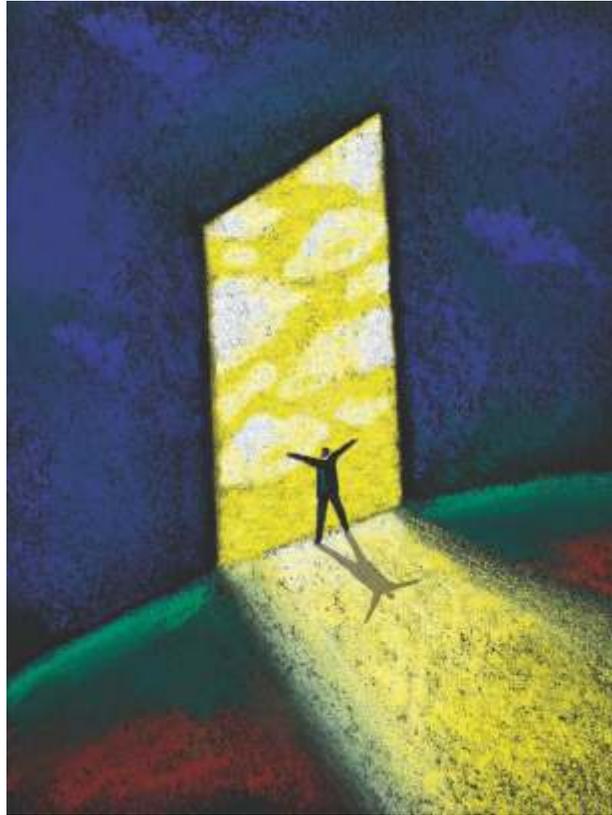


LAST MAN  
STANDING



FIRST MAN  
FORWARD

**ADITYA BIRLA**



**MONEY**

ANNUAL REPORT  
2011 - 2012

ADITYA BIRLA MONEY LIMITED

## LETTER FROM MANAGING DIRECTOR

Dear Shareholders,

The Financial year 2011 - 2012 was a roller-coaster year for the markets. It started on a high degree of optimism but ended sombre. Retail participation became subdued. Global economic environment also deteriorated rapidly during the course of the year with rising risk aversion due to the fear of EU sovereign debt crisis and falling consumer confidence due to overall economic fears. The domestic economic environment was also plagued by several issues of high inflation, rising interest rates, slowing economic growth and corporate earnings, widening of fiscal deficit, government policy inaction, rising NPA(s) in the financial system, ambiguity in capital flows, higher trade deficit and consequently higher dollar. All these global and domestic challenges resulted in a tough business environment to operate in.

We, at ABML, took this period as an opportunity to create synergy and formed a lean structure at the top to ensure effective span of control and reduce cost. We remained focused on client acquisition and increased the dealer base for capturing equity and commodity market growth. Our market share grew to 1.41% from 0.84% in retail equities and 0.49% from 0.27% in commodities. Specific focus on the derivatives market opportunity last year helped in expanding our product presence in this space.

We have tied-up with Allahabad Bank to offer broking services to their clients, providing us the opportunity to service the large customer base of the bank. We also entered into a strategic tie up with IDEA Mobile Commerce for exploring and providing mobile trading and other Investment services to their clients.

On product, risk and technology front, we developed a wide range of trader focused research and derivatives offerings and commenced robust central monitoring of trades and surveillance initiatives

We remain committed to establish a leadership position in the retail financial services space. Launch of "**Mobile Invest Pro**" was one of the steps in this direction.

ABML's consolidated income from operations was Rs.8,828.17 lakhs compared to Rs.11,428.28 lakhs in the previous year. But as it is rightly said - 'When the going gets tough, the tough gets going', in the same period ABML had its market share at an all time high in Retail Broking across segments.

As we go into the next financial year, we are confident that our service orientation, values, our expanded footprint and focus on new avenues and product offering will drive us to emerge as a leader in the financial services space.

Yours Sincerely,



Sudhakar Ramasubramanian

# ADITYA BIRLA MONEY LIMITED

## BOARD OF DIRECTORS

Mr. Pankaj Razdan  
Mr. P. Sudhir Rao  
Mr. G. Vijayaraghavan  
Mr. Manoj Kedia  
Mr. Sudhakar Ramasubramanian - Managing Director

## KEY EXECUTIVES

Mr. Ravishankar Gopalan – Chief Operating Officer  
Mr. Saurabh Shukla – Chief Sales Officer  
Mr. Manoj Kumar Gandhi – Chief Financial Officer

## COMPANY SECRETARY

Mr. S. Balaji

## AUDITORS

M/s S. R. Batliboi & Co.  
Chartered Accountants, Mumbai

## BANKERS

HDFC Bank Limited – Anna Salai Branch, Chennai  
Bank of India – Anna Nagar Branch, Chennai  
State Bank of India – Thousand Lights Branch, Chennai  
Axis Bank Limited – Mylapore Branch, Chennai  
ICICI Bank Limited – Nugambakkam Branch, Chennai  
Standard Chartered Bank – Rajaji Salai Branch, Chennai

## REGISTERED OFFICE

Indian Rayon Compound  
Veraval - 362 266, Gujarat

## CORPORATE OFFICE

Ali Centre  
No. 53, Greams Road  
Chennai - 600 006.

