. N. Bhardwaj Non Executive Independent Directors of the Company resigned with effect from December 02, 2010, December 04, 2010, December 21, 2010 and December 21, 2010 respectively and Board noted their resignations in their Board Meeting Dated January 12, 2011.
4. Mr. Beni Prasad Rauka and Dr. Sanjeev Kumar Sanger were appointed as Additional Directors (Independent) w.e.f January 12, 2011.
5. Mr. Dinesh Chandra Babel was appointed as an Additional Director (Independent) w.e.f February 05, 2011.
6. Mr. Pramod Kasat whole-time Director of the Company resigned with effect from March 12, 2011 and Board approved his resignation in the Board Meeting held on March 14, 2011.



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Details of Shares / Warrants held by the Directors as on March 31, 2011, are as below:

Name of the Director	No. of Shares held	No. of Warrants held
Mr. Rajesh Sharma	8,971,159	Nil
Mr. Beni Prasad Rauka	Nil	Nil
Dr. Sanjeev Kumar Sanger	Nil	Nil
Mr. Dinesh Chandra Babel	Nil	Nil

Notes:

- The Company had issued 18,000,400 detachable warrants along with the Equity Shares at the time of Rights issue and allotted the same on March 27, 2009. Out of the above 750,705 Warrants have been converted into equity shares during the first conversion period during FY2009-10.
- During the current financial year the promoters and promoter group have surrendered their warrants aggregating 13,515,208 Warrants. Now 3,734,487 warrants are outstanding for conversion into equity shares at the option of the warrant holders. The Warrants are listed on the Bombay Stock Exchange Limited (BSE) since April 08, 2009. The period for second conversion of warrants commenced from December 27, 2010 and ended on March 26, 2011 as per the revised schedule approved by the warrants holders in their meeting held on December 16, 2009.

The Warrant exercise price for the second exercise period was ₹ 485.36. Further as per the statement from the bankers to the issue, NONE of the warrants holders had opted for conversion.

C) Shareholders'/Investors' Grievance Committee

Terms of Reference

The Committee is responsible for redressing shareholders' and investors' complaints/ grievances and, in particular looks into:

- Shareholders' and investors' complaints on matters relating to transfer/transmission/transposition of securities, issue of duplicate shares, non-receipt of annual reports, dividend warrants and matters related thereto.
- Complaints routed through regulatory/statutory authorities and stock exchanges.
- Transfer of amounts to Investor Education and Protection Fund.

The Committee also oversees the performance of MCS Limited, the Registrar and Share Transfer Agent, and recommends measures to improve the level of investor related services. The Committee also keeps a close watch on disposal status of all complaints/grievances of shareholders/investors.

During the financial year 2010-11, four meetings of the Shareholders'/Investors' Grievance Committee were held on April 19, 2010, July 10, 2010, November 12, 2010 and February 14, 2011

Composition as of March 31, 2011 & details of meetings held

Name of the Member	No. of Meetings Held	No. of Meetings Attended
Mr. Beni Prasad Rauka - <i>Chairman</i>	1	1
Mr. Rajesh Sharma	4	3
Dr. Sanjeev Kumar Sanger	1	1
Mr. Dinesh Chandra Babel	Nil	Nil
*Mr. V. P. Singh - <i>Chairman</i>	3	3
*Dr. B. Samal	1	Nil
*Pramod Kasat	3	3

*Notes:

- The Committee was reconstituted on April 19, 2010 by appointing Mr. Pramod Kasat in place of Dr. B. Samal, who resigned as member of the Committee with effect from March 29, 2010 and Mr. V. P. Singh was appointed as the Chairman of the Committee further Mr. V. P. Singh and Mr. Pramod Kasat resigned as Directors with effect from December 21, 2010 and March 12, 2011 respectively and consequently they ceased to be members of the Committee.
- The Committee was reconstituted on February 05, 2011 by inducting Mr. Beni Prasad Rauka as Chairman and Dr. Sanjeev Kumar Sanger as Members of the Committee and the same was further reconstituted on March 14, 2011 by inducting Mr. Dinesh Chandra Babel in place of Mr. Pramod Kasat.

The status of investor complaints is monitored by the Committee periodically and reported to the Board. The complaints received from the shareholders, regulatory, stock exchanges etc. are reviewed and they are expeditiously attended to by the Company/Share Transfer Agent.

Mr. Yogesh Kolwalkar, Vice President (Legal) & Company Secretary, was the Compliance Officer who resigned w.e.f. December 14, 2010 further it was required to appoint a Compliance Officer to comply with statutory requirements, considering the same Company had appointed Mr. Gaurav Kale as a compliance officer in absence the Company Secretary in the Company w.e.f. February 14, 2011 and thereafter Mr. Shyam BhattBhatt, Company Secretary was appointed as a Compliance Officer w.e.f. April 26, 2011.

During the year ended March 31, 2011, the Company received three investor's complaints and the same were resolved within the prescribed time.



Report on Corporate Governance

Further the RTA received the shareholders request as mentioned below and same was resolved:

Source	Opening Balance as on 01.04.10	Received during the period	Replied during period	Closing Balance as on 31.03.11
Request for change of address	–	–	–	–
Request for transfer /transmission of securities /deletion of name	–	1	1	–
Request for change/correction of bank details	–	1	1	–
Request for revalidation/issue of new dividend warrant	–	3	3	–
Request for refund/allotment	–	–	–	–
Request for duplicate certificate	–	4	4	–
Demat queries	–	–	–	–
Conversion of Warrants	–	4	4	–
Miscellaneous	–	5	5	–
Total	–	18	18	–

D) Asset Liability Management Committee

Terms of Reference

The Asset Liability Management Committee (ALCO) is a decision-making unit responsible for balance sheet planning from risk-return perspective, including the strategic management of interest rate and liquidity risks. The operating staff is responsible for analysing, monitoring and reporting risk profiles to ALCO.

During the year under review, the Committee met five times on April 19, 2010, July 10, 2010, October 15, 2010, February 05, 2011 and March 14, 2011.

Composition as of March 31, 2011

Name of the Member	No. of Meetings Held	No. of Meetings Attended
Mr. Rajesh Sharma	5	4
Mr. Ashok Agarwal	5	5
*Mr. Beni Prasad Rauka	2	Nil
*Mr. Dinesh Chandra Babel	1	Nil
*Mr. Suresh Gattani	3	2
*Mr. Pramod Kasat	1	1

*Notes:

- The Committee was reconstituted on February 05, 2011 by appointing Mr. Pramod Kasat and Mr. Beni Prasad Rauka in place of Mr. Suresh Gattani, who resigned as member of the Committee.
- Mr. Pramod Kasat resigned as Director with effect from March 12, 2011 consequently ceased to be a member of the Committee. The Committee was reconstituted on March 14, 2011 by inducting Mr. Dinesh Chandra Babel in place of Mr. Pramod Kasat.

E) Nomination Committee

Terms of Reference

Pursuant to the requirements of Circular No. RBI/2006-

2007/385 DNBS.PD/CC 94/03.10.042/2006-07 dated May 8, 2007 issued by the Reserve Bank of India regarding Guidelines on Corporate Governance, the Company had formed the Nomination Committee of Directors on December 16, 2009 to assist the Board in ensuring 'fit and proper' status of proposed/existing Directors of the Company.

During the year under review, the Committee met on April 19, 2010 and July 10, 2010.

Composition as of March 31, 2011 & details of meetings held

Name of the Member	No. of Meetings Held	No. of Meetings Attended
Mr. Rajesh Sharma	2	2
*Mr. V.P. Singh	2	2
*Mr. R.N. Bhardwaj	2	2
*Mr. Beni Prasad Rauka	Nil	Nil
*Dr. Sanjeev Kumar Sanger	Nil	Nil

*Notes:

The Committee was reconstituted on February 05, 2011 due to resignation of Mr. R. N. Bhardwaj and Mr. V.P. Singh and appointment of Mr. Beni Prasad Rauka and Dr. Sanjeev Kumar Sanger as members.

F) Risk Management Committee

Terms of Reference

Pursuant to the requirements of Circular No. RBI/2006-2007/385 DNBS.PD/CC 94/03.10.042/2006-07 dated May 8, 2007 issued by the Reserve Bank of India regarding Guidelines on Corporate Governance, the Company had formed the Risk Management Committee of Directors on December 16, 2009, to manage integrated risk.

Report on Corporate Governance

During the year under review, the Committee met on April 19, 2010.

Composition as of March 31, 2011 & details of meetings held

Name of the Member	No. of Meetings Held	No. of Meetings Attended
*Dr. B Samal	1	1
*Mr. V. P Singh	1	1
Mr. Rajesh Sharma	1	1
*Mr. Beni Prasad Rauka	Nil	Nil
*Dr. Sanjeev Kumar Sanger	Nil	Nil

*Notes:

The Committee was reconstituted on February 05, 2011 due to resignation of Dr. B. Samal and Mr. V.P. Singh and appointment of Mr. Beni Prasad Rauka as the Chairman and Dr. Sanjeev Kumar Sanger as member.

G) Securities Transfer Committee

The Board of Directors, at its meeting held on April 19, 2010, has constituted Securities Transfer Committee to look into and examine the activities relating to securities transfers/transmissions/deletion of names/transpositions/name change/ issue of duplicate share/warrant certificates/split/consolidation of folio/consolidation of share certificates or matters related thereto.

Terms of Reference

- To review and approve transfer of securities;
- To review and approve transposition of securities;
- To review and approve transmission of securities;
- To review and approve deletion of names from security certificates;
- To review and approve transposition of names in security certificates;
- To review and approve consolidation of security certificates/folios;
- To review and approve split of security certificates;
- To review and approve the change of name of security holder on security certificates;
- To review and approve issue of duplicate security certificates;
- To review the dematerialisation of securities;
- To review and approve the rematerialisation of securities;
- To review and approve the compensation payable to the Registrar and the Share Transfer Agents of the Company;
- To monitor the movements of security holding of the Company;

- To review disputes relating to the ownership of securities of the Company;
- To assess the quality of services rendered by the Registrar and Share Transfer Agents of the Company.

During the year under review, the Committee met Five Times on June 16, 2010, November 04, 2010, November 12, 2010, December 16, 2010 and March 24, 2011.

Composition as of March 31, 2011 & details of meetings held

Name of the Member	No. of Meetings Held	No. of Meetings Attended
Mr. Rajesh Sharma	5	4
Mr. Ashok Agarwal	5	5
*Mr. Beni Prasad Rauka	1	1
*Mr. Yogesh Kolwalkar	4	3
*Mr. Suresh Gattani	4	3
*Mr. Pramod Kasat	4	4

*Notes:

The Committee was reconstituted on February 05, 2011 due to resignation of Mr. Suresh Gattani, Mr. Pramod Kasat and Mr. Yogesh Kolwalkar and Mr. Beni Prasad Rauka was appointed as a member of the Committee.

H) Securities Issue & Allotment Committee

The Board of Directors, at its meeting held on July 10, 2010, has constituted Securities Issue & Allotment Committee, which would be responsible for making allotment and issue of the Company's securities either in physical and/or dematerialized mode and perform all other activities related thereto.

During the year under review, the Committee met Two Times on October 15, 2010, and October 20 2010

Composition as of March 31, 2011 & details of meetings held

Name of the Member	No. of Meetings Held	No. of Meetings Attended
Mr. Rajesh Sharma	2	2
*Mr. Pramod Kasat	2	2
* Dr. B Samal	2	2
* Mr. R. N Bhardwaj	2	2
*Mr. Beni Prasad Rauka	Nil	Nil
*Dr. Sanjeev Kumar Sanger	Nil	Nil

*Notes:

The Committee was reconstituted on February 05, 2011 due to resignation of Mr. R. N Bhardwaj, Mr. Pramod Kasat and Dr. B. Samal and appointment of Mr. Beni Prasad Rauka and Dr. Sanjeev Kumar Sanger as members of the Committee.



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I) Business Development Committee

The Board of Directors, at its meeting held on July 10, 2010, has constituted Business Development Committee to look into and decide on the routine matters of day-to-day nature to ensure smooth and efficient functioning of the Company.

Terms of Reference

The Business Development Committee would look into, among other things, the following areas:

- Opening and/or closing of banking, demat and other accounts
- Change in the authorised signatories to the aforesaid accounts;
- Acquiring residential premises and commercial premises for housing branch offices;
- Authorising senior officials of the Company to initiate, defend and represent legal suits and/or criminal proceedings of routine nature on Company's behalf;
- Authorising officials to sign, execute and file various returns, forms, other relevant documents of routine nature with various authorities like Income Tax, Service Tax, Shops and Establishment Act, Provident Fund & Miscellaneous Provisions Act, ESIC etc.;
- Issuing Power of Attorneys in favour of officials of the Company for carrying out day-to-day business operations;
- Giving loans, making investments of surplus funds and giving guarantees and offering corporate security, such that at any given point in time the aggregate amount of loans, investments, guarantees and corporate security shall not exceed ₹ 200 crores;
- Formation of subsidiaries in India and abroad and subscription to their share capital and to take all other steps as may be necessary or incidental thereto;
- Any other decision of routine nature having bearing on the day-to-day business operations of the Company and not requiring specific approval of the Board of Directors;

The Committee was reconstituted on February 05, 2011 due to resignation of Mr. R. N. Bhardwaj, Mr. V.P. Singh and Mr. Pramod Kasat and now comprises of Mr. Rajesh Sharma as the Chairman and Mr. Beni Prasad Rauka, Dinesh Chandra Babel and Dr. Sanjeev Kumar Sanger as other members.

During the year under review, the Committee did not meet.

J) GENERAL BODY MEETINGS

Details of last three Annual General Meetings (AGMs):

Particulars	2009-10	2008-09	2007-08
Date and Time	September 08, 2010 03.00 p.m.	September 22, 2009 11:00 a.m.	September 13, 2008 10:00 a.m.
AGM	16th AGM	15th AGM	14th AGM
Venue	Kilachand Conference Room, Indian Merchants' Chamber, LNM IMC Bldg., Opp. Churchgate Station, Churchgate, Mumbai-400020	Kilachand Conference Room, Indian Merchants' Chamber, LNM IMC Bldg., Opp. Churchgate Station, Churchgate, Mumbai-400020	1-B, Court Chambers, 35, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai-400020
Any Special Resolution passed	Yes	Yes	Yes

a) At the 14th AGM held on September 13, 2008, special resolutions were passed for:

- i. Appointment of Mr. Suresh Gattani as Whole-time Director and fixing of his remuneration.
- ii. Change in the Name of the Company from Dover Securities Limited to Money Matters Financial Services Limited.

b) At the 15th AGM held on September 22, 2009, special resolutions were passed for:

- i. Creation, offer, issue and allotment of Stock Options to eligible permanent employees, including Executive Directors of the Company u/s 81(1A) of the Companies Act, 1956.
- ii. Creation, offer, issue and allotment of Stock



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Options to eligible permanent employees, including Executive Directors of subsidiary companies u/s 81(1A) of the Companies Act, 1956.

- iii. Grant of 2,700,000 Stock Options, which exceeded 1% of the issued capital of the Company as on August 21, 2009.
- c) At the 16th AGM held on September 08, 2010:
 - i. Company announced Postal Ballot result for setting up of limits under section 293(1)(a) (ordinary resolution) and section 372A (special resolution) of the Companies Act, 1956
 - ii. Special Resolution was passed for granting of ESOPs in excess of 1% of the Issued Capital of the Company.
 - iii. Special Resolution was passed for raising of funds by further issue of capital.
 - iv. Special Resolution was passed for permitting Nominee Directors to retain sitting fees and other pecuniary benefits received from Subsidiaries of the Company.
- d) Special Resolution under Section 17, 18 and other applicable provisions of the Companies Act, 1956 was passed through Postal Ballot during the financial year 2010-11, for the alteration in main object clause of Memorandum of Association of the Company by enlarging the existing sub clauses 1 and 2 and deleting sub clauses 3, 4 and 5 as contained in clause III (A).

K) DISCLOSURES

1. The Company did not have any material significant related party transaction having a potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in the Notes to the accounts forming part of the Annual Report.
2. The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory/regulatory authorities on all matters related to capital markets during the last three years.
3. No strictures were imposed on the Company by any regulatory authority on any matter related to the capital market during the last three years.

L) ADOPTION OF MANDATORY AND NON-MANDATORY REQUIREMENTS OF CLAUSE 49

The Company has complied with all mandatory

requirements and has adopted the following non-mandatory requirements of clause 49.

Remuneration Committee

The Company has constituted Compensation & Remuneration Committee to recommend/review remuneration of the Managing Director and Whole-time Directors based on their performance and defined assessment criteria.

Whistle Blower Policy

In an effort to enhance transparency and fair practice, The Company has adopted and institutionalised a mechanism of reporting illegal or unethical instances. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate superiors. Such reports are received and placed at the Audit Committee and the anonymity of those reporting violations is maintained.

M) DISCLOSURE UNDER CLAUSE 53 OF THE LISTING AGREEMENT REGARDING CERTAIN AGREEMENTS WITH THE MEDIA COMPANIES

Pursuant to the requirement of Clause 53 of the Listing Agreement, the Company would like to inform that no agreement(s) have been entered with media companies and/or their associates which has resulted/will result in any kind of shareholding in the Company and consequently any other related disclosures viz., details of nominee(s) of the media companies on the Board of the Company, any management control or potential conflict of interest arising out of such agreements, etc. are not applicable. Nor has the Company entered into any other back to back treaties/contracts /agreements/MoUs or similar instruments with media companies and/or their associates.

N) CMD & CFO CERTIFICATION

The Chairman & Managing Director (CMD) and Sr. Vice President-F&A of the Company give annual certification on financial reporting and internal controls to the Board in terms of clause 49 of the Listing Agreement. The Chairman & Managing Director and Sr. Vice President-F&A also give quarterly certification on financial results while placing the financial results before the Audit Committee and Board.

O) MEANS OF COMMUNICATION

The quarterly and half yearly results are published in widely circulating national and local newspapers, such as The Asian Age/Economic Times in English and Mumbai Lakshdeep in vernacular language. The same are displayed on the web



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site of the Company i.e. www.money-matters.in. These are not sent individually to the shareholders.

P) GENERAL SHAREHOLDER INFORMATION

Company Registration Details:

The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L65921MH1994PTC173469.

Annual General Meeting: (Day, Date, Time and Venue)

Monday, July 25, 2011 at 11:30 a.m.

Conference Room,
Indian Merchants' Chamber,
LNM IMC Bldg., Opp. Churchgate Station,
Churchgate, Mumbai-400 020

Book Closure Date:

July 18, 2011 till July 25, 2011 (both days inclusive)

Financial Calendar (tentative):

Financial Year - April 1, 2011 to March 31, 2012

Results for the quarter ending -

June 30, 2011 - By second week of August, 2011
September 30, 2011 - By second week of November, 2011
December 31, 2011 - By second week of February, 2012
March 31, 2012 - By second week of May, 2012

Annual General Meeting - By September, 2012

Dividend

The Board of Directors of the Company, at its meeting held

on November 12, 2010, had declared an interim dividend of ₹ 1.25 per share (i.e.12.50%). Payment of the interim dividend was made in November 2010. The Board has not recommended any final dividend.

Listing on Stock Exchanges:

Equity Shares of the Company are listed on ISIN: INE180C01018	BOMBAY STOCK EXCHANGE LTD. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Code: 531595 NATIONAL STOCK EXCHANGE OF INDIA LTD. Listing Department Exchange Plaza, 5th Floor, Bandra-kurla Complex, Bandra (East), Mumbai - 400 051. Code: MMFSL
Warrants of the Company are listed on ISIN: INE180C13013	BOMBAY STOCK EXCHANGE LTD. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Code: 961680

Listing Fees up to the Financial Year 2010-11 have been paid in full.