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

## MACRO ECONOMIC SCENARIO

### THE INDIAN ECONOMY & MARKETS

The Financial Year 2011-12 ('FY 11-12') witnessed a slow growth phase and market sentiments remained low. Most part of the year, inflation, low FII flows, sluggish industrial growth and high crude oil prices remained a concern. India GDP trended downwards towards the end of the year and the last quarter of FY 11-12 registered lowest growth in last 9 years at 5.3%. The overall growth for the year was 6.5% against the expectations of 6.9% growth. Rising current account deficit and fiscal deficit alongwith a weakening Rupee added to the worries and remained a dampener for the markets. Nifty ended down by 9.2% in FY 11-12, which was not an encouraging performance amongst the global and emerging markets. Gold, though remained a better performer and generated returns of almost 35% in rupee terms as we saw the Rupee weakening by almost 17% from INR 45 a dollar to touch INR 54.50 levels. The IIP number for the whole year was at 2.8%, and inflation moderated to 7%. The RBI has taken measures as part of the credit policy to put an end to its rate hike cycle and it supplied liquidity through CRR cuts and OMO (open market operations). In the last quarter of FY 11-12, market saw some momentum and the RBI stance of soft policy helped to make gains for some time. However, weak global developments and policy issues are not helping in revival of the market. We believe that the long term potential of Indian economy remains strong and we expect the current low growth and weak sentiments to remain for a while till the investment climate improves globally as well as in India.

### GLOBAL SCENARIO

The sovereign debt problems in Europe fueled much of the volatility that investors experienced during the year, as the worries for countries like Greece, Portugal, Ireland and Spain in repayment of their debt overshadowed the world economies and the contagion spread into more established countries like Italy and France as well. The year also saw political structure changing in the Euro-zone as Greece, Italy and Portugal saw new governments and leaders who were committed to pass measures and bills which would cut their fiscal deficit to the desired levels.

US Markets was one of the best performing markets in the world as it delivered positive returns and it's rally was supported by strong economic rebound and growth. It's GDP grew by 1.7 % in 2011 and Q1 of 2012 grew by 1.9%. The Federal Bank also maintained it's policy of low interest rates during the year and implemented measures to bring down long term rates thereby boosting the economy as a whole. At the same time, USD strengthened during the year and it continued to remain the reserve currency of the world. Crude and Oil prices however went up during the year to touch a multi year high of USD 130 per barrel. Prices remained above USD 100 for most of the year due to the tensions in the Middle East as most countries such as Egypt, Tunisia, Yemen and Libya faced regime changes and there were fears of supply disruptions. Overall commodities prices also witnessed buoyancy during the year and showed some sign of correction in early 2012 and Chinese economy showed signs of slow down. Chinese growth which was in double digits have fallen drastically to single digits due to weaker domestic and external demand as the global economy slowed down and investment and consumption both slowed as spending by the government reduced.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

Higher interest rates and lackluster performance of the markets resulted into change in Investment pattern. Retail investor participation continued to decline substantially month after month.

The product mix in Cash & derivatives segment changed in favor of low yield to derivative product. In FY 11-12 F&O mix increased from 86% in FY 10-11 to 90% in FY 11-12 and hence the F&O segment saw majority of growth. In Cash segment both delivery & Intraday share saw decline from 4% to 2% &

## MANAGEMENT'S DISCUSSION AND ANALYSIS

10% to 7% respectively in FY 11-12 compared to FY 10-11. This continuing trend has negatively affected the industry margin and indicating more speculative activities rather than retail participation. Retail participation during FY 11-12 reduced to 51% compare to 56% in FY 10-11. The year also witnessed the lowest number of new DP account additions compared to last 7 years.

The market volume data is as under

Period	Average Daily Turnover in Rs. Crores (Cash)	Average Daily Turnover in Rs. Crores (Derivatives)	Average Daily Turnover in Rs. Crores
Apr'11 - Jun'11	14,082	120,478	134,560
Apr'10 - Jun'10	17,801	92,425	110,226
Jul'11 - Sep'11	13,724	132,760	146,484
Jul'10 - Sep'10	19,019	102,277	121,296
Oct'11 - Dec'11	12,121	130,198	142,319
Oct'10 - Dec'10	21,049	129,601	150,650
Jan'12 - Mar'12	16,584	129,115	145,699
Jan'11 - Mar'11	16,057	139,789	155,846

Source [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com)

The Commodity markets saw increase in volume by 55% over last financial year in line with the trends of Global Commodity markets. The average daily volumes on Commodity Exchanges went up from Rs.43,197 Crores in FY 10-11 to Rs.67,016 Crores in FY 11-12.

### FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS

Your Company continued to focus on retail investor segment, cost reduction and improvement in market share. The Company's market share grew to 1.41% from 0.84% in retail equities and 0.49% from 0.27% in commodities. Specific focus on the derivatives market opportunity last year helped in expanding our product presence in this space. The Company also launched mobile trading platform and entered into a strategic alliance with Allahabad Bank to offer broking services to their clients.

The Equity Markets in FY 11-12 however saw lower volumes and thus impacting revenues. Your Company recorded an Income from Operations of Rs.8,828.17 Lakhs for the year under review, on a consolidated basis. The total consolidated income for the year under review stood at Rs.9,723.56 Lakhs, down by Rs.2,678.69 Lakhs as compared to the previous year of Rs.12,402.25 Lakhs. The Consolidated Net Loss for the year stood at Rs.1,783.38 Lakhs as compared to Rs.843.75 Lakhs in the previous year.

Revenues from equity broking during the year fell by 28.36% YoY to Rs.5,169.25 Lakhs due to decrease in trading volumes in line with the market trends. However, Commodities business recorded good growth for the year under review, due to increase in the volumes in Commodity Market, with revenues posted at Rs.1,987.24 lakhs, which was higher than the previous year's revenues of Rs.1,302.84 Lakhs, an increase of 52.53%.

### OUTLOOK

After the year of rising inflation, slowing down economy, rising trade balance deficit as well as increasing commodity prices will have its pressure on Indian economy. Policy reform and clearance of several pending bills will help in boosting the confidence back in India and attracting FII flows back in country.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

RBI's full stop on rate increase and easing inflation should ease some pressure but it may not lead to an immediate growth in market volumes and significant change in economic scenario.

Global scenario will have its own role, Europe situation and US economy will play significant role. The central bank has taken measures and the reduced repo rate could possibly fuel investments in key sectors which may lead to growth. However, the performance of emerging markets particularly of China would have to be seen closely. Retail participation will be a key factor for increasing market volumes. The overall policy on reforms and global economic scenario continues to be challenging. The recent downgrading of India's sovereign rating by S&P may dampen the market sentiments. The short term scenario will see the market remain weak and retail investors are likely to stay away from the market until conditions improve. Corporate earnings and FII participation however could be the crucial factor for the revival of the capital market.

We continue to believe in the potential of Indian Capital Market given its lower penetration and rising India's income level and remain a focused player. We believe that we would be able to benefit and grow from the emerging opportunities in the financial services space. The Company has focused on the 6 pillars of business - *Brand, Product, Distribution, Operations, Service and People* - in a sustained manner. The Company augmented its research and product offerings to match the best in the industry. The initiative has helped the Company to move from being an 'execution only' to a 'value added' player in the market place. Technology is going to be our major differentiator in new client acquisition. The benefits of these initiatives are already visible and the Company would be in a position to build on the strong foundations. Further, the Company will continue to emphasis on expanding its business through a cost-effective business partner-based model and overall cost optimization initiatives.

### OPPORTUNITIES AND THREAT

After China, India is the only country to register handsome growth YoY, though GDP growth has slowed down in past couple of years. The under penetrated Indian securities market provide ample opportunity for growth. The economic slowdown and delay in policy rollout poses great challenges and thus puts pressure on cost and expansion plans, while the long term potential remain strong.

The regulatory scenario remained dynamic with regulators continuing to remain focus on improving investor level measures for increased transparency, service standards and orderly development of securities market. SEBI notified KYC Registration Agency (KRA) regulations bringing uniformity in Know Your Customer (KYC) process across all SEBI registered intermediaries, thus simplifying the account opening procedure. The Securities Market regulator also implemented centralized web based complaints redress system (SCORES), which would enable investors to lodge and track the status of redressal of their complaints from anywhere. The Stock Exchanges have also undertaken initiatives like sending of sms and e-mail alerts directly by them to the clients for their trade undertaken and setting up of investor service centre in new locations (Tier - 2 cities) to enhance access and reach to investors. Clearly, the message is on to increase Customer centricity focus in the industry as a whole. Your company is well aware of various regulatory change and has put in place appropriate process and strategies to align itself completely with all regulatory changes.

However, the subdued participation in equities, lower volume, increased cost of operation poses challenges, which Industry as a whole is going through and your company is also not immune to such shifts. Due to change in product structure mix and reducing yield because of fragmented nature of the industry, your company also see pressure on margins. This, combined with the rising infrastructure and cost of operations, inflation and changes in industry structure and environment and delay in new policy rollouts is likely to continue to put pressure on brokerages. Your Company is conscious of the same and it is focusing on increasing its overall market share through its focus on target segment and use of technology to become a cost efficient player in the market. Company's focus is on client acquisition including online channel and providing an efficient trading tools to its clients. The overall strategic focus is on to creating product and service differentiators across all segments.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## RISK AND CONCERNS

The Company's nature of business is susceptible to various kinds of risks. The Company encounters market risk, credit risk and operational risks in its daily business operations. The Company has framed a comprehensive risk management manual which inter-alia lays down detailed process and policies in the various facets of risk management function. The risk management framework operate both at the company as well as the Group level thus providing complete oversight to various risk management practices and process.