Depository Connectivity

The Company has connectivity with the following Depositories:

National Securities Depository Limited (NSDL)
Central Depository Services (India) Limited (CDSL)

Stock Market Price Data of Equity Shares:

Month	Bombay Stock Exchange Limited (BSE) (In ₹ per share)			National Stock Exchange of India Limited (NSE)* (In ₹ per share)		
	Month's High Price	Month's Low Price	Monthly volume	Month's High Price	Month's Low Price	Monthly volume
April 2010	502.25	416.00	617,596	NA	NA	NA
May 2010	515.00	420.00	821,648	NA	NA	NA
June 2010	541.00	470.00	1,402,103	NA	NA	NA
July 2010	704.40	500.50	2,761,355	NA	NA	NA
Aug 2010	685.00	604.25	3,678,003	NA	NA	NA
Sep-2010	680.00	605.00	5,421,430	NA	NA	NA
Oct 2010	787.00	612.00	5,700,124	806.00	666.15	187,361
Nov 2010	720.00	309.90	3,502,399	712.00	311.35	1,402,300
Dec 2010	294.45	117.55	1,111,554	295.80	117.60	1,280,664
Jan 2011	134.80	97.05	1,187,374	134.00	95.15	1,226,685
Feb 2011	132.00	92.40	704,963	134.40	93.05	525,300
Mar 2011	96.90	77.55	1,494,053	96.80	77.80	1,033,580

*Note: NSE listed MMFSL's Shares on October 29, 2010

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Stock Market Price Data of warrants:

Month	Bombay Stock Exchange Limited (BSE) (In ₹ per warrant)		
	Month's High Price	Month's Low Price	Monthly volume
April 2010	44.80	33.20	12,854
May 2010	48.95	26.50	3,065
June 2010	42.00	34.00	3,156
July 2010	54.00	34.00	7,270
Aug 2010	50.00	32.15	7,445
Sep-2010	61.90	40.00	2,217
Oct 2010	63.90	44.00	43,414
Nov 2010	83.90	30.15	11,877
Dec 2010	25.99	8.82	8,550
Jan 2011	21.95	14.25	3,044
Feb 2011	23.75	16.01	5,526
Mar 2011	32.54	9.55	12,281

Share / Warrant price performance in comparison to broad based indices - BSE sensx and NSE as on March 31,2011

MMFSL		Sensex	Nifty*
Shares	Warrants	BSE	NSE
(81.11%)	(69.19%)	10.94%	11.14%

*Note: NSE listed MMFSL's Shares on October 29, 2010

Registrar and Share Transfer Agents:

MCS Limited
21 & 22, Gr. Floor,
P. D. Mello Road,
Ghadial Godi, Masjid (East),
Mumbai 400 009.
Tel: 022-2372623/55, 022-67439092
Telefax: 022-23726256/23726252
E-mail: mcspanvel@yahoo.co.in

Share Transfer System:

Security transfers are processed and security certificates are returned within a period of 15 days from the date of receipt, subject to all documents being valid and complete in all respects. The Board of Directors has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Securities Transfer Committee. The minutes of the Securities Transfer Committee meetings are placed before the Board. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities, as required under clause 47(c) of the listing agreement, and files a copy of the certificate with the Bombay Stock Exchange Limited, at which the shares of the Company are listed.

Shareholding Pattern as on March 31, 2011:

Category	No. of Shares	% of Holding
A) Promoters Holding		
Individuals	9,309,694	26.70
Bodies Corporate	9,871,453	28.31
Sub- Total	19,181,147	55.01
B) Non- Promoters Holding		
1) Foreign Institutional Investors	6,473,339	18.57
Sub- Total	6,473,339	18.57
2) Non- Institutions		
• Bodies Corporate	8,318,241	23.86
• Individuals	872,344	2.50
• Non Resident Indians	23,387	0.07
Sub- Total	9,213,972	26.42
Grand Total	34,868,458	100.00



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Share Holders Distribution Schedule as on March 31, 2011:

Rang	No of Share Holders	%	No of Shares	%
1 - 500	3,786	91.38	340,353	0.98
501 - 1000	170	4.10	137,998	0.39
1001 - 2000	67	1.62	100,461	0.29
2001 - 3000	31	0.75	79,218	0.23
3001 - 4000	16	0.39	55,626	0.16
4001 - 5000	17	0.41	81,318	0.23
5001 - 10000	14	0.34	93,818	0.27
10001 - 50000	19	0.46	394,427	1.13
50001 - 100000	3	0.07	241,762	0.69
And Above	20	0.48	33,343,477	95.63
Total	4,143	100	34,868,458	100

Warrant Holder details as on March 31, 2011:

Category	No. of Warrants	% of Holding
A) Promoters Holding		
Individuals	0	0
Bodies Corporate	0	0
Sub- Total	0	0
B) Non- Promoters Holding		
1) Foreign Institutional Investors	0	0
Sub- Total	0	0
2) Non- Institutions		
• Bodies Corporate	3,631,695	97.25
• Individuals	102,792	2.75
Sub- Total	3,734,487	100.00
Grand Total	3,734,487	100.00

Warrant Holders Distribution Schedule as on March 31, 2011:

Rang	No of Warrant Holders	%	No of Warrants	%
1 - 500	149	73.76	20,164	0.54
501 - 1000	19	9.41	15,879	0.42
1001 - 2000	13	6.44	20,781	0.56
2001 - 3000	6	2.97	15,553	0.42
3001 - 4000	1	0.49	3,450	0.09
4001 - 5000	2	0.99	9,771	0.26
5001 - 10000	6	2.97	36,835	0.98
10001 - 50000	2	0.99	33,863	0.91
50001 - 100000	1	0.49	154,511	4.14
And Above	3	1.49	3,423,680	91.68
Total	202	100	3,734,487	100



Report on Corporate Governance

Dematerialisation of Equity Shares and Liquidity:

The Company's shares are currently traded only in dematerialised form at NSE & BSE. To facilitate trading in dematerialised form, the Company has tied up arrangements with NSDL and CDSL. Shareholders can open account with any of the depository participants registered with any of these depositories. As on March 31, 2011, about 99.92% of the Company's shares were held in dematerialised form.

The Company has not issued any GDRs/ADRs.

Update of Email Address for Green Initiative in Corporate Governance:

As you all may be aware, Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing Circulars 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, whereby Companies are permitted to send Notices/documents including Annual Report comprising Balance Sheet, Profit & Loss Account, Directors Report, Auditors Report etc. in electronic mode (hereinafter 'documents'), provided the Company has obtained email addresses of its members for sending these documents through email by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time with the Company. Accordingly, shareholders holding shares in physical form, are requested to register their email addresses and changes therein from time to time, by directly sending the relevant email address along with details such as name, address, folio no., no. of shares held to the Registrars and Share Transfer Agents, M/s. MCS Ltd. In respect of shares held in electronic form, the email address along with DP ID/Client ID and other shareholder details as mentioned above, should be registered by the shareholders with their respective Depository Participants. Upon registration of the email address, the Company proposes to send notices and documents, in electronic form, to such shareholders.

Address for Correspondence:

Registered Office:

Money Matters Financial Services Limited
1-B, Court Chambers,
35, Sir Vithaldas Thackersey Marg,
New Marine Lines,
Mumbai-400020
Tel. No. (022) 43548200 / 66518011
Fax No. (022) 22019051
Website: www.money-matters.in

Corporate Office:

Money Matters Financial Services Limited
Merchant Chambers, 4th Floor,
41, Sir Vithaldas Thackersey Marg,
New Marine Lines,
Mumbai-400020
Tel. No. (022) 40888100
Fax No. (022) 40888170
Website: www.money-matters.in

For redressal of complaints & grievances

Please write or contact:-

Mr. Shyam Bhattbhatt

Company Secretary & Compliance Officer
Money Matters Financial Services Ltd.
1-B, Court Chambers,
35, Sir Vithaldas Thackersey Marg,
New Marine Lines, Mumbai-400020.
Tel. No. (022) - 43548200
Email ID for Investor Grievance:
investor_grievance@money-matters.in

Any assistance regarding share transfer and transmission, change of address, non-receipt of dividend, duplicate/missing share certificates, demat and other matters please write to or contact Registrar & Share Transfer Agent of the Company at below address.

M/s. MCS Limited

21&22, Gr. Floor,
P D Mello Road, Ghadial Godi,
Masjid (East),
Mumbai 400 009.
Tel: 022-2372623/55, 022-67439092
Telefax: 022-23726256/23726252
E-mail: mcspanvel@yahoo.co.in

Branch Office:

2nd Floor, Rear Wing
Jeevan Vihar Building
Parliament Street
New Delhi - 110001
Board Line: +91 11 4777 3000
Fax : +91 11 4352 3715

For and on behalf of the Board

Sd/-

Rajesh Sharma

Chairman & Managing Director

Place: Mumbai

Date: May 30, 2011



Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all the Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2011.

For Money Matters Financial Services Limited

Rajesh Sharma
Chairman & Managing Director

Place: Mumbai

Date: May 30, 2011

Compliance Certificate

To,

The Members of Money Matters Financial Services Limited

1. We have examined the compliance of the conditions of Corporate Governance by Money Matters Financial Services Limited for the financial year ended March 31, 2011 as stipulated in clause 49 of the listing agreement of the said Company with the relevant Stock Exchanges (hereinafter referred to as 'clause 49').
2. The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Karnavat & Co.
Chartered Accountants
(Firm Reg. No. 104863W)

Krishna Karundia
Partner
Membership No. 036681

Place: Mumbai

Dated: May 30, 2011



Auditors' Report on the Standalone Financial Statements

TO THE MEMBERS OF MONEY MATTERS FINANCIAL SERVICES LIMITED

1. We have audited the attached Balance Sheet of MONEY MATTERS FINANCIAL SERVICES LIMITED as at 31st March, 2011, the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report Amendment) Order, 2004 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the aforesaid Order.

4. We refer to:

Note No .8(b) of Schedule 22.

Pursuant to the investigations conducted by the Central Bureau of Investigation, ("the CBI") some of the relevant documents in the possession of the Company were seized by the CBI and the reliance is placed by the Statutory Auditors on the evidence supporting the transactions recorded in the books of accounts.

5. Further to our comments in the Annexure referred to in Paragraph 3 above we report that:

i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;

iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;

iv) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

v) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

vi) Subject to our comments in Paragraph 4 above, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid accounts read together with Significant Accounting Policies and Notes on accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011; and

(b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

(c) in case of the Cash Flow Statement, of the Cash flows for the year ended on that date

For and on behalf of
KARNAVAT & CO.
Chartered Accountants
Firm Rgn No. 104863W

Krishna Karundia
Partner

Place: Mumbai
Dated: 30th May 2011

Membership No. 036681



Annexure to the Auditors' Report

Referred to in Paragraph 3 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a system of verifying all its major fixed assets over a period of three years which is, in our opinion, reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified by the management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts.
- (c) During the year, the Company has not disposed off a substantial /major part of fixed assets so as to affect the going concern status of the Company.
- (ii) (a) As per the information and explanation given to us by the management, the inventories of the Company mainly consists of Shares & Securities maintained in electronic (dematerialization) mode and hence no physical verification of inventories of the Company is required. In our opinion, clause ii(a) and ii(b) of Paragraph 4 of the Order are not applicable to the Company.
- (b) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. No discrepancies have been noticed on verification between the stocks as per dematerialization mode and the book records.
- (iii) (a) The Company has granted unsecured loan and advances in the nature of loan to five wholly owned subsidiary parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding involved together with balance due at the end of the previous year was ₹ 15,904.67 Lacs and the year end balance was ₹ 9,047.83 Lacs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest wherever applicable and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company.
- (c) The principal amounts are repayable on demand and there is no repayment schedule. The interest is payable on demand.
- (d) In respect of the said loans, the same are repayable on demand and therefore the question of overdue amounts does not arise. In respect of interest, there is no overdue amount.
- (e) The Company has not taken loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence provisions of paragraph 4(iii)(f) to 4(iii)(g) of the aforesaid Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of services. During the course of our audit, we have not observed any major weakness in such internal controls.
- (v) Based on the audit procedures applied by us, and to the best of our knowledge and belief and according to the information and explanations given to us by the management, we are of the opinion that during the year no contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered into by the Company. Accordingly requirement of clause (v)(a) & (v)(b) of Paragraph 4 of the Order are not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public to which provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are applicable.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and nature of its business.
- (viii) As per the information and explanations given to us by the management, maintenance of cost records under Section 209(1)(d) of The Companies Act, 1956 has not been prescribed by the Company Law Board and hence in our opinion the requirement of clause (viii) of Paragraph 4 of the Order is not applicable to the Company.



Annexure to the Auditors' Report

- (ix) (a) According to the information and explanations given to us by the management and according to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, service tax, wealth tax, and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed arrears of above statutory dues were outstanding, as at 31st March 2011, for a period of more than six months from the date they became payable.
- (x) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred any cash losses during the current financial year and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of its dues to banks.
- (xii) Based on our examination of documents and records and according to the explanations given to us by the management we are of the opinion that the Company has maintained, adequate documents and records in cases where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) As per the information and explanations given to us by the management, the Company is not a Chit Fund or a Nidhi Company. Hence in our opinion, the provisions of any special statute as specified under Clause (xiii) of Paragraph 4 of the Order are not applicable to the Company.
- (xiv) As per the information and explanations given to us by the management and based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. We also report that the Company has held all the shares, securities, and other investments in its own name except to the extent of exemption under section 49 of the Companies Act, 1956.
- (xv) The Company has not given any guarantee for loans taken by others from Bank or financial institution, and accordingly requirement of Paragraph 4(xv) of the aforesaid Order are not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us by the management, the Company has not availed of any term loan during the year.
- (xvii) According to the Cash Flow Statement and the Balance Sheet and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short term basis have, prima-facie, been used for long term investments. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of The Companies Act, 1956 and, therefore, in our opinion clause (xviii) of Paragraph 4 of the Order is not applicable.
- (xix) During the period covered by our audit report, the Company has not issued debentures and therefore clause (xix) of Paragraph 4 of the Order is not applicable.
- (xx) During the period covered by our audit report, the Company has not raised money by way of public issues.
- (xxi) Based upon the audit procedures performed and as per information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KARNAVAT & CO.
 Chartered Accountants
 Firm Rgn No. 104863W

Krishna Karundia
 Partner

Place: Mumbai
 Dated: 30th May 2011

Membership No. 036681

**Balance Sheet as at 31st March 2011**

(Amount in ₹)			
	Schedule	AS AT 31.03.2011	AS AT 31.03.2010
I. SOURCE OF FUNDS			
SHARE HOLDERS FUND			
Share Capital	1	348,684,580	277,513,050
Stock Option Outstanding	2	19,550,546	7,616,022
Reserves & Surplus	3	7,376,884,012	2,363,988,597
LOAN FUNDS			
Secured Loans	4	1,433,736	905
Unsecured Loans		-	-
DEFERRED TAX LIABILITY		85,280	-
Total		7,746,638,154	2,649,118,574
II. APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	44,571,665	21,938,332
Less: Accumulated Depreciation		10,083,157	3,548,949
Net Block		34,488,508	18,389,383
INVESTMENTS		964,931,625	385,503,932
DEFERRED TAX ASSETS		-	389,286
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	2,443,230,846	1,210,125,999
Sundry Debtors	8	30,658,186	64,727,365
Cash & Bank Balances	9	2,081,137,539	258,849,866
Loans & Advances	10	2,235,853,909	831,310,683
		6,790,880,480	2,365,013,913
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	42,506,747	86,328,100
Provisions	12	1,155,712	33,849,840
		43,662,459	120,177,940
NET CURRENT ASSETS		6,747,218,021	2,244,835,973
MISCELLANEOUS EXPENDITURE (To the extent not written off)		-	-
Total		7,746,638,154	2,649,118,574
SIGNIFICANT ACCOUNTING POLICIES		21	
NOTES ON ACCOUNTS		22	

The Schedules referred to above form an integral part of the Balance Sheet

As per Our Report of even date

For **KARNAVAT & CO.**

Chartered Accountants

Firm Registration No. 104863W

Krishna Karundia

Partner

Membership No.036681

Place: Mumbai

Dated: 30th May 2011

For and on behalf of the Board of Directors

Rajesh Sharma

Chairman & Managing Director

Beni Prasad Rauka

Director

Shyam Bhattbhatt

Company Secretary

Place: Mumbai

Dated: 30th May 2011

Dinesh Chandra Babel

Director

Profit & Loss Account for the Year ended 31st March 2011

(Amount in ₹)

	Schedule	Year Ended March 31, 2011	Year Ended March 31, 2010
I. INCOME			
Income from Operations	14	4,783,170,551	10,676,143,341
Other Income	15	4,637,250	6,183,000
	Total	4,787,807,801	10,682,326,341
II. EXPENDITURE			
Cost of sales (Bonds/ Debentures)	16	3,228,765,374	8,685,295,191
Payment to and provision for employees	17	135,391,492	78,627,743
Administrative & Other Expenses	18	162,120,896	183,480,108
Financial Charges	19	6,656,518	15,595,269
Miscellaneous Expenses Written Off	20	–	2,879,252
	Total	3,532,934,279	8,965,877,563
III. PROFIT BEFORE DEPRECIATION, TAXATION & EXCEPTIONAL ITEMS		1,254,873,522	1,716,448,778
Less: Depreciation		6,534,209	3,376,495
IV. PROFIT BEFORE TAXATION & EXCEPTIONAL ITEMS		1,248,339,313	1,713,072,283
Less: Exceptional Item (Refer Note No. 9 of Schedule 22)			
Loss on sale of investments in Joint Venture		4,994,990	–
Share of net loss on termination of Joint Venture		2,236,111	–
V. PROFIT BEFORE TAXATION		1,241,108,212	1,713,072,283
Less Provision for Taxation			
Current Taxes		398,000,000	578,000,000
Deferred Tax		474,566	(705,639)
Income Tax Adjustment of earlier years		(8,856)	(220,542)
Profit After Taxation		842,642,502	1,135,998,464
Add: Balance Brought Forward from Previous Year		1,570,817,381	847,111,504
Profit Available for appropriation		2,413,459,883	1,983,109,968
IV. APPROPRIATIONS			
Transferred to Reserve Fund in terms of Section 45 IC (1) of the Reserve Bank of India Act, 1934		180,000,000	228,342,785
Transferred to General Reserve		50,000,000	120,000,000
Interim Dividend		43,585,573	27,000,600
Proposed Final Dividend		–	27,751,305
Tax on Dividend		7,239,019	9,197,897
Balance carried to Balance Sheet		2,132,635,291	1,570,817,381
Earning Per Share (Before exceptional item)			
Basic (₹)		27.49	41.79
Diluted (₹)		24.14	25.15
Nominal value of Share (₹)		10.00	10.00
Earning Per Share (After exceptional item)			
Basic (₹)		27.26	41.79
Diluted (₹)		23.93	25.15
Nominal value of Share (₹)		10.00	10.00
SIGNIFICANT ACCOUNTING POLICIES	21		
NOTES ON ACCOUNTS	22		
The Schedules referred to above form an integral part of the Profit and Loss Account			