## INTERNAL CONTROL AND ADEQUACY

The Company has adequate internal control systems appropriate for the business process having regard to efficiency of operations - both systems, finance and for compliance with applicable laws. The controls are reviewed periodically and strengthened in view of changed processes, systems and regulations. In addition, the Company goes through periodic internal audits both through it's internal team and external auditors, which includes branch and franchisee audits, broking and operations controls and all the audit reports are tabled at the Audit Committee meetings. Key issues are specifically brought to the attention of the Audit Committee and deliberated in detail along with the action plan. A time frame for resolution of all issues is drawn up and monitored for implementation and closure and update is provided to the Audit Committee. The Company also follows a quarterly internal control self assessment certification process for it's branches.

## HUMAN RESOURCES

One of the key pillars of the Company's business is *people*. The Company's HR policies and practices are built on Aditya Birla Group (ABG) core values of *Integrity, Passion, Speed, Commitment and Seamlessness*. The Company's focus is on recruitment of good talent, and retention is posing both a challenge and an opportunity for HR. The Company is hopeful and confident of achieving the same to be able to deliver results and value for our shareholders. As on March 31, 2012, the total employees on the Company's rolls stood at 930.

## CAUTIONARY NOTE

*Statements in this Report, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. These statements are subject to certain risks and uncertainties. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results may be different from those expressed or implied since the Company's operations are affected by many external and internal factors, which are beyond the control of the management. Hence the Company assumes no responsibility in respect of forward-looking statements that may be amended or modified in future on the basis of subsequent developments, information or events.*

# DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

Your Board of Directors present the 16<sup>th</sup> Annual Report, along with the audited annual standalone and consolidated accounts of Aditya Birla Money Limited ("the Company") for the year ended March 31, 2012.

## 1. Financial Performance Summary

The highlights of the financial results of the Company on a standalone and on a consolidated basis are as follows:

(Rs. in Crore)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011
Income from Operations	<b>67.41</b>	98.90	<b>88.28</b>	114.28
Other Income	<b>4.98</b>	8.22	<b>8.95</b>	9.74
Expenditure	<b>77.46</b>	100.65	<b>102.61</b>	115.67
Profit before Interest, Depreciation and Taxation	<b>(5.07)</b>	6.47	<b>(5.38)</b>	8.35
Less : Interest	<b>5.62</b>	4.77	<b>5.60</b>	4.80
Profit before Depreciation and Taxation	<b>(10.69)</b>	1.70	<b>(10.98)</b>	3.55
Less : Depreciation	<b>7.80</b>	7.16	<b>8.28</b>	7.50
Less: Exceptional items	—	8.15	—	8.15
Profit / (Loss) before Taxation	<b>(18.49)</b>	(13.61)	<b>(19.26)</b>	(12.10)
Less : Provision for tax including deferred tax	<b>(1.20)</b>	(4.15)	<b>(1.43)</b>	(3.66)
Profit / (Loss) after Tax	<b>(17.29)</b>	(9.46)	<b>(17.83)</b>	(8.44)
Profit brought forward from previous year	<b>12.63</b>	22.09	<b>16.18</b>	24.62
Balance carried to Balance Sheet	<b>(4.66)</b>	12.63	<b>(1.65)</b>	16.18

## 2. Business Performance

On a Standalone basis, the Company's total income stood at Rs.72.39 Crore compared to Rs.107.12 Crore during the previous year. The Income from Operations was Rs.67.41 Crore compared to Rs. 98.90 Crore during the previous year. The Loss before depreciation and taxation was down to Rs.10.69 Crore compared to a profit of Rs.1.70 Crore in the previous year. Interest cost was Rs.5.62 Crore as compared to Rs. 4.77 Crore in the previous year. The Company also witnessed decrease in trading volumes in line with the market trends and thus impacting the revenues. As a result, the Company posted a Net Loss of Rs.17.29 Crore as compared to Rs.9.46 Crore in the previous year. On a Consolidated basis, the Company's consolidated Income from Operations was Rs.88.28 Crore, compared to Rs. 114.28 Crore in the previous year. The Consolidated Net Loss (before Tax) was Rs.19.26 Crore compared to Rs. 12.10 Crore in the previous year.

## 3. Reserves

Reserves & Surplus of the Company as on March 31, 2012 stood at Rs.34.63 Crore. During the year, no amount is proposed to be transferred to Reserves.

## 4. Dividend

In view of accumulated losses, your Directors do not recommend any dividend for the year under review.

## 5. Credit Rating

During the year, CRISIL Limited re-affirmed A1+ rating for the short term debt programme.

## DIRECTORS' REPORT TO THE MEMBERS

### 6. Share Capital

The Authorised Share Capital of the Company is Rs.25 Crore. The Paid up Capital, Issued and Subscribed Capital of the Company was Rs.13.54 Crore as on March 31, 2012 consisting of 55,400,000 Equity shares of Re.1/- each and 800,000 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs.100/- each. There was no capital infusion during the year under review.

### 7. Management Discussion and Analysis

The Management Discussion and Analysis Report forming part of Directors' Report for the year under review forms part of Annual Report. The report provides strategic direction and more detailed analysis on performance of the individual businesses and their outlook.

### 8. Corporate Governance

Your Directors reaffirm their commitment to the corporate governance standards to the extent they are applicable to the Company. A detailed Corporate Governance Report forms part of this Annual Report.

### 9. Subsidiary

The Company has a wholly owned subsidiary viz. Aditya Birla Commodities Broking Limited ("ABCBL"), which is engaged in the business of commodity broking. ABCBL has become a material non-listed subsidiary company on the basis of consolidated turnover for the accounting year ended March 31, 2012 pursuant to Clause 49 of the listing agreement. Relevant disclosure in this regard also forms part of the Corporate Governance Report.

ABCBL continues to perform well in commodity trading. ABCBL posted total Income of Rs.24.97 Crore compared to Rs.16.90 Crore during previous year. The Net Loss was at Rs.0.54 Crore compared to a Net Profit of Rs.1.02 Crore in the previous year. The increase in total income during the year is attributed to increase in brokerage income due to higher volumes in commodity trading during the year, as compared to the previous year. The company had a Net Loss in the current year due to higher operating cost during the year.

The Consolidated financial statements pursuant to clause 41 of the Listing Agreement and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accounts of India forms part of the Annual Report. In terms of general exemption granted by the Ministry of Corporate Affairs vide its circular no. Circular No.2/2011 dated February 8, 2011 and in compliance with the conditions enlisted therein, the reports and annual accounts of the subsidiary company for the financial year ended March 31, 2012 have not been attached to the Balance Sheet of the Company. As required under the circular, statutory information pertaining to the subsidiary company forms part of the Annual Report. Further, the annual accounts and other related information of the subsidiary company are available to you and the shareholders of subsidiary company at any point of time. Any shareholder / investor of the holding company or subsidiary company desirous of obtaining a copy of the said documents may send request in writing to the Company at the Registered Office. The annual accounts of subsidiary company shall also be kept for inspection at the Registered Office of the Company and of the subsidiary company.

### 10. Public Deposits

The Company has not accepted or renewed any deposit as covered under Section 58A of the Act read with the Companies (Acceptance of Deposit) Rules, 1975, as amended, from the public, during the year under review.

### 11. Particulars as per Section 217 of the Companies Act, 1956

The information relating to the conservation of Energy and Technology Absorption required under Section 217(1)(e) of the Companies Act, 1956 ("the Act"), are not applicable to the Company due to the very nature of the industry in which it operates. During the year under review, there were no foreign exchange earnings (previous year Nil) and outgo (previous year Nil), respectively. In accordance with the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules 1975, the names and other particulars of employees are to be set out in the Directors' Report as an addendum thereto. However, in terms of the provisions of Section

## DIRECTORS' REPORT TO THE MEMBERS

219(1)(b)(iv) of the Companies Act, 1956, the Report and accounts, as therein set out, are being sent to all the members of the company excluding the information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company at the Registered Office of the Company.

### 12. Directors

As on March 31, 2012, your Board of Directors comprises of 5 Directors including 2 Independent Directors. In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956, Mr.P.Sudhir Rao, retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment.

The Company has received requisite disclosures and undertakings from all the Directors in compliance with the provisions of the Companies Act, 1956 and other applicable statutes.

### 13. Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable standards have been followed alongwith proper explanation relating to material departures, if any;
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the attached Statement of Accounts for the period ended March 31, 2012 have been prepared on a "going concern basis";
- proper systems are in place to ensure compliance of all laws applicable to the Company; and
- all related party transactions are disclosed in notes to accounts at Note 34 in terms of Accounting Standard 18.

### 14. Auditors and Auditors' Report

M/s. S.R. Batliboi & Co., Chartered Accountants, Mumbai, (Registration No. 301003E), hold office as the Statutory Auditors of the Company upto the ensuing AGM and have offered themselves for re-appointment. A certificate from them has been received to the effect that their re-appointment as Statutory Auditors of the Company, if made, would be within the limits prescribed under Section 224(1B) of the Act. The Auditors have further certified that they have subjected themselves for the peer review process of the Institute of Chartered Accountants of India (ICAI) and they hold a valid certificate issued by the "Peer Review Board" of ICAI. The Board proposes the re-appointment of M/s. S.R. Batliboi & Co., Chartered Accountants, Mumbai as the Statutory Auditors of the Company, on the recommendation of the Audit Committee. The observations, if any, made by the Auditors of the Company in their report read with relevant notes to the Accounts are self-explanatory and, therefore do not call for any further comments.