As per Our Report of even date

For **KARNAVAT & CO.**

Chartered Accountants

Firm Registration No. 104863W

Krishna Karundia

Partner

Membership No.036681

Place: Mumbai

Dated: 30th May 2011

For and on behalf of the Board of Directors

Rajesh Sharma

Chairman & Managing Director

Beni Prasad Rauka

Director

Dinesh Chandra Babel

Director

Shyam Bhattbhatt

Company Secretary

Place: Mumbai

Dated: 30th May 2011



Cash Flow Statement for the Year ended March 31, 2011

	(Amount in ₹)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
(A) Cash Flow From Operating Activities and Exceptional Items		
Profit Before Taxation	1,241,108,212	1,713,072,283
Add:		
Depreciation	6,534,209	3,376,495
Stock Options Adjustment	11,934,524	7,616,022
Bad Debts Written off	–	13,251,053
Provision for expenses	39,930,382	23,821,925
Miscellaneous Expenses Written off	–	2,879,252
Loss on sale of Fixed Assets	–	2,118,081
Less:		
Rights Issue/Preliminary Expenses Incurred	–	(71,437)
Prepaid Expenses Booked in Current Year	(1,616,369)	(674,327)
Rent Received	(4,637,250)	(6,183,000)
Operating Profit before Working Capital Changes and Exceptional Items	1,293,253,708	1,759,206,347
Add: Exceptional Items		
Loss on sale of investment in Joint Venture	4,994,990	–
Share of net loss on termination of Joint Venture	2,236,111	–
Operating Profit before Working Capital Changes	1,300,484,809	1,759,206,347
Movements in Working Capital		
(Increase)/Decrease in Sundry Debtors	34,069,179	57,324,275
(Increase)/Decrease in Stock-in-trade	(1,233,104,847)	(959,918,099)
(Increase)/Decrease in Loans & Advances	(1,400,179,816)	(664,332,166)
Increase/(Decrease) in Current Liabilities	(83,760,592)	40,307,605
Increase/(Decrease) in Provisions	646,322	(19,795,610)
Cash Flow from Operating Activities	(1,381,844,945)	212,792,352
Less:		
Direct Taxes Paid	(401,718,186)	(589,020,474)
Income Tax Adjustment of earlier years	8,856	220,542
Fringe Benefit Tax Paid	–	(21,144)
Net Cash (Used in) Operating Activities (A)	(1,783,554,274)	(376,028,724)
(B) Cash Flow From Investing Activities		
Purchase of Fixed Assets	(22,633,333)	(14,936,635)
Sale of Fixed Assets	–	172,000
Share of net loss on termination of Joint Venture	(2,236,111)	–
Rent Received	4,637,250	6,183,000
(Increase)/Decrease in Investments	(584,422,683)	(80,503,932)
Net Cash Flow (Used in) Investing Activities (B)	(604,654,877)	(89,085,567)



Cash Flow Statement for the Year ended March 31, 2011

	Schedule	Year Ended March 31, 2011	Year Ended March 31, 2010
(Amount in ₹)			
(C) Cash Flow From Financing Activities			
Increase/(Decrease) in Secured Borrowings		1,432,831	(217,522,856)
Dividend Paid		(71,336,878)	(27,000,600)
Tax on Dividend		(11,848,164)	(4,588,752)
Increase in Share Capital		71,171,530	7,507,050
Increase in Share Premium (Net of Share Issue Expenses Adjusted)		4,221,077,504	73,171,216
Net Cash Flow Generated From Financing Activities (C)		4,210,496,824	(168,433,942)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		1,822,287,673	(633,548,233)
Cash & Cash Equivalents at the beginning of the year		258,849,866	892,398,099
Cash & Cash Equivalents at the end of the year		2,081,137,539	258,849,866
Net Increase/(Decrease) in Cash & Cash Equivalents		1,822,287,673	(633,548,233)
Notes:			
1. Cash & Cash equivalents comprises of			
- Cash in hand		73,236	1,660,364
- Cash with CBI (Seized)		1,212,000	-
- Foreign Currency with CBI (Seized)		214,762	-
- Balances with Scheduled Banks in Current Accounts		39,637,541	57,189,502
- Balances with Scheduled Banks in Fixed Deposits		2,040,000,000	200,000,000
Total		2,081,137,539	258,849,866
2. Cash & foreign currency seized by CBI is unavailable for utilization.			
3. As Fixed Deposit of ₹ 4.50 Crores is offered as security against overdraft facility, the same is unavailable for utilization.			
4. Cash flows arising on account of taxes on income are not specifically bifurcated with respect to investing & financing activities.			
5. Previous year's figures have been regrouped, wherever necessary to confirm to current year's classification.			
6. Figures in brackets represent outflows.			

As per Our Report of even date

For **KARNAVAT & CO.**

Chartered Accountants

Firm Registration No. 104863W

Krishna Karundia

Partner

Membership No.036681

Place: Mumbai

Dated: 30th May 2011

For and on behalf of the Board of Directors

Rajesh Sharma

Chairman & Managing Director

Beni Prasad Rauka

Director

Shyam Bhattbhatt

Company Secretary

Place: Mumbai

Dated: 30th May 2011

Dinesh Chandra Babel

Director



Schedules Forming Part of the Balance Sheet

Particular	(Amount in ₹)	
	As At March 31, 2011	As At March 31, 2010
SCHEDULE-1		
SHARE CAPITAL		
Authorised		
55,000,000 (45,250,000) Equity Shares of ₹ 10/- Each	550,000,000	452,500,000
Issued, Subscribed & paid up		
34,868,458 (27,751,305) Equity Shares of ₹ 10/- Each fully paid up Out of the above, during the year, the company issued 7,117,153 shares to QIB. (Refer Note No. 6 Of Schedule 22). (In the previous year, the company issued 750,705 equity shares on conversion of detachable warrants).	348,684,580	277,513,050
Total	348,684,580	277,513,050
SCHEDULE-2		
STOCK OPTION OUTSTANDING		
Employee Stock Option Outstanding	68,708,350	91,027,650
Deferred Employee Compensation Expenses	(49,157,804)	(83,411,628)
Total	19,550,546	7,616,022
SCHEDULE-3		
RESERVES & SURPLUS		
Reserve Fund in term of Section 45 I C(1) of the Reserve Bank of India Act,1934		
Balance brought forward from last year	440,000,000	211,657,215
Set Aside this year	180,000,000	228,342,785
Total	620,000,000	440,000,000
Share Premium Account		
Balance brought forward from last year	233,171,216	160,000,000
Add Additions during the year	4,378,828,383	73,171,216
Less Share Issue Expenses (Refer Note No. 7 Of Schedule No. 22)	(157,750,879)	–
Total	4,454,248,721	233,171,216
General Reserve		
Balance as per last account	120,000,000	–
Add: Transfer from Profit & Loss Account	50,000,000	120,000,000
Total	170,000,000	120,000,000
Profit & Loss Account	2,132,635,291	1,570,817,381
Total	7,376,884,012	2,363,988,597
SCHEDULE-4		
SECURED LOANS		
Bank of India - Cash Credit (Secured by Pledge of Government Securities & Bonds as covered under the loan agreement)	–	905
Short Term Secured :		
Overdraft from Union Bank of India (Secured against the Fixed Deposits of the Company)	1,433,736	–
Total	1,433,736	905

Schedules Forming Part of the Balance Sheet

SCHEDULE-5 FIXED ASSETS	(Amount in ₹)											
	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	AS ON 01.04.2010	ADDITION	DEDUCTIONS	AS ON 31.03.2011	UPTO 01.04.2010	FOR THE YEAR	DEDUCTIONS	AS ON 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010	
TANGIBLE ASSETS												
Building	4,851,680	–	–	4,851,680	7,975	242,185	–	250,161	4,601,519	4,843,705		
Computers & Accessories	4,858,140	5,771,985	–	10,630,125	1,460,166	2,607,630	–	4,067,796	6,562,329	3,397,974		
Electric Installation	1,641,035	1,267,097	–	2,908,132	252,002	282,846	–	534,849	2,373,283	1,389,033		
Furniture & Fixture	4,385,189	8,412,748	–	12,797,937	861,585	1,387,256	–	2,248,840	10,549,097	3,523,604		
Office Equipments	3,241,528	2,946,252	–	6,187,780	369,349	647,162	–	1,016,511	5,171,269	2,872,179		
Motor Cars	2,960,760	2,904,714	–	5,865,474	597,872	1,017,642	–	1,615,514	4,249,960	2,362,888		
INTANGIBLE ASSETS												
Software	–	1,330,537	–	1,330,537	–	349,487	–	349,487	981,050	–		
Total	21,938,332	22,633,333	–	44,571,665	3,548,949	6,534,209	–	10,083,157	34,488,508	18,389,383		
Previous Year	9,590,431	14,936,635	2,588,735	21,938,332	471,108	3,376,495	298,654	3,548,949	18,389,383	9,119,323		

Note: Softwares are amortized pro-rata on straight line method over the life of the asset estimated by the management at 3 years.



Schedules Forming Part of the Balance Sheet

(Amount in ₹)		
Particular	As At 31.03.2011	As At 31.03.2010
SCHEDULE- 6		
INVESTMENTS		
1) Long Term Investments (At Cost)		
Unquoted Trade Investment:		
i) In Wholly Owned Subsidiaries		
a) 25,000,000 (25,000,000) Equity Share of ₹ 10/- each fully paid up of Money Matters Securities Private Limited	250,000,000	250,000,000
b) 5,000,000 (5,000,000) Equity Share of ₹ 10/- each fully paid up of Money Matters Investment Advisors Private Limited	50,000,000	50,000,000
c) 5,000,000 (5,000,000) Equity Share of ₹ 10/- each fully paid up (Previous Year partly paid up ₹ 1/- each) of Money Matters Distribution Company Private Limited	50,000,000	5,000,000
d) 25,00,000 (25,00,000) Equity Share of ₹ 10/- each fully paid up of Money Matters Capital Private Limited	25,000,000	25,000,000
e) 50,000 (Nil) Equity Share of ₹ 10/- each fully paid up of Money Matters Resources Private Limited	500,000	-
f) 10,000 (Nil) Equity Share of ₹ 10/- each paid up of Money Matters Research Private Limited	100,000	-
ii) In Joint Venture		
Nil (499,999) Equity Share of ₹ 10/- each of Capstone Capital Services Private Limited fully paid up (Refer Note No.9 of Schedule 22)	-	4,999,990
iii) In Others		
Unquoted, Non Trade		
124,093 (Nil) Equity Shares of ₹ 10/- each of Credit Analysis & Research Ltd	189,331,625	-
(A)	564,931,625	334,999,990
2) Current Investments (At Fair Value)		
Un-quoted (Non- Trade) :		
Units of Mutual funds		
3,783,043 Units(Previous year Nil units) of ICICI Flexible Income Plan - Dividend	400,000,000	-
Nil Units (Previous year 4,599,589 units) of LIC Mutual Fund Liquid Fund	-	50,503,942
(B)	400,000,000	50,503,942
Total (A + B)	964,931,625	385,503,932
Aggregate cost of unquoted investment		
- Long term	375,600,000	334,999,990
- Others	189,331,625	-
- Current Investments	400,000,000	50,503,942
Total	964,931,625	385,503,932

Schedules Forming Part of the Balance Sheet

Particular	(Amount in ₹)	
	As At 31.03.2011	As At 31.03.2010
SCHEDULE- 7		
INVENTORIES (As Taken, Valued & Certified by the Management)		
A. Bonds		
i) Government Bonds		
250 (250) G-Sec 2034 August 7.5% Bonds	228,512,500	233,057,250
50 (Nil) 8.26% GOI 2027	49,285,000	–
ii) Other Bonds		
3 (3) JP Associates Ltd July 2014 11.75% Bonds	3,032,880	3,046,749
100 (Nil) 11.25% Essar Power Ltd 2018	95,450,000	–
500 (Nil) 8.95% Infotel Broadband Services Ltd	492,764,500	–
40,000 (Nil) 9.95% SBI (Lower II Bond)	415,270,950	–
169,137 (Nil) Shriram Transport Finance Ltd-NCD 9.75% 2015	167,609,016	–
(A)	1,451,924,846	236,103,999
B. Certificate of Deposit with Banks		
10,000 (Nil) 0% Central Bank of India CD 02-05-2011	991,306,000	–
Nil (10,000) ICICI Bank Ltd CD 10-09-2010	–	974,022,000
(B)	991,306,000	974,022,000
Total(A+B)	2,443,230,846	1,210,125,999
SCHEDULE- 8		
SUNDRY DEBTORS (Unsecured, Considered Good)		
More than Six Months	18,893,888	18,893,888
Other Debts	11,764,298	45,833,477
Total	30,658,186	64,727,365
SCHEDULE- 9		
CASH & BANK BALANCES		
Cash in hand	73,236	1,660,364
Cash with CBI (Seized)	1,212,000	–
Foreign Currency with CBI (Seized)	214,762	–
Balances with Scheduled Banks in Current Accounts	39,637,541	57,189,502
Balances with Scheduled Banks in Fixed Deposits (Includes Fixed Deposits of ₹ 4,50,00,000 (PY ₹ 4,50,00,000) pledged as lien against overdraft facility taken)	2,040,000,000	200,000,000
Total	2,081,137,539	258,849,866



Schedules Forming Part of the Balance Sheet

(Amount in ₹)		
Particular	As At 31.03.2011	As At 31.03.2010
SCHEDULE- 10		
LOANS & ADVANCES		
(Secured, Considered Good)		
Loans	1,161,334,314	6,232,640
(Unsecured, Considered Good)		
Advances to Subsidiaries	904,783,358	501,237,428
Other Advances	116,916,713	312,339,915
Security & Other Deposit	1,231,705	698,955
Prepaid Expenses	1,616,369	674,327
Service Tax Receivables	739,932	1,011,868
Advance Income Tax (Net of Provisions)	7,856,563	5,109,521
Interest Receivable	41,374,955	4,006,027
Total	2,235,853,909	831,310,683
SCHEDULE- 11		
CURRENT LIABILITIES		
Sundry Creditors for Expenses		
- Due to Micro & Small Enterprises	-	-
- Due to Others	665,890	58,265,169
Other Liabilities	41,840,857	28,062,931
Total	42,506,747	86,328,100
SCHEDULE- 12		
PROVISIONS		
For Fringe Benefit Tax	-	980,000
For Gratuity	1,155,712	509,390
Proposed Dividend	-	27,751,305
Corporate Dividend Tax	-	4,609,145
Total	1,155,712	33,849,840
SCHEDULE- 13		
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF)		
A) Preliminary Expenses		
Opening Balance	-	1,680,000
Addition during the year	-	-
	-	1,680,000
Less : Written off during the year	-	1,680,000
(A)	-	-
B) Right Issue Expenses		
Opening Balance	-	1,127,815
Addition during the year	-	71,437
	-	1,199,252
Less : Written off during the year	-	1,199,252
(B)	-	-
TOTAL (A+B)	-	-

Schedules Forming Part of the Profit & Loss Account

Particular	(Amount in ₹)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
SCHEDULE-14		
INCOME FROM OPERATIONS		
1) Interest Income		
Interest received on Loan (TDS for the year ₹ 3,584,571 Previous Year ₹ 2,177,160)	36,703,744	10,643,146
Interest on Bonds/ Application Money (TDS for the year ₹ 291,236 Previous Year ₹ 205,125)	70,556,922	37,331,838
Interest on Bank Fixed Deposits (Net) (TDS for the year ₹ 18,761,081 Previous Year ₹ 7,609,236)	111,402,823	45,281,937
Sub Total	218,663,489	93,256,920
2) Fees from Financial Advisory Services (Net) (TDS for the year ₹ 131,879,517 Previous Year ₹ 208,490,782)	1,271,401,002	1,769,995,146
3) Sale of Bonds/Debentures	3,228,488,810	8,789,512,760
4) Loan Processing Fess Received (TDS for the year ₹ 1,709,650 Previous Year ₹ 30,333)	15,500,000	275,000
5) Dividend Received on Mutual Fund	49,117,249	22,417,870
6) Short Term Capital Gain Mutual Funds	-	685,647
Total	4,783,170,551	10,676,143,341
SCHEDULE-15		
OTHER INCOME		
Rent Received (TDS for the year ₹ 463,725 Previous Year ₹ 995,980)	4,637,250	6,183,000
Total	4,637,250	6,183,000
SCHEDULE-16		
COST OF SALES		
BONDS/ DEBENTURES		
Opening Stock	1,210,125,999	250,207,900
Purchases	4,461,870,221	9,645,213,290
Total	5,671,996,220	9,895,421,190
Less : Closing Stock	2,443,230,846	1,210,125,999
Total	3,228,765,374	8,685,295,191
SCHEDULE-17		
PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries & Bonus	128,606,880	76,176,647
Staff Welfare Expenses	6,138,290	1,941,706
Gratuity Expenses	646,322	509,390
Total	135,391,492	78,627,743



Schedules Forming Part of the Profit & Loss Account

Particular	(Amount in ₹)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
SCHEDULE-18		
ADMINISTRATIVE & OTHER EXPENSES		
Advertisement Expenses	2,408,650	109,025
Bad Debts Written Off	–	13,251,053
Business Promotion Expenses	32,870,914	33,664,967
Computer Maintenance	425,269	265,809
Conveyance Expenses	946,734	498,599
Custodian Charges	131,000	65,000
Demat Charges	2,262	1,872
Delivery/Brokerage Charges	18,595	52,198
Directors Sitting Fees	830,000	365,000
Donation	244,855	2,756,100
Electricity Charges	2,093,238	1,110,814
Filing & Compounding Fees to ROC	703,962	8,000
Foreign Exchange Loss	9,295	32,404
Foreign Travelling Expenses	2,150,653	476,506
General Expenses	5,176,638	1,814,886
Legal & Professional Fees	18,847,320	7,952,506
Listing Fees & Stock Exchange Fees	256,000	86,750
Loss/(Gain) on sale of Fixed Assets	–	2,118,081
Meeting & Conference Expenses	446,841	247,509
Membership & Subscription	1,752,567	2,342,500
Motor Car Expenses	5,541,501	3,069,765
Postage & Stamps	252,232	105,631
Printing & Stationery	2,261,681	1,066,705
Rates & Taxes	131,369	71,840
Recruitment & Training Expenses	2,111,249	3,490,596
Remuneration to Auditors		
– Audit Fees	525,000	80,000
– Tax Audit Fees	50,000	30,000
– Certification	30,000	15,000
– Out of Pocket Expenses	113,636	70,471
Remuneration to Directors	35,845,131	68,908,281
Rent Paid	31,070,543	22,434,552
Sundry balances Written off	–	59,913
Software Expenses	153,215	7,381,670
Telephone and Internet Expenses	2,893,837	1,336,353
Travelling Expenses	11,826,710	8,139,753
Total	162,120,896	183,480,108



Schedules Forming Part of the Profit & Loss Account

(Amount in ₹)

Particular	Year Ended March 31, 2011	Year Ended March 31, 2010
SCHEDULE-19		
FINANCIAL CHARGES		
Bank Charges	5,636,969	6,994,085
Interest on Loan	999,202	7,526,184
Interest Others	20,347	–
Loan Processing Fees	–	575,000
Credit Rating Charges	–	500,000
Total	6,656,518	15,595,269
SCHEDULE-20		
MISCELLANEOUS EXPENSES WRITTEN OFF		
Preliminary expenses Written Off	–	1,680,000
Rights Issue Expenses Written Off	–	1,199,252
Total	–	2,879,252



Schedules to the Accounts

21. SIGNIFICANT ACCOUNTING POLICIES

A) Basis for preparation of Financial Statements:

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under Companies Accounting Standard Rules, 2006, as amended by Companies (Accounting Standards) Amended Rules, 2009, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

B) Use of Estimates

The preparation of the financial statements are in conformity with the generally accepted accounting principles which requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statement. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

C) Revenue Recognition:

1. Income from Corporate Advisory Services are accounted for as and when the relevant services are rendered and revenue is recognised using completed service contract method except where the recovery is uncertain in which case it is accounted for on receipt.
2. Interest income is accounted for on accrual basis except where the recovery is uncertain, in which case it is accounted for on receipt.
3. Dividend is recognised as income when right to receive payment is established by the date of Balance Sheet.
4. Profit/loss on the sale of investments/inventories is dealt with at the time of actual sale/redemption.