### 15. Appreciation

Your Directors wish to place their sincere appreciation for the valuable advice, guidance and support provided by the regulators and statutory authorities from time to time. Your Directors express their gratitude to the clients, bankers and all business associates for their continuous support and patronage to the Company. Your Directors take this opportunity to recognize and place on record their deep sense of appreciation for the exemplary commitment and contribution made by employees at all levels. Your involvement as Shareholders is greatly valued. Your Directors look forward to your continuing support.

For and on behalf of the Board

Pankaj Razdan  
Director

Sudhakar Ramasubramanian  
Managing Director

Place : Chennai  
Date : May 3, 2012

# CORPORATE GOVERNANCE REPORT

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company is fully committed to the adoption of best governance practices and its adherence. Your Company aligns itself with Aditya Birla Group values and governance norms and strive for excellence through adoption of good Corporate and disclosure practices. The Company's philosophy on Corporate Governance is to practice transparency, accountability and maintain professional approach in dealing with all its stakeholders. Your Company believes in fair dealing, strengthening the disclosure practices, timely and appropriate compliance of the applicable regulations, strategic guidance and monitoring by the Board.

## 2. BOARD OF DIRECTORS

### Composition, Category, Size of the Board

The Board of Directors of the Company is a balanced Board, comprising of a Managing Director and Non-Executive Directors which includes independent professionals. The Company has five Directors on the Board, out of which two are Independent, two are Non-Executive and one is a Managing Director. The Company do not have an appointed Chairman and the same is appointed for each Board Meeting.

None of the Directors of the Board is a member of more than 10 Committees or a Chairman of more than 5 Committees (as specified under Clause 49) across all Companies in which he is a Director. All Directors have made necessary disclosures regarding their Directorship and Committee positions occupied by them in other Companies.

**The details of other Directorships, positions held either in Committees of Board of Directors as well as attendance at Board Meetings/Annual General Meeting are as follows:**

Name of the Director	Category	No. of Board Meetings		No. of Directorships held in other Companies#	No. of Committee Membership held in other Companies^	Last AGM Attendance (Yes/No)
		Held	Attended			
Mr. Pankaj Razdan	Non-Executive Director	4	2	4	—	No
Mr. Manoj Kedia	Non-Executive Director	4	—	3	1	No
Mr. Sudhakar Ramasubramanian	Managing Director	4	4	2	—	Yes
Mr. P. Sudhir Rao	Independent Director	4	4	5	1	Yes
Mr. G. Vijayaraghavan	Independent Director	4	4	1	—	Yes

^ includes Membership of Audit Committees and Investor Grievance Committee as per clause 49 of the Listing Agreement (as on March 31, 2012).

# does not include Private and Foreign Companies and Section 25 Companies.

### Number of Board Meetings

The Board of Directors met four times during the year ended March 31, 2012 i.e. on April 21, 2011, July 22, 2011, October 18, 2011 and January 30, 2012. The maximum gap between the two Board Meetings was not more than four months.

### Selection of Agenda Items and Information supplied to the Board

Agenda of Board/Committee meetings are prepared in consultation with key functions so as to include relevant items for Board review and discussion. Detailed agenda notes are sent to each Director well in advance before the Board and Committee meetings. The dates of the Board meetings

# CORPORATE GOVERNANCE REPORT

and Committee meetings are decided in advance as part of the annual calendar meeting exercise. The Company Secretary co-ordinates with the all departments concerned well in advance, particularly matters requiring discussion / approval / decision in the Board / Committee meetings. The agenda items *inter-alia* include approval of minutes of the previous Board & Committee meetings, review of important issues impacting business, review of compliance reports / compliance certificate, internal audit reports and other Secretarial & Legal Compliance matters, business matters and financial reporting. A business review presentation is made at each Board Meeting to apprise the Directors and the Senior Management team about the performance of the Company. The Board provides strategic direction and strategy in improving the performance of the Company. Business plans, annual operating and capital expenditure budgets, are also placed and reviewed by the Board along with the senior management team of the Company. Independent Directors are briefed about the important agenda items and complete explanations and information are provided to them well in advance to ensure effective and informative participation and decision making process. The quarterly, half yearly and annual financial results are first placed before the Audit Committee for their review and thereafter the same are placed before the Board of Directors for their approval. At each Board Meeting, apart from financial results, the Board reviews shareholding pattern, reports submitted to stock exchanges under Clause 49 of the listing agreement, compliance submissions / status report as a stock broker and depository participant and also the financial results of the subsidiary company. A structured process has been put in place for post meeting follow up, review and reporting for action item / decisions taken at the Board / Committee meetings. The Company Secretary liaison with the respective department / functions, Internal audit team and status update report on the follow up action items are presented at each Board / Committee meeting.

## **Code of Conduct**

The Board of Directors of the Company has laid Code of Conduct for the Directors and Senior Management Personnel of the Company. The Code has been posted on the Company's website [www.adityabirlamoney.com](http://www.adityabirlamoney.com). All the Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as on March 31, 2012. A declaration to this effect signed by the Managing Director forms part of this report.