D) Fixed assets, depreciation/amortisation and impairment of assets

Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation/Amortisation

Depreciation is provided on a written down value basis from the date the asset is ready to use or put to use, whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal. Depreciation is charged at the rates prescribed in the Schedule XIV to the Companies Act, 1956.

Softwares purchased are amortized over a period of three years on pro rata basis under straight line method.

Impairment of assets

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.



Schedules to the Accounts

E) Stock in Trade:

- a) The securities acquired with the intention of short term holding and trading positions are considered as stock-in-trade and disclosed as current assets.
- b) The securities held as stock-in-trade under current assets are valued at lower of cost or market value. In case of units of mutual fund, net asset value of units declared by the mutual funds is considered as market value.

F) Investments:

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments. Long term investments are carried at cost less other than any temporary diminution in value, determined separately for each investment. Current investments are carried at lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

G) Foreign Currency Transactions:

Foreign Currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any, arising out of transactions settled during the year are recognised in the Profit and Loss Account.

Monetary assets and liabilities denominated in the foreign currencies as at the Balance Sheet date are translated at the closing exchange rates on that date. The exchange differences, if any, are recognised in the Profit & Loss Account and related assets and liabilities are accordingly restated in the Balance Sheet.

H) Retirement Benefits :

The Company has adopted the revised Accounting Standard 15 – "Accounting for Employee Benefits". The accounting policy followed by the Company in respect of its employee benefit schemes is set out below:

Gratuity:

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees at retirement, death while in employment or on termination of employment. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out annually for assessing liability as at the Balance Sheet date.

Leave Encashment:

Unutilised leave of staff is paid as at the end of the year. Accordingly, no provision is required to be made for compensated absences.

I) Lease

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of leased item, are classified as operating leases. Operating lease payments/receipts are recognized as an expense/income in the Profit and Loss Account on a straight line basis over the term of the lease.

J) Taxation

Income Tax:

Income tax expenses comprises current tax (i.e. amount of tax for the period determined in accordance with the Income Tax law), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).



Schedules to the Accounts

Deferred Taxation:

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantially enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

K) Employee Stock Compensation Costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis

L) Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – "Earning Per Share" prescribed by the Companies (Accounting Standards) Rules, 2006. Basic earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

M) Segment Reporting Policies:

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Unallocated items:

Unallocated items include income and expenses which are not allocated to any business segment.

Segment Policies:

The company prepares its segment information in conformity with the accounting policies for preparing and presenting the financial statements of the company as a whole.

N) Provisions and Contingencies

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amounts of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However contingent assets are assessed continually and if it is virtually certain that an economic benefit will rise, asset and related income are recognised in the period in which the change occurs.

Schedules to the Accounts

22. NOTES ON ACCOUNTS

- Contingent Liability not provided for Rs. Nil. (Previous year Rs. Nil.)

- Capital Commitments:**

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	7,860,813/-	484,093/-
Capital Commitments in terms of Contribution Agreement with Special Opportunity Fund	Nil	200,000,000/-
Uncalled liability on partly paid shares	Nil	45,000,000/-

- In the opinion of the Board of Directors, the Current Assets, Loans & Advances have a value on realisation in the normal course of business at least equal to the value at which they are stated in the Balance Sheet.

- Based on the intimation received by the Company, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to amounts unpaid as at the year end together with interest paid /payable are required to be furnished.

- The Company had issued 18,000,400 equity shares on right basis at the rate of ₹ 10/- each along with 18,000,400 Detachable Convertible Warrants on March 27, 2009. Out of these Warrants, 750,705 warrants have been converted into equity shares of ₹ 10/- each @ a premium of ₹ 97/47 on January 02, 2010. During the current year, the promoters and promoter group have surrendered their warrants numbering 13,515,208, hence only 3,734,487 warrants are outstanding for conversion as on March 31, 2011. During the year, the second conversion period of warrants was opened during December 27, 2010 to March 26, 2011. None of the warrant holders exercised their right for conversion.

- Equity Share Capital.**

During the year, the Company has issued and allotted 7,117,153 equity shares of ₹ 10/- each fully paid-up at a premium of ₹ 615/25 per share to QIB's as defined in Regulation 2(1)(zd) of SEBI (ICDR) Regulations, 2009 pursuant to Chapter VIII on private placement basis. Out of the above 8,79,648 equity shares were issued and allotted to Domestic QIB's, aggregating to ₹ 549,999,912/- (Rupees Fifty Four Crores Ninety Nine Lacs Ninety Nine Thousand Nine Hundred and Twelve Only) and 6,237,505 equity shares of ₹ 10/- each fully paid-up were issued and allotted to Foreign Institutional Investors in QIP under Schedule 2 of Regulation 5(2) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 i.e; Purchase/sale of shares and/or convertible debentures of an Indian company by a registered Foreign Institutional Investor under Portfolio Investment Scheme, and received an amount aggregating to ₹ 3,900,000,001/25 (Rupees Three Hundred Ninety Crores and One and Paise Twenty Five Only). The total amount received from Domestic and Foreign QIB is ₹ 4,449,999,913/25 (Rupees Four Hundred Forty Four Crores Ninety Nine Lacs Ninety Nine Thousands Nine Hundred Thirteen and Twenty Five Paise Only). All the above shares rank pari-pasu with the existing equity shares.

- Share Issue expenses.**

Share Issue expenses of ₹ 157,750,879/- incurred for raising the above equity funds has been debited to Share Premium Account.

- (a) Investigations by Central Bureau of Investigation (CBI) – EOW Wing, Mumbai.

During the year on November 22, 2010, the CBI conducted investigation and filed FIR's and one Charge-sheet under IPC and Prevention of Corruption Act against 3 officials of the Company/Subsidiary including the Director of the Company/Subsidiary and officials of Banks & financial institutions, etc. for alleged offences under section 120-B of the



Schedules to the Accounts

IPC and other relevant Sections of Prevention of Corruption Act, alleging that the alleged Officials/Directors facilitated and/or mediated in giving gratification money to Officials of banks and financial institutions, etc. for obtaining pecuniary gain to themselves and to the business of the Company. Prima-facie, the Charge-sheet filed by CBI does not allege about any financial impropriety or any other financial irregularities being committed by the officials in the Company. The management does not perceive any adjustment is required to be made in the books of accounts of the Company pursuant to the investigations being carried out by the CBI.

(b) Documents seized by the Central Bureau of Investigation, Mumbai

Pursuant to the investigations conducted by CBI some of the documents, records, computer hard disks, vouchers, cash currencies, etc in the possession of the Company were seized by the CBI. The Company has obtained duplicate records/documents wherever available to them, and is in the process of obtaining necessary evidences for the remaining unavailable records. In cases where the required evidences for the transactions recorded in the books of accounts were not available for verification, the Statutory Auditors have relied upon the representation and certification of the Management. The Balances of such accounts are subject to reconciliation and confirmation.

9. Termination of Joint Venture in Capstone Capital Services Private Ltd.

The Company (MMFSL) had entered into shareholders agreement on December 16, 2009 with Milestone Capital Advisors Ltd. for Joint Venture in the shareholding ratio of 50:50 in Capstone Capital Services Private Ltd. As per the termination of the shareholders agreement dated March 01, 2011, the said joint venture in Capstone Capital Services Private Ltd. has been terminated mutually with effect from February 5, 2011 and the 50% shareholding (comprising of 499,999 equity shares of ₹ 10/- each fully paid) of MMFSL in the Joint Venture is bought back by Milestone Capital Advisors Ltd through its associate company at an agreed consideration of ₹ 5,000/-. On execution of the agreement with effect from termination date, each party for itself and each of its respective successors and assigns has hereby fully and unconditionally released and forever discharged the other parties and its successors and assigns of and from any and all actions, cause of actions, suits, debts, obligations, claims, liabilities and demands whatsoever that they had or may had under the terms of the shareholders agreement. The effect of the above agreement has been given in the books of account of the Company. Accordingly, an amount of ₹ 2,236,111/- has been paid to the said company towards Companies share of loss upto the date of termination as per the termination agreement.

10. Reimbursement of service tax has not been charged to Profit & Loss Account on account of Cenvat Credit eligibility.

11. Interest income on Fixed Deposit is shown net of Interest paid on Overdraft Facility.

12. The exchange difference amounting to ₹ 9,295/- (net loss) (Previous year – ₹ 32,404/- (net loss) arising on account of foreign currency transactions has been accounted in the Profit and Loss account in accordance with Accounting Standard – AS 11 – “Accounting for the effects of changes in foreign exchange rates”.

13. Retirement Benefit - Gratuity

The company has an unfunded defined benefit gratuity plan. Every employee who has completed 5 years or more of service is eligible for a gratuity on departure at 15 days salary (last drawn salary) per each completed year of service.

Consequent to the adoption of revised AS-15 "Employee Benefits" issued under Companies (Accounting Standards) Amendment Rules 2008, the following disclosures have been made as required by the standard.

Principal actuarial assumptions as at the balance sheet date:

	2010-11	2009-10
Discount Rate	8.25%	8%
Salary Escalation	5%	5%
Employee Attrition Rate	2%	2%



Schedules to the Accounts

The following tables summarise the components of the net employee benefit expenses recognised in the profit and loss account, and the fund status and amount recognised in the balance sheet for the gratuity benefit plan.

Changes in the present value of the defined benefit obligation are as follows:

	2010-11	2009-10
Liability at the beginning of the Year	509,390	0
Interest Cost	110,095	89,016
Current Service Cost	866,792	678,289
Past Service Cost (non vested benefit)	0	0
Past Service Cost (vested benefit)	0	470,303
Benefits paid	0	0
Actuarial (Gain)/Loss	(330,565)	(728,218)
Liability at the end of the Year	1,155,712	509,390

The Company would not contribute any amount to gratuity in 2010-11 as the scheme is unfunded.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2010-11	2009-10
Investments with insurer	NA	NA
Actual return on plan assets	NA	NA

Balance Sheet

Details of Provision for Gratuity

	2010-11	2009-10
Liability at the end of the Year	1,155,712	509,390
Fair Value of plan assets at the end of the year	0	0
Difference	1,155,712	509,390
Unrecognised past service cost	0	0
Unrecognised transition liability	0	0
Amount in Balance Sheet	1,155,712	509,390

Profit and Loss Account

Net Employee Benefit Expenses (recognised in employee cost)

	2010-11	2009-10
Current Service Cost	866,792	678,289
Interest on defined benefit obligation	110,095	89,016
Expected return on plan assets	0	0
Net actuarial losses/(gains) recognised in the year	(330,565)	(728,218)
Past Service Cost	0	470,303
Actuarial (gain)/losses	0	0
Total included in employee benefit expense	646,322	509,390

14. Segment Reporting

Basis of Preparation:

Information is given in accordance with the requirements of Accounting Standard 17- "Segment Reporting" issued by the Institute of Chartered Accountants of India. Revenues and expenses directly attributable to the Segments are allocated to the respective segments. Those revenues and expenses which cannot be directly allocated to the Segments are apportioned on a reasonable basis. Segment Capital employed represents the net assets in that Segment. It excludes Capital reserve and tax related assets.



Schedules to the Accounts

Business Segments:

The Company's business is organized and management reviews the performance based on the business segments. The Company's business may be divided into three major Segments.

- (A) Income from Financial Advisory Services
- (B) Financing Activity And
- (C) Income from Investment & Trading in Securities

Geographical Segments: The Company's operations are solely in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.

INFORMATION ABOUT BUSINESS SEGMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in ₹)

PARTICULARS	Investment & Trading in Securities	Finance	Financial Advisory Services	Unallocated	Year ended 31-03-2011
Segment Revenue	3,299,045,732	212,723,817	1,271,401,002	4,637,250	4,787,807,801
Previous Year	8,849,262,467	56,885,729	1,769,995,146	6,183,000	10,682,326,341
Less Inter segment Revenue	-	-	-	-	-
Previous Year	-	-	-	-	-
Total	3,299,045,732	212,723,817	1,271,401,002	4,637,250	4,787,807,801
Previous Year	8,849,262,467	56,885,729	1,769,995,146	6,183,000	10,682,326,341
Result:					
Segment Result	43,259,868	186,298,767	1,048,248,700	(36,699,123)	1,241,108,212
Previous Year	132,835,356	71,895,661	1,511,823,248	(3,481,982)	1,713,072,283
Provision for Tax	-	-	-	(398,000,000)	(398,000,000)
Previous Year	-	-	-	(578,000,000)	(578,000,000)
Provisions for FBT	-	-	-	-	-
Previous Year	-	-	-	-	-
Deffered Tax	-	-	-	(474,566)	(474,566)
Previous Year	-	-	-	705,639	705,639
Income Tax Adjustments	-	-	-	8,856	8,856
Previous Year	-	-	-	220,542	220,542
Total Results	43,259,868	186,298,767	1,048,248,700	(435,164,833)	842,642,502
Previous Year	132,835,356	71,895,661	1,511,823,248	(580,555,801)	1,135,998,464
Capital Employed:					
Segment Assets	2,662,707,904	4,522,462,224	163,925,003	397,543,022	7,746,638,153
Previous Year	1,601,228,385	1,058,908,924	20,331,346	(31,350,080)	2,649,118,575
Segment Liabilities	-	1,433,736	-	7,745,204,417	7,746,638,153
Previous Year	905	-	-	2,649,117,670	2,649,118,575
Net Segment Assets	2,662,707,904	4,521,028,488	163,925,003	(7,347,661,395)	-
Previous Year	1,601,227,480	1,058,908,924	20,331,346	(2,680,467,750)	-
Other Information:					
Capital Expenditure	1,882,234	1,882,234	18,868,866	-	22,633,333
Previous Year	2,961,852	2,961,852	6,546,195	-	12,469,900
Depreciation	908,550	908,550	4,717,110	-	6,534,209
Previous Year	251,725	251,725	2,873,046	-	3,376,495



Schedules to the Accounts

15. Disclosures as required by Accounting Standard (AS-18) 'Related Party Disclosures' in respect of transactions for the year are as under:

A) List of Related Parties over which control exists:

Sr No.	Name of the Related Party	Relationship
i	SUBSIDIARIES	
1	Money Matters Securities Private Limited	Wholly owned Subsidiary
2	Money Matters Investment Advisors Private Limited	Wholly owned Subsidiary
3	Money Matters Distribution Company Private Limited	Wholly owned Subsidiary
4	Money Matters Capital Private Limited	Wholly owned Subsidiary
5	Money Matters Research Private Limited	Wholly owned Subsidiary
6	Money Matters Resources Private Limited	Wholly owned Subsidiary
ii	STEP DOWN FOREIGN SUBSIDIARY (INDIRECT HOLDING)	
1	Money Matters Advisory Pte Ltd, Singapore	Wholly owned Subsidiary of Money Matters Research Private Limited

B) Joint Ventures

- 1 Capstone Capital Services Private Limited (Upto February 05,2011)

C) Enterprises over which Management and/or their relatives have control

- 1 Money Matters Advisory Services Limited
- 2 Money Matters Infrastructure Private Limited
- 3 Parijat Properties Pvt Ltd

D) Key Management Personnel

- 1 Mr.Rajesh Sharma
Chairman & Managing Director
- 2 Mr. Pramod Kasat
Whole Time Director
(from April 16, 2010 to March 14, 2011)



Schedules to the Accounts

E) Details of transactions during the year and closing balances as at the year end:

Sr No.	Particulars	Subsidiaries		Key Management Personnel		Joint Venture		Enterprises over which Management and/or their relatives have control		Total	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
a	Profit and Loss Account Items:										
	(I) Incomes:										
	Interest Received	3,858,463	-	-	-	-	-	-	-	3,858,463	-
	Rent Received	4,637,250	6,183,000	-	-	-	-	-	-	4,637,250	6,183,000
	Sale of Bonds	-	-	-	-	-	-	-	109,040,400	-	109,040,400
	(II) Expenses										
	Rent Paid	-	-	8,000	-	-	-	17,829,600	13,932,000	17,837,600	13,932,000
	Salaries, Commission and other benefits	-	-	36,112,038	69,039,281	-	-	-	-	36,112,038	69,039,281
	Payment towards loss on termination of Joint Venture	-	-	-	-	2,236,111	-	-	-	2,236,111	-
	Purchase of Bonds	-	-	-	-	-	-	-	220,829,825	-	220,829,825
b	Balance Sheet Items:										
	i Loans Given	2,496,643,234	588,356,586	-	-	-	-	-	-	2,496,643,234	588,356,586
	ii Loans Given Repaid	2,093,097,304	337,219,598	-	-	-	-	-	-	2,093,097,304	337,219,598
	iii Recoverable Amount										
	a) Expenses incurred for related parties	325,000	680,433	-	-	-	-	-	-	325,000	680,433
	iv Investment in equity shares	45,600,000	25,000,000	-	-	-	4,999,990	-	-	45,600,000	29,999,990
c	Balance Sheet Items (Closing Balances):										
	i Sundry Creditors/Other Liabilities for rendering services	-	-	8,000	-	-	-	-	-	8,000	-
	ii Loans & Advances Given	904,783,358	501,000,000	-	-	-	-	-	-	904,783,358	501,000,000
	(Maximum Amount Involved during the year)	1,590,466,909	521,392,830	-	-	-	-	-	-	1,590,466,909	521,392,830
	iii Recoverable Expenses	-	237,428	-	-	-	-	-	-	-	237,428
	(Maximum Amount Involved during the year)	-	237,428	-	-	-	-	-	-	-	-

Schedules to the Accounts

16. Leases (AS - 19)

Operating Leases:

The company has taken office premises & motor car under operating lease. The lease arrangement are normally renewable on expiry of the lease period ranging from 3 to 5 years. There are no restrictions imposed by the lease agreement. There is no contingent rent in the lease agreement. There is no escalation clause in the lease agreements. The future minimum lease payments in respect of the aforesaid lease are as follows :

(Amount in ₹)

Particulars	2010-2011	2009-2010
I) Payable not later than one year	28,547,211	22,319,460
II) Payable later than one year and not later than five years	36,722,425	50,479,245

The lease payments recognized in the statement of Profit & Loss Account for the year is ₹ 30,875,622/- (P.Y. ₹ 22,319,460/-).

The Company has sub leased the office premises under Operating Lease during the year. The lease income recognized in the statement of Profit and Loss Account for the year is ₹ 4,637,250/- (P.Y. ₹ 6,183,000/-).