## **Compliance Structure**

The Board also periodically reviews status of compliance of all laws applicable to the Company and also the initiatives taken to improve the standards of compliance adherence. A Compliance Certificate / Status Report / Status update report with respect to regulations as applicable to each of the department concerned is collected duly certified by the respective functional head and based on the compliance status report from departments a consolidated compliance certificate / report is placed both before the Board / Audit Committee for its review and perusal.

## **3. BOARD COMMITTEES**

### **A. AUDIT COMMITTEE**

In Compliance of the provisions of Section 292A of the Companies Act, 1956 and in accordance with the provisions of Clause 49 of the Listing Agreement, the Company has a qualified and independent Audit Committee at the Board level. The Audit Committee performs the functions and role in accordance with Clause 49 of the Listing Agreement. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process.

#### **Composition**

The Audit Committee consists of the following three directors, two thirds of whom are independent directors.

# CORPORATE GOVERNANCE REPORT

The Audit Committee consists of following directors as its members.

1. Mr. P. Sudhir Rao - Chairman
2. Mr. G. Vijayaraghavan - Member
3. Mr. Manoj Kedia - Member

The Chairman of the Audit Committee is an Independent Director. The Chairman of the Audit Committee was also present at the previous Annual General Meeting, as mandated under the listing agreement, to answer shareholder queries. All the members of the Audit Committee are financially literate having accounting and related financial management expertise. The Company Secretary acts as Secretary to the Committee.

## **Terms of Reference**

The terms of reference for the Audit Committee basically follows and covers all the areas as stipulated under Clause 49 of the Listing Agreement. This inter-alia includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors, if any.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings, if any
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report, if any
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

## CORPORATE GOVERNANCE REPORT

10. Discussion with statutory auditors about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. Review the functioning of the Whistle Blower mechanism.
12. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. To review risk management system of the Company.
14. To review Compliance certificates received from Departments.
15. To review CEO/CFO certifications.
16. To review Fraud and Suspicious Transaction Reports.

### Meetings and Attendance

During the year under review, the Audit Committee met five times i.e. on April 21, 2011, July 22, 2011, August 29, 2011, October 18, 2011 and January 30, 2012. The details of the attendance of the Committee members are as follows:

Sl. No.	Name of the Member	Category / Status	No. of Meetings Held	No. of Meetings Attended
1.	Mr. P. Sudhir Rao	Chairman – Independent	5	5
2.	Mr. G. Vijayaraghavan	Member – Independent	5	5
3.	Mr. Manoj Kedia	Member – Non Executive	5	—

At every Audit Committee Meeting, Statutory Auditors, Internal Auditors are present and provide their presentation on the financial statements and internal audit reports respectively. The Audit Committee reviews the financial results and recommends the same to the Board for approval. At each meeting, the audit committee also reviews the statement of related party transactions as well as the financial results of the subsidiary company. The audit committee extensively deliberates on various audit reports and the action plan as well as key risk issues and areas. These are put on a followup tracker and monitored closely and status update report is placed before each Audit Committee meeting until the action is closed / implemented. The Chief Operating Officer, Chief Financial Officer and other functional heads are present at the meeting. Respective department functional head is also invited to attend the Audit Committee meeting to respond to queries and observations pertaining to their department, arising out of the audit report.

### B. REMUNERATION COMMITTEE

#### Composition

The Company has a Remuneration Committee consisting of following three non-executive Directors, two third of whom are Independent Directors, including the Chairman. The Committee at present consists of following directors as its members.

1. Mr. P. Sudhir Rao - Chairman
2. Mr. G. Vijayaraghavan - Member
3. Mr. Manoj Kedia - Member

#### Terms of Reference

The terms of reference / charter of the Committee include the following:

1. To determine and approve the remuneration package payable to the Executive Director / Whole-time Director, Directors, other Managerial Persons and such other members of the

## CORPORATE GOVERNANCE REPORT

management including salary, bonuses, incentive payments, share options, stock options, pension rights, terms of employment and various other components of the compensation payable in this regard;

2. Key issues / matters as may be necessary in view of Clause 49 of the Listing Agreement, provisions of Companies Act, 1956 or any statutory provisions, enactments, rules and regulations as may be applicable from time to time;
3. Such other matters and issues as may be referred by the Board from time to time.

### Remuneration to Directors

The Independent Directors are paid sitting fees of Rs.20,000/- for each meeting of the Board and the Committee thereof. No sitting fee is paid to the Managing Director and other Non-Executive Directors. The details of sitting fees paid to the Independent Directors during financial year 2011-12 are as under:

Name of Director	Category	Sitting Fees Paid
Mr. P. Sudhir Rao	Independent Director	Rs.2,00,000/-
Mr. G. Vijayaraghavan	Independent Director	Rs.1,80,000/-

No other fees or compensation has been paid to non-executive Directors. The Managing Director has been appointed without any remuneration; hence do not draw any remuneration from the Company. The Non-Executive Directors of the Company do not hold any shares in the Company. No stock options as on date have been granted to the Directors of the Company.