17. Earnings Per Share

Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Net Profit after tax as per profit and loss account	(A)	842,642,502	1,135,998,464
Add : Exceptional Items (Loss on sale of shares in JV)		4,994,990	-
Add : Exceptional Items (Share of loss in JV)		2,236,111	-
Net Profit after tax & before exceptional items as per profit and loss account	(B)	849,873,603	1,135,998,464
Weighted average number of equity shares for calculating Basic EPS	(C)	30,910,151	27,183,649
Weighted average number of equity shares for calculating Diluted EPS	(D)	35,212,007	45,173,296
Basic earnings per equity share (in Rupees) (Face value of ₹ 10/- per share) (after exceptional items)	(A)/(C)	27.26	41.79
Diluted earnings per equity share (in Rupees) (Face value of ₹ 10/- per share) (After exceptional items)	(A)/(D)	23.93	25.15
Basic earnings per equity share (in Rupees) (Face value of ₹ 10/- per share) (Before exceptional items)	(B)/(C)	27.49	41.79
Diluted earnings per equity share (in Rupees) (Face value of ₹ 10/- per share) (Before exceptional items)	(B)/(D)	24.14	25.15

Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Weighted average number of equity shares for calculating EPS		30,910,151	27,183,649
Add : Equity shares arising on conversion of warrants		3,734,487	17,249,695
Add : Equity shares for no consideration arising on grant of stock options under ESOP		567,369	739,952
Weighted average number of equity shares in calculation diluted EPS		35,212,007	45,173,296



Schedules to the Accounts

18. Deferred Tax Liabilities/(Assets)

Taxes on Income (AS-22)

In terms of Accounting Standard 22 on "Accounting for Taxes on Income" as notified by the Companies (accounting Standard) Rules, 2006 the Company has charged Deferred Tax of ₹ 474,556 /- for the year ended 31st March, 2011 in the Profit & Loss A/c. The accumulated balance in Net Deferred Tax Liability/ (Asset) comprises of:-

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Deferred Tax Liabilities		
Excess of WDV of assets as per Income Tax Act, 1961 over WDV as per Financial Books	460,251	-
Gross Deferred Tax Liabilities (A)	460,251	-
Deferred Tax Assets		
Timing difference on account of :		
Excess of WDV of the assets as per Financial Books over the WDV as per Income Tax Act, 1961.	-	220,079
Expenses disallowed under Income Tax Act, 1961	374,971	169,207
Gross Deferred Tax Assets (B)	374,971	389,286
Gross Deferred Tax (Assets)/ Liabilities (Net) (A-B)	85,280	(389,286)

19. Employee Stock Option Plan

Date of grant	October 27, 2009		December 16, 2009	
Date of Board /Committee Approval	October 27, 2009		December 16, 2009	
Date of Shareholder's Approval	September 22, 2009		September 22, 2009	
Number of options granted	825,000		50,000	
Method of Settlement (Cash/Equity)	Equity		Equity	
	Vesting Dates	No of Options	Vesting Dates	No of Options
	1-Nov-11	18,000	1-Dec-11	2,500
	1-Nov-12	229,500	1-Dec-12	12,500
	1-Nov-13	247,500	1-Dec-13	15,000
	1-Nov-14	330,000	1-Dec-14	20,000
Total		825,000		50,000
Exercisable period	Within 3 Years from the Vesting date		Within 3 Years from the Vesting date	



Schedules to the Accounts

The details have been summarized below:

(Amount in ₹)

	Grant Date October 27, 2009			
	As At March 31, 2011		As At March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	733,000	NA	0	NA
Add: Granted during the year	0	10	825,000	10
Less: Forfeited during the year	0	NA	0	NA
Less: Exercised during the year	0	NA	0	NA
Less: Expired/ Lapsed during the year	146,000	NA	92,000	NA
Outstanding at the end of the year	587,000	10	733,000	10
Exercisable at the end of the year	0	NA	0	NA
Weighted average remaining contractual life (in years)		5.5		6.5
Weighted average fair value of options granted		118.61		118.72

	Grant Date December 16, 2009			
	As At March 31, 2011		As At March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	50,000	NA	0	NA
Add: Granted during the year	0	10	50,000	10
Less: Forfeited during the year	0	NA	0	NA
Less: Exercised during the year	.	NA	0	NA
Less: Expired/ Lapsed during the year	50,000	NA	0	NA
Outstanding at the end of the year	0	10	50,000	10
Exercisable at the end of the year	0	NA	0	NA
Weighted average remaining contractual life (in years)		NA		6.5
Weighted average fair value of options granted		NA		106.27

Stock Options Granted

The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Year 2	Year 3	Year 4	Year 5
Exercise Price	₹ 10	₹ 10	₹ 10	₹ 10
Expected Volatility (%)	66.92%	66.92%	66.92%	66.92%
Historical Volatility	N.A	N.A	N.A	N.A
Life of the options granted in years	2	3	4	5
Expected dividends per annum (₹)	2	2	2	2
Average risk-free interest rate (%)	8.00%	8.00%	8.00%	8.00%



Schedules to the Accounts

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Compensation cost pertaining to equity-settled employee share-based payment plan included above	19,550,546	7,616,022
Liability for employee stock options outstanding as at year end	68,708,350	91,027,650
Deferred compensation cost	49,157,804	83,411,628

Since the enterprise uses the intrinsic value method, the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements applying the fair value based method defined in the said guidance note. The impact on the reported net profit and earnings per share would be as follows

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Profit as reported	842,642,502	1,135,998,464
Add: Employee stock compensation under intrinsic value method	11,934,524	7,616,022
Less: Employee stock compensation under fair value method	12,084,839	7,725,202
Proforma profit	842,492,187	1,135,889,284
Earnings per share		
Basic (₹)		
As reported	27.26	41.79
Proforma	27.26	41.79
Diluted (₹)		
As reported	23.93	25.15
Proforma	23.93	25.15

20. In compliance with the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS27), the Company has interests in the following jointly controlled entities:

Name of Companies	% age of Share Holding	Amount of Interest based on the Audited Accounts for the year ended 31st March 2011				
		Assets	Liabilities	Income	Expenditure	Capital Commitment & Contingent Liability
Capstone Capital Services Private Limited	Nil (50%)	Nil (5,103,563)	Nil (5,103,563)	Nil (25,293)	Nil (639,221)	Nil (Nil)

(Figures in brackets represent previous year's figures)

Capstone Capital Services Private Limited is a Joint Venture Company of Money Matters Financial Services Limited and Milestone Capital Advisors Limited as per the shareholders agreement. The said Joint Venture has been terminated mutually with effect February 05, 2011. (Please refer to Note No 9 of Schedule 23.)

21. The Company believes that no impairment of assets arises during the year as per the recommendations of Accounting Standard - 28 Impairment of Assets, issued by the Institute of Chartered Accountants of India.

Schedules to the Accounts

22. Remuneration to the Directors Includes:

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Salary & Bonus to Managing Director	27,140,000	67,916,667
Perquisite to Managing Director	104,467	131,000
Salary to Whole Time Director	8,600,664	991,694
Perquisite to Whole Time Director	2,66,907	–
Total	36,112,038	69,039,361

Computation of Net Profit for Calculation of Commission to Directors:

	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2011	For the year ended March 31, 2010
Profit before Taxation as per Profit & Loss			1,241,108,212	1,713,072,283
Add:				
Depreciation (as per Accounts)	6,534,209	3,376,495		
Net Loss on fixed Assets Sold/ Discarded		2,118,081		
Directors' sitting Fees	830,000	365,000		
Directors' Remuneration				
Whole Time Director	8,867,571	991,614		
Managing Director	27,244,467	68,047,667	43,476,247	74,898,857
	1,284,584,459	1,787,971,140		
Less:				
Depreciation (under Section 350 of Companies Act, 1956)	6,534,209	3,376,495		
Directors' sitting Fees	830,000	365,000		
Directors' Remuneration				
Whole Time Director	8,867,571	991,614		
Managing Director	27,244,467	68,047,667	43,476,247	72,780,776
Profit for the year			1,241,108,212	1,715,190,364
Less:				
Loss brought forward from the pervious year			–	–
Net Profit / (Loss) under Section 349 of the Companies Act, 1956			1,241,108,212	1,715,190,364
(A) Managing Directors Salary eligible upto 5% of above			59,100,391	81,675,732
Out of this :				
Salary & Perquisites			7,244,467	8,047,667
Bonus			20,000,000	60,000,000
Total Paid			27,244,467	68,047,667
(B) WTD Salary			8,867,571	991,614
(C) Directors' Fees			830,000	365,000

Note: - As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.



Schedules to the Accounts

23. Information Pursuant to the Provisions of Paragraphs 3 of Part II of Schedule VI to the Companies Act,1956 is given below:-

Particulars in respect of trading in Shares and Bonds

Description	Unit	31.03.2011				31.03.2010			
		Shares		Bonds		Shares		Bonds	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
		Nos.	₹	Nos.	₹	Nos.	₹	Nos.	₹
A. Opening Stock:									
Shares/Bonds	Nos.	---	---	10,253	1,210,125,999	5,200	82,900	250	250,125,000
B. Purchases:									
Shares/Bonds	Nos.	---	---	2,33,037	4,461,870,221	---	---	356,012	9,878,270,540
C. Sales:									
Shares/Bonds	Nos.	---	---	23,250	3,228,488,810	5,200	82,900	346,009	9,031,129,860
D. Closing Stock:									
Shares/Bonds	Nos.	---	---	220,040	2,443,230,846	---	---	10,253	1,210,125,999

Additional disclosure of closing stock as per AS-13

Particulars	As at 31-March-2011		As at 31-March-2010	
	Quantity	Amount	Quantity	Amount
A. Bonds				
Quoted Trade Investments				
i) Government Bonds				
G-Sec 2034 August 7.5% Bonds	250	228,512,500	250	233,057,250
8.26% GOI 2027	50	49,285,000	Nil	Nil
ii) Other Bonds				
JP Associates Ltd July 2014 11.75% Bonds	3	3,032,880	3	3,046,749
11.25% Essar Power Ltd 2018	100	95,450,000	Nil	Nil
8.95% Infotel Broadband Services Ltd	500	492,764,500	Nil	Nil
9.95% SBI (Lower II Bond)	40,000	415,270,950	Nil	Nil
Shriram Transport Finance Ltd-NCD 9.75% 2015	169,137	167,609,016	Nil	Nil
B. Unquoted Trade Investments (Certificate of Deposit with Banks)				
0% Central Bank of India CD 02-05-2011	10,000	991,306,000	Nil	Nil
ICICI Bank Ltd CD 10-09-2010	Nil	Nil	10,000	974,022,000
Total	220,040	2,443,230,846	10,253	1,210,125,999

Aggregate amount of the investments	As on 31-March-2011		As on 31-March-2010	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	1,473,999,699	1,451,924,846	244,746,749	263,103,999
Unquoted Investments (cost)	991,306,000	—	974,022,000	—

Schedules to the Accounts

24. Investments

(a) Additional information in respect of Non Trade, Unquoted (Mutual Funds)/Quoted (equity Shares) Current Investments / Dealing in securities

Particulars	As at 31-March-2011		As at 31-March-2010	
	Quantity	Amount in ₹	Quantity	Amount in ₹
Investments at the beginning of the year				
Mutual Fund	4,599,589	50,503,942	Nil	Nil
Investment made during the year				
Mutual Fund	2,453,563,618	32,645,493,571	1,778,794,754	19,219,761,309
Investments redeemed/sold during the year				
Mutual Fund	2,454,380,164	32,295,997,513	1,774,195,165	19,169,943,013
Investment as at the year end				
Mutual Fund	3,783,043	400,000,000	4,599,589	50,503,942

(b) Detailed of Mutual Funds Units Purchased & Sold during the year

Name of the Unit/Company	Face value	No of Units	Cost
Mutual Fund			
DSP Blackrock Liquidity Fund	1,000	1,000,436	1,000,752,236
Fortis Overnight Fund	10	750,942,439	7,511,677,226
ICICI Flexible Income Plan	100	23,176,324	2,450,548,607
ICICI Prudential Liquid	100	42,102,701	4,210,913,553
LIC MF Floating Rate Fund-Short Term Plan	10	187,762,705	1,877,627,053
Lic Mf Income Plus Fund	10	147,800,022	1,478,000,215
Lic Mf Liquid Fund	10	746,704,623	8,198,891,303
Lic Mf Saving Plus Fund	10	401,601,749	4,016,017,493
Sundram BNP Paribas Money Fund	10	148,689,577	1,501,065,885
Total		2,449,780,576	32,245,493,571

24(a). Additional Disclosures as required in terms of Paragraph 13 of NonBanking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 issued by Reserve Bank of India.

Particulars		(₹ in lakhs)
Liabilities Side		
1 Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid:	Amount O/S	Amount Overdue
a) Debentures:		
Secured	–	–
Unsecured	–	–
(other than falling within the meaning of public deposits)		
b) Deferred Credits	–	–
c) Term Loans	–	–
d) InterCorporate loans and borrowings	–	–
e) Commercial Paper	–	–
f) Other Loans (Specify nature) Bank O/D	–	–
Total	–	–



Schedules to the Accounts

Assets Side		Amount Outstanding
2	Breakup of Loans and Advances including bills receivables (other than those included in (4) below):	
	a) Secured	11,613.34
	b) Unsecured	9,065.39
3	Breakup of Leased Assets and stock on hire and other assets counting towards AFC activities	
	i) Lease assets including lease rentals under sundry debtors:	
	a) Financial Lease	–
	b) Operating Lease	–
	ii) Stock on hire including hire charges under sundry debtors:	
	a) Assets on hire	–
	b) Repossessed Assets	–
	iii) Other loans counting towards AFC activities	
	a) Loans where assets have been repossessed	–
	b) Loans other than (a) above	–
4	Breakup of Investments:	
	Current Investments:	
	1. Quoted:	
	i) Shares: (a) Equity	–
	(b) Preference	–
	ii) Debentures and Bonds	11,741.27
	iii) Units of mutual funds	–
	iv) Government Securities	2,777.98
	v) Others (please specify)	–
	- Certificate of Deposits	9,913.06
	2. Unquoted:	
	i) Shares: (a) Equity	–
	(b) Preference	–
	ii) Debentures and Bonds	–
	iii) Units of mutual funds	4,000.00
	iv) Government Securities	–
	v) Others (please specify)	–
	Long Term investments:	
	1. Quoted:	
	i) Shares: (a) Equity	–
	(b) Preference	–
	ii) Debentures and Bonds	–
	iii) Units of mutual funds	–
	iv) Government Securities	–
	v) Others (please specify)	–
	2. Unquoted:	
	i) Shares: (a) Equity	5,649.32
	(b) Preference	–
	ii) Debentures and Bonds	–
	iii) Units of mutual funds	–
	iv) Government Securities	–
	v) Others (please specify)	–

Schedules to the Accounts

5	Borrower groupwise classification of assets financed as in (2) and (3) above:		
	Category	Amount net of Provisions	
		Secured	Unsecured
			Total
	1. Related Parties		
	a) Subsidiaries	–	9,047.83
	b) Companies in the same group	–	–
	c) Other related parties	–	–
	2. Other than related parties	11,613.34	17.55
	Total	11,613.34	9,065.39
6	Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
	Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties		
	a) Subsidiaries	3,756.00	3,756.00
	b) Companies in the same group	–	–
	c) Other related parties	–	–
	2. Other than related parties	30,374.54	30,325.63
	Total	34,130.54	34,081.63
7	Other information		
	i) Gross NonPerforming Assets		
	a) Related Parties	–	–
	b) Other than related parties	–	–
	ii) Net NonPerforming Assets		
	a) Related Parties	–	–
	b) Other than related parties	–	–
	iii) Assets acquired in satisfaction of debt	–	–

24(b). Disclosures in terms of Paragraph 10 of Non Banking Financial(Non- Deposit Accepting or Holding) Companies Prudential Norms(Reserve Bank) Directions, 2007 issued by Reserve Bank of India.

(I) Disclosure for CRAR :-			
CRAR	Items	As on March 31, 2011	As on March 31, 2010
i)	CRAR (%)	198%	141%
ii)	CRAR - Tier I Capital (%)	198%	141%
iii)	CRAR - Tier II Capital (%)	0%	0%
(II) Exposure to Real Estate Sector			
	Category	As on March 31, 2011	As on March 31, 2010
	a) Direct Exposure		
	i) Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 Lacs may be shown separately)	Nil	Nil



Schedules to the Accounts

ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.)	400,000,000	Nil
iii) Investments in Mortgage Backed Securities(MBS) and other securitised exposures -		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) Indirect Exposure		
Fund based and non-fund based exposure on National Housing Bank(NHB) and Housing Finance Companies(HFCs.)	Nil	Nil

(III) Maturity Pattern of Assets & Liabilities as at March 31, 2011

	1 Day to 30/31 days (One Month)	Over one Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 to 3 Years	Over 3 to 5 Years	Over 5 Years	Total
Liabilities									
Borrowing from Banks	-	-	-	-	-	1,433,736	-	-	1,433,736
	(905)	-	-	-	-	-	-	-	(905)
Market Borrowings	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Assets									
Advances	680,005,000	2,705,000	5,466	762,349,314	222,613,358	400,120,000	75,000	-	2,067,873,138
	(511,000,000)	(6,232,640)	-	(240,237,428)	(40,000,000)	-	-	-	(797,470,068)
Investments	1,638,795,023	23,862,500	52,497,500	186,871,928	49,285,000	1,081,250,521	-	375,600,000	3,408,162,471
	(1,024,525,942)	-	-	-	-	-	-	(334,999,990)	(1,359,525,932)

Note : Figures of Previous years are given in brackets

25. Additional Information pursuant to the provisions of paragraphs 3, 4C & 4D of part II of Schedule VI to The Companies Act, 1956 (to the extent applicable) are as under:

(a) Earning in Foreign Currency

Advisory Fees : ₹ Nil/- (Previous Year ₹ 36,62,109/-)

(b) Expenditure in Foreign Currency

Professional Fees : ₹ 70,77,965/- (Previous Year ₹ NIL)

Travelling expenses : ₹ 5,37,881/- (Previous Year ₹ 1,01,768/-)

26. Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

As per Our Report of even date

For **KARNAVAT & CO.**

Chartered Accountants

Firm Registration No. 104863W

Krishna Karundia

Partner

Membership No.036681

Place: Mumbai

Dated: 30th May 2011

For and on behalf of the Board of Directors

Rajesh Sharma

Chairman & Managing Director

Beni Prasad Rauka

Director

Shyam Bhattbhatt

Company Secretary

Place: Mumbai

Dated: 30th May 2011

Dinesh Chandra Babel

Director



Balance Sheet Abstract And General Business Profile

AS PER PART IV OF SCHEDULE VI OF COMPANIES ACT,1956

I Registration Details	
Registration No.	L65921mh1994ptc173469
Balance Sheet Date	31-03-2011
State Code	11
	(amount in ₹ '000)
II Capital Rased During The Year	
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Warrant Conversion	Nil
Private Placement	71,172
III Position of Mobilisation and (Amt. in ₹)	
Deployment of Funds	
Total Liabilities	7,746,638
Total Assets	7,746,638
Source of Funds	
Paid Up Capital	348,685
Share Application Money	Nil
Reserves & Surplus	7,376,884
Secured Loans	1,434
Unsecured Loans	–
Deferred Tax Liability	85
Application of Funds	
Net Fixed Assets	34,489
Investment	964,932
Deferred Tax Asset	0
Net Current Assets	6,747,218
Misc Expenditure	Nil
Accumulated Loss	Nil
IV Performance of the Company	
Total Income	4,787,808
Total Expenditure	3,546,700
Profit Before Tax	1,241,108
Profit After Tax	842,643
Basic Earning Per Share	27.26
Diluted Earning Per Share	23.93
Dividend Rate (%)	12.50%
V Generic Names of Three Principal Products/Services Of Company (as Per Monetary Terms)	
ITEM CODE NO	N.A.
PRODUCT DESCRIPTION	1. Financial Advisory Services 2. Investment & Trading in Securities 3. Finance Activity

For and on behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Beni Prasad Rauka
Director

Dinesh Chandra Babel
Director

Shyam Bhattbhatt
Company Secretary

Place: Mumbai
Dated: 30th May 2011



Consolidated Financials



Auditors' Report on the Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF MONEY MATTERS FINANCIAL SERVICES LIMITED.

1. We have audited the attached Consolidated Balance Sheet of Money Matters Financial Services Limited ('the Company') and its subsidiaries (together referred to as "the Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These Consolidated financial statements are the responsibility of Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 - "Consolidated Financial Statements", and Accounting Standard 27 - "Financial Reporting of Interests in Joint Ventures" as prescribed under the Companies (Accounting Standards) Rules, 2006.
4. We refer to:
Note No. 8(b) of Schedule 23.

Pursuant to the investigations conducted by the Central Bureau of Investigation, ("the CBI") some of the relevant documents in the possession of the Company were seized by the CBI and the reliance is placed by the Statutory Auditors on the evidence supporting the transactions recorded in the Books of account.
5. Subject to our comments in Paragraph 4 above & based on our audit and on consideration of the auditors reports on separate financial statements, in our opinion and to the best of our information and according to the explanation given to us, the said Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
 - b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For and on behalf of
KARNAVAT & CO.
Chartered Accountants
Firm Rgn No. 104863W

Krishna Karundia
Partner
Membership No. 036681

Place: Mumbai
Dated: 30th May 2011



Consolidated Balance Sheet as at 31st March 2011

(Amount in ₹)			
	Schedule	AS AT 31.03.2011	AS AT 31.03.2010
I. SOURCE OF FUNDS			
SHARE HOLDERS FUND			
Share Capital	1	348,684,580	277,513,050
Stock option outstanding account	2	19,550,546	7,616,022
Reserves & Surplus	3	7,563,715,179	2,523,847,480
LOAN FUNDS			
Secured Loans	4	344,036,793	279,009,309
Unsecured Loans	5	–	45,000
	Total	8,275,987,097	3,088,030,861
II. APPLICATION OF FUNDS			
Fixed Assets	6		
Gross Block		73,900,214	51,068,381
Less: Accumulated Depreciation		24,791,479	14,483,860
Net Block		49,108,735	36,584,521
INVESTMENTS	7	921,648,601	63,809,714
DEFERRED TAX ASSETS (NET)		1,067,227	723,853
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	8	2,478,120,876	1,210,125,999
Sundry Debtors	9	50,408,210	236,995,536
Cash & Bank Balances	10	3,394,381,818	1,057,594,818
Loans & Advances	11	1,427,710,315	788,106,219
		7,350,621,219	3,292,822,572
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	12	44,821,401	256,351,356
Provisions	13	1,637,284	49,558,444
		46,458,685	305,909,799
NET CURRENT ASSETS		7,304,162,535	2,986,912,773
MISCELLANEOUS EXPENDITURE (To the extent not written off)	14	–	–
	Total	8,275,987,097	3,088,030,861
SIGNIFICANT ACCOUNTING POLICIES	22		
NOTES ON ACCOUNTS	23		
The Schedules referred to above form an integral part of the Balance Sheet			

As per Our Report of even date

For **KARNAVAT & CO.**

Chartered Accountants

Firm Registration No. 104863W

Krishna Karundia

Partner

Membership No.036681

Place: Mumbai

Dated: 30th May 2011

For and on behalf of the Board of Directors

Rajesh Sharma

Chairman & Managing Director

Beni Prasad Rauka

Director

Shyam Bhattbhatt

Company Secretary

Place: Mumbai

Dated: 30th May 2011

Dinesh Chandra Babel

Director



Consolidated Profit & Loss Account For The Year Ended 31st March 2011

(Amount in ₹)

	Schedule	Year Ended March 31, 2011	Year Ended March 31, 2010
I. INCOME			
Income from Operations	15	4,898,453,113	11,085,729,988
	Total	4,898,453,113	11,085,729,988
II. EXPENDITURE			
Cost of sales (Bonds/ Debentures)	16	3,228,786,231	8,822,653,127
Stock Broking Operational Expenses	17	6,306,063	3,879,326
Payment and Provision for Employees	18	184,289,818	140,262,891
Administrative & Other Expenses	19	178,124,210	190,014,394
Financial Charges	20	8,052,741	18,849,088
Miscellaneous Expenses Written Off	21	237,428	5,684,685
	Total	3,605,796,491	9,181,343,511
III. PROFIT BEFORE DEPRECIATION, TAXATION & EXCEPTIONAL ITEM (I-II)			
		1,292,656,623	1,904,386,477
Less : Depreciation		10,310,556	8,415,272
IV. PROFIT BEFORE TAXATION & EXCEPTIONAL ITEM			
		1,282,346,067	1,895,971,205
Less: Exceptional Item (Refer Note No. 9 of Schedule 23)			
Loss on sale of investments in Joint Venture		4,994,990	–
Share of net loss on termination of Joint Venture		2,236,111	–
V. PROFIT BEFORE TAXATION			
		1,275,114,966	1,895,971,205
Less: Provision for Taxation			
Provision for Taxation		406,851,000	641,633,000
Deferred Tax		(338,669)	(1,152,601)
		868,602,635	1,255,490,806
Income Tax Adjustment		5,306	220,542
Profit After Taxation		868,607,941	1,255,711,348
Add: Reversal of earlier years consolidation adjustment of Joint Venture		618,638	
Add: Balance Brought Forward from Previous Year		1,702,657,555	859,238,794
Profit Available for appropriation		2,571,884,134	2,114,950,142
VI. APPROPRIATIONS			
Transferred to Reserve Fund in terms of Section 45 IC (1) of the Reserve Bank of India Act, 1934		180,000,000	228,342,785
Transferred to General Reserve		50,000,000	120,000,000
Interim Dividend		43,585,573	27,000,600
Proposed Final Dividend		–	27,751,305
Tax on Dividend		7,239,019	9,197,897
Balance carried to Balance Sheet		2,291,059,542	1,702,657,555
Earning Per Share (Before exceptional items)			
Basic (₹)		28.33	46.19
Diluted (₹)		24.87	27.80
Nominal value of Share (₹)		10.00	10.00
Earning Per Share (After exceptional items)			
Basic (₹)		28.10	46.19
Diluted (₹)		24.67	27.80
Nominal value of Share (₹)		10.00	10.00
SIGNIFICANT ACCOUNTING POLICIES	22		
NOTES ON ACCOUNTS	23		
The Schedules referred to above form an integral part of the Profit and Loss Account			

As per Our Report of even date

For **KARNAVAT & CO.**

Chartered Accountants

Firm Registration No. 104863W

Krishna Karundia

Partner

Membership No.036681

Place: Mumbai

Dated: 30th May 2011

For and on behalf of the Board of Directors

Rajesh Sharma

Chairman & Managing Director

Beni Prasad Rauka

Director

Shyam Bhattbhatt

Company Secretary

Place: Mumbai

Dated: 30th May 2011

Dinesh Chandra Babel

Director



Consolidated Cash Flow Statement for the Year ended March 31, 2011

	(Amount in ₹)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
(A) Cash Flow From Operating Activities and Exceptional Items		
Profit Before Taxation	1,275,114,966	1,895,971,205
Add:		
Depreciation	10,310,556	8,415,272
Stock Options Adjustment	11,934,524	7,616,022
Bad Debts Written off	10,413,393	13,251,053
Provision for Expenses	37,029,541	–
Miscellaneous Expenses Written off	237,428	5,684,685
Interest Receivable	71,890,999	7,182,195
Loss on sale of Fixed Assets	–	1,844,168
Less:		
Rights Issue/Preliminary Expenses Incurred	(237,428)	(456,040)
Prepaid Expenses Booked in Current Year	(2,169,654)	(1,558,348)
	1,414,524,324	1,937,950,212
Add: Exceptional Items		
Loss on sale of investment in Joint Venture	4,994,990	–
Share of loss on termination of Joint Venture	2,236,111	–
Operating Profit before Working Capital Changes	1,421,755,425	1,937,950,212
Movements in Working Capital		
(Increase)/Decrease in Sundry Debtors	176,175,097	(90,571,517)
(Increase)/Decrease in Stock-in-trade	(1,267,994,877)	(959,918,099)
(Increase)/Decrease in Loans & Advances	(691,297,810)	(555,564,673)
(Increase)/Decrease in Other Current Assets	–	(627,597)
Increase/(Decrease) in Current Liabilities	(248,510,933)	198,412,415
Increase/(Decrease) in Provisions	617,049	(19,323,315)
Cash Flow from Operating Activities	(609,256,050)	510,357,425
Less		
Income Tax Adjustment	5,306	220,542
Direct Taxes Paid	(441,149,640)	(653,683,369)
FBT Paid	–	(21,144)
Net Cash (Used in) Operating Activities (A)	(1,050,400,383)	(143,126,546)
(B) Cash Flow From Investing Activities		
Purchase of Fixed Assets	(22,888,833)	(19,362,663)
Sale of Fixed Assets	–	2,820,170
Share of loss on termination of Joint Venture	(2,236,111)	–
(Increase)/Decrease in Investments	(861,691,772)	(4,060,301)
Net Cash Flow (Used In) Investing Activities (B)	(886,816,716)	(20,602,794)



Consolidated Cash Flow Statement for the Year ended March 31, 2011

(Amount in ₹)

Schedule	Year Ended March 31, 2011	Year Ended March 31, 2010
(C) Cash Flow From Financing Activities		
Increase/(Decrease) in Secured Borrowings	65,027,483	61,485,549
Increase/(Decrease) in Unsecured Borrowings	–	45,000
Dividend Paid	(71,336,878)	(27,000,600)
Tax on Dividend	(11,848,164)	(4,588,752)
Increase/(Decrease) in Share Capital	71,171,530	7,507,050
Increase/(Decrease) in Share Premium (net of Share Issue Expenses adjusted)	4,221,077,504	73,171,215
Net Cash Flow Generated From Financing Activities (C)	4,274,091,476	110,619,462
Net Increase/Decrease in Cash & Cash Equivalents (A+B+C)	2,336,874,377	(53,109,878)
Cash & Cash Equivalents at the beginning of the year	1,057,594,818	1,110,704,696
Less: Consolidation adjustment on termination of Joint Venture	87,377	–
	1,057,507,441	1,110,704,696
Cash & Cash Equivalents at the end of the year	3,394,381,818	1,057,594,818
Net Increase/Decrease in Cash & Cash Equivalents	2,336,874,377	(53,109,878)
Notes:		
1. Cash & Cash equivalents comprises of		
– Cash in hand	183,420	1,949,135
– Cash with CBI (Seized)	1,212,000	–
– Foreign Currency with CBI (Seized)	214,762	–
– Balances with Scheduled Banks in Current Accounts	211,637,451	158,104,333
– Balances with Scheduled Banks in Fixed Deposits	3,181,134,185	897,541,350
Total	3,394,381,818	1,057,594,818

2. Cash & foreign currency seized by CBI is unavailable for utilization.
3. As Fixed Deposit of Rs.8.50 Crores are offered as security against overdraft facility, the same are unavailable for utilization.
4. Cash flows arising on account of taxes on income are not specifically bifurcated with respect to investing & financing activities.
5. Previous year's figures have been regrouped, wherever necessary to confirm to current year's classification.
6. Figures in brackets represent outflows.

As per Our Report of even date

For **KARNAVAT & CO.**

Chartered Accountants

Firm Registration No. 104863W

Krishna Karundia

Partner

Membership No.036681

Place: Mumbai

Dated: 30th May 2011

For and on behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Beni Prasad Rauka
Director

Dinesh Chandra Babel
Director

Shyam Bhattbhatt
Company Secretary

Place: Mumbai

Dated: 30th May 2011



Schedules Forming Part Of The Consolidated Balance Sheet

Particular	(Amount in ₹)	
	As At March 31, 2011	As At March 31, 2010
SCHEDULE-1		
SHARE CAPITAL		
Authorised		
55,000,000 (45,250,000) Equity Shares of ₹ 10/- Each	550,000,000	452,500,000
Issued, Subscribed & paid up		
34,868,458 (27,751,305) Equity Shares of ₹ 10/- Each fully paid up	348,684,580	277,513,050
Of the above: Out of the above, during the year, the company issued 7,117,153 shares to QIB. (Refer Note No. 6 Of Schedule 23). (In the previous year, the company issued 750,705 equity shares on conversion of detachable warrants).		
Total	348,684,580	277,513,050
SCHEDULE-2		
STOCK OPTION OUTSTANDING		
Employee Stock Option Outstanding	68,708,350	91,027,650
Less : Deferred Employee Compensation Expenses	(49,157,804)	(83,411,628)
Total	19,550,546	7,616,022
SCHEDULE-3		
RESERVES & SURPLUS		
a) Capital Reserve on Consolidation		
Balance as per last year	28,018,708	28,406,916
Add/ (Less): Adjustment of Joint Venture	388,208	(388,208)
	28,406,916	28,018,708
b) Securities Premium		
Balance as per last year	233,171,216	160,000,000
Additions during the year	4,378,828,383	73,171,216
Less Share Issue Expenses (Refer Note No. 7 Of Schedule No. 23)	(157,750,879)	–
	4,454,248,720	233,171,216
c) Reserve Fund in terms of Section 45 IC (1) of Reserve Bank of India Act, 1934		
Balance brought forward from last year	440,000,000	211,657,215
Set Aside this year	180,000,000	228,342,785
	620,000,000	440,000,000
d) General Reserve		
Balance as per last year	120,000,000	–
Add: Transfer from Profit & Loss Account	50,000,000	120,000,000
	170,000,000	120,000,000
e) Profit and Loss Account		
Balance brought forward from last year	1,702,657,555	859,238,794
Additions during the year	588,401,987	843,418,761
	2,291,059,542	1,702,657,555
Total	7,563,715,179	2,523,847,480
SCHEDULE-4		
SECURED LOANS		
Bank of India - Cash Credit (Secured by Pledge of Government Securities & Bonds as covered under the loan agreement)	–	905
Short term Secured Loan:		
Bank Overdraft from Union Bank of India (Secured against the Fixed Deposits of the Company)	344,036,793	279,008,404
Total	344,036,793	279,009,309
SCHEDULE- 5		
UNSECURED LOANS		
Short term loan from Shareholder	–	45,000
Total	–	45,000

Schedules Forming Part Of The Consolidated Balance Sheet

SCHEDULE-6 FIXED ASSETS		(Amount in ₹)									
		GROSS BLOCK				DEPRECIATION				NET BLOCK	
PARTICULARS	AS ON 01.04.10	ADDITION	DEDUCTIONS	AS ON 31.03.11	UPTO 01.04.2010	FOR THE YEAR	DEDUCTIONS	AS ON 31.03.11	AS ON 31.03.11	AS ON 31.03.2010	
TANGIBLE ASSETS											
Building	4,851,680		-	4,851,680	7,975	242,185	-	250,160	4,601,520	4,843,705	
Computers & Accessories	10,564,664	6,027,485	57,000	16,535,149	4,874,521	3,545,456	2,936	8,417,041	8,118,108	5,690,143	
Office Equipments	4,539,409	2,946,252	-	7,485,661	714,604	779,671	-	1,494,275	5,991,386	3,824,805	
Electrical Installation	1,641,035	1,267,097	-	2,908,132	252,002	282,846	-	534,848	2,373,284	1,389,033	
Furniture & Fixtures	26,510,833	8,412,748	-	34,923,581	8,036,886	4,093,269	-	12,130,155	22,793,427	18,473,947	
Motor Car	2,960,760	2,904,714	-	5,865,474	597,872	1,017,642	-	1,615,514	4,249,960	2,362,888	
INTANGIBLE ASSETS											
Software	-	1,330,537	-	1,330,537	-	349,487	-	349,487	981,050	-	
Total	51,068,381	22,888,833	57,000	73,900,214	14,483,860	10,310,556	2,936	24,791,479	49,108,734	36,584,521	
Previous Year	36,942,623	19,362,663	5,236,905	51,068,381	6,641,154	8,415,272	572,567	14,483,860	36,584,521	30,301,469	

Note: Softwares are amortized pro-rata on straight line method over the life of the asset estimated by the management at 3 years.



Schedules Forming Part Of The Consolidated Balance Sheet

Particular	(Amount in ₹)	
	As At 31.03.2011	As At 31.03.2010
SCHEDULE- 7		
INVESTMENTS		
Long Term Investments (at Cost)		
Quoted, Trade Investment:		
Equity Shares		
2,087,339 (Previous Year Nil) Equity Shares face value of ₹ 10 each fully paid in Future Capital Holdings Limited	332,316,976	–
(Aggregate Market Value of Quoted Investments ₹ 29.06 Crores, Previous Year NIL)		
Unquoted, Non-Trade Investment:		
In Others		
124,093 (Nil) Equity Shares of ₹ 10/- each of Credit Analysis & Research Ltd	189,331,625	–
Current Investments (At Fair Value)		
Unquoted, Non-Trade		
Units of Mutual funds		
3,783,043 Units(Previous year Nil units) of ICICI Flexible Income Plan - Dividend	400,000,000	–
Nil Units(Previous year 4,599,589 units) of LIC Mutual Fund Liquid Fund	–	50,503,942
Nil Units (Previous Year 478,415 units) of LIC MF Saving Plus - Daily Dividend Plan	–	4,784,149
Nil Units (Previous Year 72,878 Units) of ICICI Prudential Flexible Income Plan	–	3,852,885
Nil Units (Previous Year 462,231) of LIC Saving Plus - Daily Dividend Plan	–	4,668,738
Total	921,648,601	63,809,714
Aggregate cost of unquoted investment		
– Long term	189,331,625	–
– Current Investments	400,000,000	63,809,714
Total	589,331,625	63,809,714
SCHEDULE-8		
INVENTORIES		
(As Taken, Valued & Certified by the Management)		
Quoted Trade Investments		
A. Bonds		
i) Government Bonds		
250 (250) G-Sec 2034 August 7.5% Bonds	228,512,500	233,057,250
50 (Nil) 8.26% GOI 2027	49,285,000	–
ii) Other Bonds		
3 (3) JP Associates Ltd July 2014 11.75% Bonds	3,032,880	3,046,749
1,000,000 (Nil) 11.25% Essar Power Ltd 2018	95,450,000	–
500 (Nil) 8.95% Infotel Broadband Services Ltd	492,764,500	–
40,000 (Nil) 9.95% SBI (Lower II Bond)	415,270,950	–
169,137 (Nil) Shriram Transport Finance Ltd-NCD 9.75% 2015	167,609,016	–
(A)	1,451,924,846	236,103,999
B. Shares		
387,667 (Nil) Equity Shares of Power Grid Corporation Ltd.	34,890,030	–
Unquoted, Trade Investment	(B)	34,890,030
C. Certificate of Deposit with Bank		
10,000 (Nil) 0% Central Bank of India CD 02-may-11	991,306,000	–
Nil (10,000) ICICI Bank Ltd CD 10-09-2010	–	974,022,000
(C)	991,306,000	974,022,000
Total (A+B+C)	2,478,120,876	1,210,125,999

Schedules Forming Part Of The Consolidated Balance Sheet

Particular	(Amount in ₹)	
	As At 31.03.2011	As At 31.03.2010
SCHEDULE- 9		
SUNDRY DEBTORS (Unsecured, Considered Good)		
More than Six Months	31,751,993	42,720,800
Other Debts	18,656,217	194,274,736
Total	50,408,210	236,995,536
SCHEDULE- 10		
CASH & BANK BALANCES		
Cash in hand	183,420	1,949,135
Cash with CBI (Seized)	1,212,000	–
Foreign Currency Seized by CBI	214,762	–
Balances with Scheduled Banks in Current Accounts	211,637,451	158,104,333
Balances with Scheduled Banks in FD	3,181,134,185	897,541,350
(Includes Fixed Deposits of ₹ 85,000,000 (PY ₹ 550,000,000) pledged as lien against overdraft facility taken)		
Total	3,394,381,818	1,057,594,818
SCHEDULE- 11		
LOANS & ADVANCES		
(Secured, Considered Good)		
Loans	1,161,334,314	6,232,640
Loans to Body Corporate	442,347	294,005,406
Margin & Deposits with NSE & BSE	43,681,000	415,454,000
Interest Receivable	71,890,999	7,182,195
Security & Other Deposit	2,139,705	30,307,955
Prepaid Expenses	2,169,654	1,558,348
Service Tax Receivable	1,088,400	1,131,127
Advance Payment of Tax (Including TDS)	18,092,552	–
Other Advances	126,871,345	32,234,547
Total	1,427,710,315	788,106,219
SCHEDULE- 12		
CURRENT LIABILITIES		
Sundry Creditors		
– Due to Micro & Small Enterprises	–	–
– Due to Others	2,453,282	63,858,726
Other Liabilities	42,368,119	192,492,630
Total	44,821,401	256,351,356



Schedules Forming Part Of The Consolidated Balance Sheet

Particular	(Amount in ₹)	
	As At 31.03.2011	As At 31.03.2010
SCHEDULE- 13		
PROVISIONS		
Provision for Income Tax (Net)	–	16,177,759
Provision for Gratuity	1,637,284	1,020,235
Proposed Dividend	–	27,751,305
Corporate Dividend Tax	–	4,609,145
Total	1,637,284	49,558,444
SCHEDULE- 14		
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF)		
A) Preliminary Expenses		
Opening Balance	–	3,239,394
Addition during the year	237,428	384,603
	237,428	3,623,997
Less : Written off during the year	237,428	3,623,997
(A)	–	–
B) Pre-Operative Expenses		
Opening Balance	–	447,214
Addition during the year	–	–
	–	447,214
Less : Written off during the year	–	447,214
(B)	–	–
C) Right Issue Expenses		
Opening Balance	–	1,127,815
Addition during the year	–	71,437
	–	1,199,252
Less : Written off during the year	–	1,199,252
(C)	–	–
Total (A+B+C)	–	–

Schedules Forming Part Of The Consolidated Profit & Loss Account

Particular	(Amount in ₹)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
SCHEDULE-15		
INCOME FROM OPERATIONS		
a) INTEREST RECEIVED		
Interest on Loan	36,048,110	12,302,803
Interest from Bonds/Application Money	70,556,922	37,331,838
Interest on Bank Fixed Deposits(Net)	144,733,034	61,770,346
Interest - Others	74,208	-
Sub Total	251,412,274	111,404,987
b) Fees from Financial Advisory Services (Net)	1,317,323,538	2,007,375,080
c) Sale of Bonds/Debentures	3,228,488,810	8,789,429,859
d) Sale of Shares & Securities	6,817,859	136,845,503
e) Loan Processing Fees Received	15,500,000	275,000.00
f) Dividend Received on Mutual Fund	59,058,317	25,492,546
g) Short term Capital Gain (Mutual Fund)	517,005	1,085,350
h) Equity Brokerage	18,977,199	9,748,640
i) Brokerage from Debt Market	358,111	4,073,023
Total	4,898,453,113	11,085,729,988
SCHEDULE- 16		
COST OF SALES (BONDS/ DEBENTURES)		
Opening Stock	1,210,125,999	250,207,900
Purchases of Bonds	4,461,891,078	9,645,267,360
Purchases of Shares	-	137,303,866
	5,672,017,077	10,032,779,126
Less		
Closing Stock	2,443,230,846	1,210,125,999
Total	3,228,786,231	8,822,653,127
SCHEDULE- 17		
STOCK BROKING OPERATIONAL EXPENSES		
Lease Line Charges	319,382	350,754
Software Running Expenses	3,359,715	2,306,577
Exchange & Statutory Charges	706,032	549,588
Payment to Jobbers	1,407,479	289,467
Transaction Charges	1,150	-
V-Sat Expenses	100,000	40,191
Depository Charges	409,110	341,990
Vandha Account	3,195	759
Total	6,306,063	3,879,326
SCHEDULE-18		
PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries & Bonus	176,736,660	136,732,464
Staff Welfare Expenses	6,936,110	2,510,192
Gratuity Expenses	617,049	1,020,235
Total	184,289,819	140,262,891



Schedules Forming Part Of The Consolidated Profit & Loss Account

Particular	(Amount in ₹)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
SCHEDULE-19		
ADMINISTRATIVE & OTHER EXPENSES		
Advertisement Expenses	2,408,650	109,025
Bad Debts Written Off	10,413,393	13,251,05
Business Promotion Expenses	32,870,914	33,664,967
Books & Periodicals	1.001	–
Computer Maintenance	425,269	543,943
Conveyance Expenses	946,734	498,599
Marketing Commission	197,897	–
Custodian Charges	131,000	65,000
Directors Sitting Fees	880,000	395,000
Donation	244,855	2,756,100
Electricity Charges	2,392,206	1,409,860
Filing & Compounding Fees to ROC	706,712	15,374
Foreign Exchange Loss	9,295	32,404
General Expenses	5,288,628	1,916,761
Insurance Expenses	121,731	111,996
Legal & Professional Fees	19,103,763	10,283,070
Listing Fees & Stock Exchange Fees	256,000	86,750
Loss on sale of Fixed Assets	–	1,844,168
Meeting & Conference Expenses	446,841	247,509
Membership & Subscription	2,077,567	2,342,500
Vehicle Expenses	6,419,501	3,136,200
Postage & Stamps	373,842	214,197
Printing & Stationery	2,347,215	1,111,934
Rates & Taxes	154,119	181,022
Recruitment & Training Expenses	2,111,249	3,490,596
Remuneration to Auditors		
– Audit Fees	655,152	172,060
– Tax Audit Fees	50,000	30,000
– Certification	30,000	15,000
– Out of Pocket Expenses	113,636	70,471
Remuneration to Directors	36,801,084	70,714,249
Rent Paid	31,070,543	22,434,552
Repairs & Maintenance	30,691	
Sundry balances Written off	–	59,913
Telephone and Internet Expenses	3,642,553	2,055,585
Foreign Travelling Expenses	2,150,653	476,506
Travelling Expenses	12,535,582	8,651,941
SEBI Fees	333,333	–
Software Expenses	303,215	7,532,257
Society Charges	70,374	93,832
Total	178,124,210	190,014,394



Schedules Forming Part Of The Consolidated Profit & Loss Account

(Amount in ₹)

Particular	Year Ended March 31, 2011	Year Ended March 31, 2010
SCHEDULE-20		
FINANCIAL CHARGES		
Bank Charges	5,860,952	47,073
Bank Guarentee Charges	1,034,455	2,522,396
Interest on Loan	999,202	14,489,469
Franking Charges	32,365	30,070
Interest Others	20,347	–
Loan Processing Fees	–	575,000
Limit Processing Charges	105,420	685,080
Rating Charges	–	500,000
Total	8,052,741	18,849,088
SCHEDULE-21		
MISCELLANEOUS EXPENSES WRITTEN OFF		
Preliminary expenses written off	237,428	4,038,219
Pre-Operative Expenses written off	–	447,214
Rights Issue Expenses written off	–	1,199,252
Total	237,428	5,684,685



Schedules to the Accounts

22. SIGNIFICANT ACCOUNTING POLICIES :

(a) Basis of preparation of financial statements:

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India, provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under Section 211(3C) of the Act, read with Companies (Accounting Standards) Rules, 2006 and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Basis of Consolidation:

The consolidated financial statements relate to Money Matters Financial Services Limited (the Parent Company) and its subsidiary companies.

(i) Principles of Consolidation:

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS-21) - "Consolidated Financial Statements" as prescribed under the Companies (Accounting Standards) Rules, 2006. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Parent and its subsidiary companies (together "the Group") have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits or losses on intra-group transactions.
- b) In the year of existence of the Joint Venture, the consolidated financial statements include the interest of Money Matters Financial Services Limited in the Joint Venture. The same has been accounted for using the proportionate consolidation method of accounting and reports the share of assets, liabilities, income and expenses of a jointly controlled entity as a separate item after fully eliminating unrealized profits or losses on intra group transactions. In the year of termination/disposal of Joint Venture interest, the proportionate consolidation method is not applicable.
- c) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Parent Company's separate financial statements. Appropriate adjustments have been made in the financial statements of the subsidiaries with respect to different accounting policies for like transaction and events in similar circumstances for the purpose of preparation of consolidated financial statements.
- d) The excess of cost to the Parent Company of its investment in the subsidiary over the Parent Company's portion of equity of the subsidiary is recognised in the financial statements as Goodwill. This Goodwill is tested for impairment at the end of the financial year. The excess of Parent Company's portion of equity over the cost of investment as at the date of its investment is treated as Capital Reserve.
- e) The financial statements of the subsidiaries used in consolidation are drawn upto the same reporting date as that of the Parent Company i.e. year ended March 31, 2011.

Schedules to the Accounts

(ii) Subsidiary Companies included in the Consolidated financial statements:

Name of Subsidiaries	Country of Incorporation	Year /Period ended included in consolidation	Ownership Interest (%)	Statutory Auditor
Money Matters Investment Advisors Pvt. Ltd.	India	01/04/2010 to 31/03/2011	100%	Karnavat & Co.
		01/04/2009 to 31/03/2010		S.K. Patodia & Associates.
Money Matters Securities Private Limited	India	01/04/2010 to 31/03/2011	100%	Karnavat & Co.
		01/04/2009 to 31/03/2010		S.K. Patodia & Associates.
Money Matters Distribution Company Pvt. Ltd	India	01/04/2010 to 31/03/2011	100%	Karnavat & Co.
		01/04/2009 to 31/03/2010		S.K. Patodia & Associates.
Money Matters Capital Pvt. Ltd.	India	01/04/2010 to 31/03/2011	100%	Karnavat & Co.
		11/08/2009 to 31/03/2010		S.K. Patodia & Associates.
Money Matters Research Pvt. Ltd.	India	22/01/2010 to 31/03/2011	100%	Karnavat & Co.
Money Matters Resources Pvt. Ltd.	India	12/03/2010 to 31/03/2011	100%	Karnavat & Co.

During the year, Money Matters Research Private Limited (MMRPL) a wholly owned subsidiary of the Company, has incorporated a wholly owned subsidiary viz; Money Matters Advisory Pte Ltd (Country of Incorporation: Singapore) on July 12, 2010. The accounts of the said subsidiary are not drawn as at March 31, 2011 as the company has not yet started any activity. MMRPL has incurred expenses of ₹ 442,347/- towards incorporation of this Company.

(iii) Particulars of investment in Joint Venture as at March 31, 2011 are as under:

Name of Associates	Country of Incorporation	Year /Period	Ownership Interest (%)	Original Cost of Investment (₹)	Share of Post acquisition Reserves and Surplus (₹)	Auditor
Capstone Capital Services Private Limited	India	01/04/2010 to 05/02/2011	Nil	Nil	Nil	N.A.
	India	08/02/2010 to 31/03/2010	(50%)	(4,999,990)	(618,633)	G.M. Kapadia & Co.

Capstone Capital Services Private Limited is a Joint Venture Company of Money Matters Financial Services Limited and Milestone Capital Advisors Limited as per the shareholders agreement dated February 16, 2009. The said Joint Venture has been terminated mutually with effect February 05, 2011. (Please refer to Note No 9 of Schedule 23.)

(c) Use of Estimates

The preparation of the financial statements are in conformity with the generally accepted accounting principles which requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statement. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(d) Revenue Recognition:

Income from Corporate Advisory Services are accounted for as and when the relevant services are rendered and revenue is recognised using completed service contract method except where the recovery is uncertain in which case it is accounted for on receipt. Interest income is accounted for on accrual basis except where the recovery is uncertain, in which case it is accounted for on receipt. Dividend is recognised as income when right to receive payment is established by the date of



Schedules to the Accounts

Balance Sheet. Brokerage income is recognised till the trade date. Profit/loss on the sale of investments/inventories is dealt with at the time of actual sale/redemption.

(e) Fixed assets, depreciation/amortisation and impairment of assets

Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation/Amortisation

Depreciation is provided on a written down value basis from the date the asset is ready to use or put to use, whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal. Depreciation is charged at the rates prescribed in the Schedule XIV to the Companies Act, 1956.

Software purchased are amortized over a period of 3 years on pro rata basis under straight line method.

Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment

(f) Stock in Trade:

- a) The securities acquired with the intention of short term holding and trading positions are considered as stock-in-trade and disclosed as current assets.
- b) The securities held as stock-in-trade under current assets are valued at lower of cost or market value. In case of units of mutual fund, net asset value of units declared by the mutual funds is considered as market value.

(g) Investments:

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments. Long term investments are carried at cost less other than any temporary diminution in value, determined separately for each investment. Current investments are carried at lower of cost or fair value. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

(h) Foreign Currency Transactions:

Foreign Currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any, arising out of transactions settled during the year are recognised in the Profit and Loss Account.

Monetary assets and liabilities denominated in the foreign currencies as at the Balance Sheet date are translated at the closing exchange rates on that date. The exchange differences, if any, are recognised in the Profit and Loss Account and related assets and liabilities are accordingly restated in the Balance Sheet.



Schedules to the Accounts

(i) Retirement Benefits:

The Company has adopted the revised Accounting Standard 15 - "Accounting for Employee Benefits". The accounting policy followed by the Company in respect of its employee benefit schemes is set out below:

Gratuity:

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees at retirement, death while in employment or on termination of employment. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out annually for assessing liability as at the Balance Sheet date.

Leave Encashment:

Unutilised leave of staff is paid as at the end of the year. Accordingly, no provision is required to be made for compensated absences.

(j) Lease

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of leased item, are classified as operating leases. Operating lease payments/receipts are recognized as an expense/income in the Profit and Loss Account on a straight line basis over the term of the lease.

(k) Taxation

Income Tax:

Income tax expenses comprises current tax (i.e. amount of tax for the period determined in accordance with the Income Tax laws), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

Deferred Taxation:

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted as at the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of the assets. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realized.

(l) Employee Stock Compensation Costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

(m) Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - "Earning Per Share" prescribed by the Companies (Accounting Standards) Rules, 2006. Basic earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.



Schedules to the Accounts

(n) Segment Reporting Policies:

Information is given in accordance with the requirements of Accounting Standard 17- "Segment Reporting" issued by the Institute of Chartered Accountants of India.

(o) Provisions and Contingencies

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amounts of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However contingent assets are assessed continually and if it is virtually certain that an economic benefit will rise, asset and related income are recognised in the period in which the change occurs.

Schedules to the Accounts

23. NOTES ON ACCOUNTS

1. Contingent Liability not provided for in respect of ;

Money Matters Securities Private Limited:

Bank Guarantees aggregating to ₹ 80,000,000/- (Previous Year ₹ 80,000,000/-) in respect of credit facilities is availed against pledge of Fixed Deposits with Banks aggregating to ₹ 40,000,000/- (Previous Year - ₹ 40,000,000/-)

2. Capital Commitments in respect of:

Money Matters Financial Services Limited:

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	7,860,813/-	484,093/-
Capital Commitments in terms of Contribution Agreement with Special Opportunity Fund	Nil	200,000,000/-
Uncalled liability on partly paid shares	Nil	45,000,000/-

- In the opinion of the Board of Directors, the Current Assets, Loans & Advances have a value on realisation in the normal course of business at least equal to the value at which they are stated in the Balance Sheet.
- Based on the intimation received by the Company, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to amounts unpaid as at the year end together with interest paid /payable are required to be furnished.
- The Company had issued 18,000,400 equity shares on right basis @ ₹ 10/- each along with 18,000,400 Detachable Convertible Warrants on March 27, 2009. Out of these Warrants, 750,705 warrants have been converted into equity shares of ₹ 10/- each @ a premium of ₹ 97/47 on January 02, 2010. During the current year the promoters and promoter group have surrendered their warrants numbering 13,515,208. Hence only 3,734,487 warrants are outstanding for conversion as on March 31, 2011. During the year, the second conversion period of warrants was opened during December 27, 2010 to March 26, 2011. None of the warrant holders exercised their right for conversion.

6. Equity Share Capital.

During the year, the Company has issued and allotted 7,117,153 equity shares of ₹ 10/- each fully paid-up at a premium of ₹ 615/25 per share to QIB's as defined in Regulation 2(1)(zd) of SEBI (ICDR) Regulations, 2009 pursuant to Chapter VIII on private placement basis. Out of the above 879,648 equity shares were issued and allotted to Domestic QIB's, aggregating to ₹ 549,999,912/- (Rupees Fifty Four Crores Ninety Nine Lacs Ninety Nine Thousand Nine Hundred and Twelve Only) and 6,237,505 equity shares of ₹ 10/- each fully paid-up were issued and allotted to Foreign Institutional Investors in QIP under Schedule 2 of Regulation 5(2) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 i.e; Purchase/sale of shares and/or convertible debentures of an Indian company by a registered Foreign Institutional Investor under Portfolio Investment Scheme, and received an amount aggregating to ₹ 3,900,000,001/25 (Rupees Three Hundred Ninety Crores and One and Paise Twenty Five Only). The total amount received from Domestic and Foreign QIB is ₹ 4,449,999,913/25 (Rupees Four Hundred Forty Four Crores Ninety Nine Lacs Ninety Nine Thousands Nine Hundred Thirteen and Twenty Five Paise Only). All the above shares rank pari-pasu with the existing equity shares.

7. Share Issue expenses.

Share Issue expenses of ₹ 157,750,879/- incurred for raising the above equity funds has been debited to Share Premium Account.



Schedules to the Accounts

8. (a) Investigations by Central Bureau of Investigation (CBI) - EOW Wing, Mumbai.

During the year on November 22, 2010, the CBI conducted investigation and filed FIRS and one Charge-sheet under IPC and Prevention of Corruption Act against 3 officials of the Company/Subsidiary including the Director of the Company/Subsidiary and officials of banks, financial institutions, etc for alleged offences under section 120-B of the IPC and other relevant Sections of Prevention of Corruption Act, alleging that the alleged Officials/Directors facilitated and/or mediated in giving gratification money to Officials of Banks, Financial Institutions, etc. for obtaining pecuniary gain to themselves and to the business of the Company. Prima-facie, the Charge-sheet filed by CBI does not allege about any financial impropriety or any other financial irregularities being committed by the officials in the Company. The management does not perceive any adjustment is required to be made in the books of accounts of the Company pursuant to the investigations being carried out by the CBI.

(b) Documents seized by the Central Bureau of Investigation, Mumbai

Pursuant to the investigations conducted by CBI many of the documents, records, computer hard disks, vouchers, cash currencies, etc in the possession of the Company were seized by the CBI. The Company has obtained duplicate records/documents wherever available to them, and is in the process of obtaining necessary evidences for the remaining unavailable records. In cases where the required evidences for the transactions recorded in the books of accounts were not available for verification, the Statutory Auditors have relied upon the representation and certification of the Management. The Balances of such accounts are subject to reconciliation and confirmation.

9. Termination of Joint Venture in Capstone Capital Services Private Ltd.

The Company (MMFSL) had entered into shareholders agreement on December 16, 2009 with Milestone Capital Advisors Ltd. for Joint Venture in the shareholding ratio of 50:50 in Capstone Capital Services Private Ltd. As per the termination of the shareholders agreement dated March 01, 2011, the said joint venture in Capstone Capital Services Private Ltd. has been terminated mutually with effect from February 05, 2011 and the 50% shareholding (comprising of 499,999 equity shares of ₹ 10/- each fully paid) of MMFSL in the Joint Venture is bought back by Milestone Capital Advisors Ltd through its associate company at an agreed consideration of ₹ 5,000/-. On execution of the agreement with effect from termination date, each party for itself and each of its respective successors and assigns has hereby fully and unconditionally released and forever discharged the other parties and its successors and assigns of and from any and all actions, cause of actions, suits, debts, obligations, claims, liabilities and demands whatsoever that they had or may had under the terms of the shareholders agreement. The effect of the above agreement has been given in the books of account of the Company. Accordingly, an amount of ₹ 2,236,111/- has been paid to the said company towards Companies share of loss upto the date of termination as per the termination agreement.

10. Interest income on Fixed Deposit is shown net of Interest paid on Overdraft Facility.

11. The exchange difference amounting to ₹ 9,295/- (net loss) (Previous year - ₹ 32,404/- (net loss) arising on account of foreign currency transactions has been accounted in the Profit and Loss account in accordance with Accounting Standard - AS 11 - "Accounting for the effects of changes in foreign exchange rates".

12. Retirement Benefit - Gratuity

The Group has an unfunded defined benefit gratuity plan. Every employee who has completed 5 years or more of service is eligible for a gratuity on departure at 15 days salary (last drawn salary) per each completed year of service.

Consequent to the adoption of revised AS-15 "Employee Benefits" issued under Companies (Accounting Standards) Amendment Rules 2008, the following disclosures have been made as required by the standard.

Principal actuarial assumptions as at the balance sheet date:

	2010-11	2009-10
Discount Rate	8.25%	8%
Salary Escalation	5%	5%
Employee Attrition Rate	2%	2%

Schedules to the Accounts

The following tables summarise the components of the net employee benefit expenses recognised in the profit and loss account, and the fund status and amount recognised in the balance sheet for the gratuity benefit plan.

Changes in the present value of the defined benefit obligation are as follows:

	2010-11	2009-10
Liability at the beginning of the Year	1,020,235	0
Interest Cost	207,672	162,650
Current Service Cost	1,575,667	1,234,435
Past Service Cost (non vested benefit)	0	0
Past Service Cost (vested benefit)	0	864,279
Benefits paid	0	0
Actuarial (Gain)/Loss	(1,166,290)	(1,241,129)
Liability at the end of the Year	1,637,284	1,020,235

The Company would not contribute any amount to gratuity in 2010-11 as the scheme is unfunded.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2010-11	2009-10
Investments with insurer	NA	NA
Actual return on plan assets	NA	NA

Balance Sheet

Details of Provision for Gratuity

	2010-11	2009-10
Liability at the end of the Year	1,637,284	1,020,235
Fair Value of plan assets at the end of the year	0	0
Difference	1,637,284	1,020,235
Unrecognised past service cost	0	0
Unrecognised transition liability	0	0
Amount in Balance Sheet	1,637,284	1,020,235

Profit and Loss Account

Net Employee Benefit Expenses (recognised in employee cost)

	2010-11	2009-10
Current Service Cost	1,575,667	1,234,435
Interest on defined benefit obligation	207,672	162,650
Expected return on plan assets	0	0
Net actuarial losses/(gains) recognised in the year	(1,166,290)	(1,241,129)
Past Service Cost	0	864,279
Actuarial (gain)/losses	0	0
Total included in employee benefit expense	617,049	1,020,235

13. Segment Reporting

- The Company's operations are solely in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.
- The group's primary business segments are reflected based on principal business activities carried on by the group. The group's primary business activities are to carry on business of Financial Advisory Services, Financing Activities, Investment Activity, Broking and other related ancillary activities.



Schedules to the Accounts

- c) Segment revenue, results, assets and liabilities include amounts identifiable to each segment and amounts allocated on a reasonable basis.
- d) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information as disclosed in Significant Accounting Policies (n) above:

INFORMATION ABOUT BUSINESS SEGMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in ₹)

PARTICULARS	Shares & Debt Securities	Finance	Financial Services Activities	Broking Activity	Unallocated	Year ended 31-03-2011
Segment Revenue	3,305,863,591	252,727,845	1,317,323,538	22,538,139	–	4,898,453,113
Previous Year	8,963,606,504	100,926,516	2,009,903,633	11,293,335	–	11,085,729,988
Less Inter segment Revenue	–	–	–	–	–	–
Previous Year	–	–	–	–	–	–
Total	3,305,863,591	252,727,845	1,317,323,538	22,538,139	–	4,898,453,113
Previous Year	8,963,606,504	100,926,516	2,009,903,633	11,293,335	–	11,085,729,988
Result:						
Segment Result	57,308,828	226,298,421	1,059,152,656	(20,867,085)	(46,777,855)	1,275,114,966
Previous Year	132,293,868	93,553,444	1,697,247,774	(22,386,479)	(4,737,401)	1,895,971,206
Provision for Tax	–	–	–	–	(406,851,000)	(406,851,000)
Previous Year	–	–	–	–	(641,633,000)	(641,633,000)
Deffered Tax	–	–	–	–	338,669	338,669
Previous Year	–	–	–	–	1,152,601	1,152,601
Income Tax Adjustments	–	–	–	–	5,306	5,306
Previous Year	–	–	–	–	220,542	220,542
Total Results	57,308,828	226,298,421	1,059,152,656	(20,867,085)	(453,284,880)	868,607,941
Previous Year	132,293,868	93,553,444	1,697,247,774	(22,386,479)	(644,997,258)	1,255,711,349
Capital Employed:						
Segment Assets	4,048,540,986	3,721,339,803	163,278,423	129,437,365	213,390,521	8,275,987,098
Previous Year	1,279,534,167	1,361,002,104	126,196,825	375,618,178	(54,320,414)	3,088,030,861
Segment Liabilities	–	1,433,736	–	342,603,057	7,931,950,304	8,275,987,098
Previous Year	905	–	45,000	279,008,404	2,808,976,552	3,088,030,861
Net Segment Assets	4,048,540,986	3,719,906,067	163,278,423	(213,165,691)	(7,718,559,784)	–
Previous Year	1,279,533,262	1,361,002,104	126,151,825	96,609,774	(2,863,296,966)	–
Other Information:						
Capital Expenditure	3,894,574	3,894,574	26,892,453	14,427,136	–	49,108,737
Previous Year	2,961,852	2,961,852	12,193,201	1,245,758	–	19,362,663
Depreciation	908,550	908,550	4,845,839	3,647,618	–	10,310,557
Previous Year	251,725	251,725	3,303,173	4,608,650	–	8,415,273

Schedules to the Accounts

14. Disclosures as required by Accounting Standard (AS-18) 'Related Party Disclosures' in respect of transactions for the year are as under:

A: Key Management Personnel

1	Mr. Rajesh Sharma	Chairman & Managing Director
2	Mr. Pramod Kasat	Whole Time Director (from April 16, 2010 to March 14, 2011)
3	Mr. Sachin Shahane	Whole Time Director of Subsidiary Upto April 26, 2010
4	Mr. Nitin Khivansara	Whole Time Director of Subsidiary Upto April 26, 2010
5	Mr. Sanjay Sharma	Whole Time Director of Subsidiary Upto February 11, 2011

B: Enterprises over which person described in A (1) along with his relatives has control

1	Money Matters Advisory Services Limited	
2	Money Matters Infrastructure Private Limited	
3	Parijat Properties Private Limited	
4	Money Matters Advisory Pte Ltd, Singapore	Wholly owned subsidiary of Money Matters Research Private Limited

C: Joint Ventures

1	Capstone Capital Services Private Limited (Upto February 05, 2011)
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D: Details of transactions during the year and closing balances as at the year end:

(Amount in ₹)

Sr No.	Particulars	Joint Venture		Enterprises over which person		Key Management Personnel		Total	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
a	Profit and Loss Account Items:								
	(I) Incomes:								
	Interest Received	-	-	-	-	-	-	-	-
	Sale of Bonds	-	-	-	109,040,400	-	-	-	109,040,400
	Brokerage Received	-	-	-	318,651	-	550	-	319,201
	(II) Expenses								
	Rent Paid	-	-	17,829,600	13,932,000	8,000	-	17,837,600	13,932,000
	Salaries, Commission and other benefits	-	-	-	-	37,068,038	73,969,979	37,068,038	73,969,979
	Payment towards loss on termination of Joint Venture	2,236,111						2,236,111	-
	Purchase of Bonds				220,829,825	-	-	-	220,829,825
b	Investment								
	Contribution towards Equity capital	-	4,999,990					-	4,999,990
c	Balance Sheet Items (Closing Balances)								
	(I) Sundry Creditors/Other Liabilities for rendering services				51,836,335	-	-	-	51,836,335



Schedules to the Accounts

15. Leases (AS - 19)

Operating Leases:

The company has taken office premises & motor car under operating lease. The lease arrangement are normally renewable on expiry of the lease period ranging from 3 to 5 years. There are no restrictions imposed by the lease agreement. There is no contingent rent in the lease agreement. There is no escalation clause in the lease agreements. The future minimum lease payments in respect of the aforesaid lease are as follows :

(Amount in ₹)

Particulars	2010-2011	2009-2010
I) Payable not later than one year	28,547,211	22,319,460
II) Payable later than one year and not later than five years	36,722,425	50,479,245

The lease payments recognized in the statement of Profit & Loss Account for the year is ₹ 3,08,75,622/- (P.Y. ₹ 22,319,460/-).

The Company has sub leased the office premises under Operating Lease during the year. The lease income recognized in the statement of Profit & Loss Account for the year is ₹ 46,37,250/- (P.Y. ₹ 61,83,000/-).

16. Earnings Per Share

Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Net Profit after tax as per profit and loss account	(A)	868,607,941	1,255,711,348
Add : Exceptional Items (Loss on sale of shares in Joint Venture)		4,994,990	–
Add : Exceptional Items (Share of loss in Joint Venture)		2,236,111	–
Net Profit after tax & before exceptional items as per profit and loss account	(B)	875,839,042	1,255,711,348
Weighted average number of equity shares for calculating Basic EPS	(C)	30,910,151	27,183,649
Weighted average number of equity shares for calculating Diluted EPS	(D)	35,212,007	45,173,296
Basic earnings per equity share (in Rupees) (Face value of ₹ 10/- per share) (after exceptional items)	(A)/(C)	28.10	46.19
Diluted earnings per equity share (in Rupees) (Face value of ₹ 10/- per share) (After exceptional items)	(A)/(D)	24.67	27.80
Basic earnings per equity share (in Rupees) (Face value of ₹ 10/- per share) (Before exceptional items)	(B)/(C)	28.33	46.19
Diluted earnings per equity share (in Rupees) (Face value of ₹ 10/- per share) (Before exceptional items)	(B)/(D)	24.87	27.80

Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Weighted average number of equity shares for calculating EPS		30,910,151	27,183,649
Add : Equity shares arising on conversion of warrants		3,734,487	17,249,695
Add : Equity shares for no consideration arising on grant of stock options under ESOP		567,369	739,952
Weighted average number of equity shares in calculation diluted EPS		35,212,007	45,173,296

Schedules to the Accounts

17. Deferred Tax Liabilities/(Assets)

Taxes on Income (AS – 22)

In terms of Accounting Standard 22 on “Accounting for Taxes on Income” as notified by the Companies (Accounting Standard) Rules, 2006 the Company has recognized Deferred Tax liability ₹ 338,669/- for the year ended 31st March, 2011 in the Profit & Loss A/c. The accumulated balance in Net Deferred Tax Liability/ (Asset) comprises of:-

(Amount in ₹)

	As at March 31, 2011	As at March 31, 2010
Deferred Tax Liabilities	–	–
Gross Deferred Tax Liabilities (A)	–	–
Deferred Tax Assets		
Timing difference on account of :		
Excess of WDV of the assets as per Financial Books over the WDV as per Income Tax Act, 1961.	304,413	384,944
Expenses disallowed under Income Tax Act, 1961	762,814	338,910
Gross Deferred Tax Assets (B)	1,067,227	723,854
Gross Deferred Tax Liabilities/(Assets)(Net) (A-B)	(1,067,227)	(723,854)

18. Employee Stock Option Plan

Date of grant	October 27, 2009		December 16, 2009	
Date of Board /Committee Approval	October 27, 2009		December 16, 2009	
Date of Shareholder’s Approval	September 22, 2009		September 22, 2009	
Number of options granted	825,000		50,000	
Method of Settlement (Cash/Equity)	Equity		Equity	
	Vesting Dates	No of Options	Vesting Dates	No of Options
	1-Nov-11	18,000	1-Dec-11	2,500
	1-Nov-12	229,500	1-Dec-12	12,500
	1-Nov-13	247,500	1-Dec-13	15,000
	1-Nov-14	330,000	1-Dec-14	20,000
Total		825,000		50,000
Exercisable period	Within 3 Years from the Vesting date		Within 3 Years from the Vesting date	



Schedules to the Accounts

The details have been summarized below:

(Amount in ₹)

	Grant Date October 27, 2009			
	As At March 31, 2011		As At March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	733,000	NA	0	NA
Add: Granted during the year	0	10	825,000	10
Less: Forfeited during the year	0	NA	0	NA
Less: Exercised during the year	0	NA	0	NA
Less: Expired/ Lapsed during the year	146,000	NA	92,000	NA
Outstanding at the end of the year	587,000	10	733,000	10
Exercisable at the end of the year	0	NA	0	NA
Weighted average remaining contractual life (in years)		5.5		6.5
Weighted average fair value of options granted		118.61		118.72

	Grant Date December 16, 2009			
	As At March 31, 2011		As At March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	50,000	NA	0	NA
Add: Granted during the year	0	10	50,000	10
Less: Forfeited during the year	0	NA	0	NA
Less: Exercised during the year	.	NA	0	NA
Less: Expired/ Lapsed during the year	50,000	NA	0	NA
Outstanding at the end of the year	0	10	50,000	10
Exercisable at the end of the year	0	NA	0	NA
Weighted average remaining contractual life (in years)		NA		6.5
Weighted average fair value of options granted		NA		106.27

Stock Options Granted

The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Year 2	Year 3	Year 4	Year 5
Exercise Price	₹ 10	₹ 10	₹ 10	₹ 10
Expected Volatility (%)	66.92%	66.92%	66.92%	66.92%
Historical Volatility	N.A	N.A	N.A	N.A
Life of the options granted in years	2	3	4	5
Expected dividends per annum (₹)	2	2	2	2
Average risk-free interest rate (%)	8.00%	8.00%	8.00%	8.00%

Schedules to the Accounts

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Compensation cost pertaining to equity-settled employee share-based payment plan included above	19,550,546	7,616,022
Liability for employee stock options outstanding as at year end	68,708,350	91,027,650
Deferred compensation cost	49,157,804	83,411,628

Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, ICAI has issued a guidance note on “Accounting for Employees Share Based Payments” applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements applying the fair value based method defined in the said guidance note. The impact on the reported net profit and earnings per share would be as follows

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
Profit as reported	868,607,941	1,255,711,348
Add: Employee stock compensation under intrinsic value method	11,934,524	7,616,022
Less: Employee stock compensation under fair value method	12,084,839	7,725,202
Proforma profit	868,457,626	1,255,602,168
Earnings per share		
Basic (₹)		
As reported	28.10	46.19
Proforma	28.10	46.19
Diluted (₹)		
As reported	24.67	27.80
Proforma	24.66	27.80

- The Company believes that no impairment of assets arises during the year as per the recommendations of Accounting Standard - 28 “Impairment of Assets”, issued by the Institute of Chartered Accountants of India.
- Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

As per Our Report of even date

For **KARNAVAT & CO.**

Chartered Accountants

Firm Registration No. 104863W

Krishna Karundia

Partner

Membership No.036681

Place: Mumbai

Dated: 30th May 2011

For and on behalf of the Board of Directors

Rajesh Sharma

Chairman & Managing Director

Beni Prasad Rauka

Director

Shyam Bhattbhatt

Company Secretary

Place: Mumbai

Dated: 30th May 2011

Dinesh Chandra Babel

Director



Statement Under Section 212 of the Companies Act, 1956

Sr No.	Name of the Subsidiary		Money Matters Securities Private Limited	Money Matters Distribution Company Private Limited	Money Matters Capital Private Limited	Money Matters Investment Advisors Private Limited	Money Matters Resource Private Limited	Money Matters Research Private Limited
1	Financial Year of the subsidiary ended on	March 31, 2011						
2	Extent of the interest of the Company in the subsidiary at the end of the Financial Year of each							
	a) Number of Shares in the subsidiary company held by Money Matters Financial Services Limited.	Nos.	25,000,000	5,000,000	2,500,000	5,000,000	50,000	10,000
	b) Shareholding per cent in the subsidiary held by Money Matters Financial Services Limited.	%	100%	100%	100%	100%	100%	100%
3	The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of Money Matters Financial services Limited.							
	a) Not dealt with in the accounts of Money Matters Financial services Limited to:							
	(i) For the Financial Year ended 31-03-2011	₹	6,056,732	1,997,794	1,254,274	16,818,697	(29,282)	(132,775)
	(ii) For the previous financial years since it became a subsidiary	₹	54,722,854	1,686,175	1,297,536	129,286,660	-29,282	-132,775
	b) Dealt with in the accounts of Money Matters Financial Services Limited to:							
	(i) For the Financial Year ended 31-03-2010	₹	Nil	Nil	Nil	Nil	Nil	Nil
	(ii) For the previous financial years since it became a subsidiary	₹	Nil	Nil	Nil	Nil	Nil	Nil

During the year Money Matters Research Private Limited (a wholly owned subsidiary) has incorporated a wholly owned subsidiary viz; Money Matters Advisory Pte Ltd on July 12, 2010 having its Registered Office at Singapore. The Accounts of the said company are not drawn as at March 31, 2011 as the Company has not yet started any activity. Money Matters Research Private Limited has incurred expenses of ₹ 442,347/- as pre-incorporation expenses on behalf of this company.

For and on behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Beni Prasad Rauka
Director

Dinesh Chandra Babel
Director

Shyam Bhattbhatt
Company Secretary

Place: Mumbai
Dated: 30th May 2011



Details of Subsidiary Companies

Name of the Subsidiary	Money Matters Investments Advisors Pvt. Ltd.	Money Matters Securities Pvt. Ltd.	Money Matters Capital Pvt. Ltd.	Money Matters Distribution Company Pvt. Ltd.	Money Matters Resource Private Limited	Money Matters Research Private Limited
Share Capital	50,000,000	250,000,000	25,000,000	50,000,000	500,000	100,000
Reserves & Surplus	129,286,660	54,722,854	1,297,536	1,686,174	(29,282)	(132,775)
Total Assets	179,286,660	1,550,798,527	26,297,536	51,686,174	486,006	(32,775)
Total Liabilities	179,286,660	1,550,798,527	26,297,536	51,686,174	486,006	(32,775)
Investments	–	332,316,976	–	–	–	–
Revenue	55,556,607	59,792,835	1,803,695	1,987,890	–	–
Profit Before Tax	22,681,727	7,841,897	1,684,134	1,966,894	(33,882)	(134,015)
Provision for Taxation	6,000,000	2,325,000	526,000	–	–	–
Profit after Tax	16,818,697	6,056,732	1,254,274	1,997,794	(29,282)	(132,775)
Proposed Dividend	–	–	–	–	–	–

During the year Money Matters Research Private Limited (a wholly owned subsidiary) has incorporated a wholly owned subsidiary viz; Money Matters Advisory Pte Ltd on July 12, 2010 having its Registered Office at Singapore. The Accounts of the said company are not drawn as at March 31, 2011 as the Company has not yet started any activity. Money Matters Research Private Limited has incurred expenses of ₹ 442,347/- as pre-incorporation expenses on behalf of this company.

For and on behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Beni Prasad Rauka
Director

Dinesh Chandra Babel
Director

Shyam Bhattbhatt
Company Secretary

Place: Mumbai
Dated: 30th May 2011