### C. SHAREHOLDERS' AND CUSTOMERS GRIEVANCE REDRESSAL COMMITTEE

The Company has a specific Committee to consider matters relating to shareholders' / investors' grievances.

#### Composition

The Shareholders' and Customers Grievance Redressal Committee consist of the following three Directors as its members:

1. Mr. P. Sudhir Rao - Chairman
2. Mr. Pankaj Razdan - Member
3. Mr. Sudhakar Ramasubramanian - Member

The Company Secretary of the Company acts as the Secretary to the Committee as well as Compliance Officer for matters relating to Investor's Grievance as stipulated under the Listing Agreement.

#### Roles & Responsibilities

1. To review the redressal of Investors' complaints like transfer / transmission of shares, non-receipt of annual report and non-receipt of declared dividend, delays in transfer of shares, dematerialisation / rematerialisation of shares etc.
2. To act on behalf of the Board, in the matters connected with allotment of shares, issuance of duplicate share certificates, split and consolidation of shares etc.
3. To oversee performance of the Registrar and Transfer Agents of the Company and recommend measures for overall improvement in the quality of investor services.
4. To review, analyse, recommend and monitor plan of action & activities and put in place proper procedures, policies and effective mechanism to address complaints and grievances arising out of the service issues as a broker / trading member / depository participant including litigation and arbitration matters.

## CORPORATE GOVERNANCE REPORT

5. To review issues arising out of alleged fraud / forgery / misappropriation / mis-selling / breach / deviations from standard processes and procedures.
6. To frame policies and procedures to protect the interest of Clients / Customers and for ensuring compliances under the applicable statutory framework.
7. To look into other issues including systems and procedures followed to track investor / Customer / Client complaints and suggest measures for improvement from time to time.
8. To monitor implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.
9. To review the process of complaint and grievance handling mechanism at periodic intervals
10. Ensure adequacy of disclosure of "material information" to the investors / customers / clients.
11. Review the status of complaints / grievances / litigations / arbitration cases at periodic intervals.
12. To invite the external experts to attend the meetings of the Committee, without the right to vote, whenever it deems necessary.
13. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s)
14. To undertake such other matters as deemed fit and proper for effective discharge of the above responsibilities.

### **Meetings and Attendance**

During the year under review, Shareholders' and Customers Grievance Redressal Committee met once on August 29, 2011. All the members of the Committee were present in this meeting.

## **D. FINANCE COMMITTEE**

The Company has constituted a finance committee of Directors to review and provide approvals and authorizations arising out of day-to-day business operations and financial matters of the Company. The role of the Committee includes approving matters relating to opening / closing of Bank Accounts, approves signatories for the operation of bank accounts, appointment of service providers and other Agencies, availing overdraft facility from Banks, borrowing within the limits approved by the Board and other routine operational matters.

### **Composition**

The present composition of the Finance Committee, consist of following Directors as its members:

1. Mr. Pankaj Razdan
2. Mr. Manoj Kedia
3. Mr. Sudhakar Ramasubramanian

### **Meetings and Attendance**

The Chairman of the Committee is elected by the members amongst themselves from time to time and any two members shall form the quorum of the Committee Meeting. The Committee met two times during the year ended March 31, 2012 i.e. on August 3, 2011 & December 14, 2011 which were attended by Mr. Pankaj Razdan and Mr. Sudhakar Ramasubramanian.

# CORPORATE GOVERNANCE REPORT

## **E. RISK GOVERNANCE COMMITTEE**

The Board of Directors has constituted a Risk Governance Committee, to review, develop and approve appropriate policies, procedure and systems for improving Company's Risk Management framework.

### **Composition**

The Risk Governance Committee consists of the following three Directors as its members:

1. Mr. Sudhakar Ramasubramanian
2. Mr. Pankaj Razdan
3. Mr. P. Sudhir Rao

The terms of reference of the Committee is as under:-

- i. Reviewing and approving the risk management policy.
- ii. Approving the product approval process and reviewing the product risk assessment over and above the threshold limit
- iii. Evaluating significant risk exposure of the Company and assessing Management's action to mitigate the exposure in timely manner
- iv. Review the risk mitigation plan and assess its effectiveness at a periodic level
- v. Approving the implementation of the Enterprise Risk Management Framework for the Company
- vi. Review Product and Operational risk management strategies and meeting risk/reward objectives.

## **F. PREFERENCE SHARES ALLOTMENT COMMITTEE**

The Preference Shares Allotment Committee was constituted by the Board consisting of following Directors as its members:

1. Mr. Pankaj Razdan
2. Mr. Sudhakar Ramasubramanian
3. Mr. G. Vijayaraghavan

## **4. CEO / CFO CERTIFICATION**

As required under the provisions of the Clause 49 of the Listing Agreement, the Managing Director & Chief Finance Officer of the Company have provided necessary certification to the Board regarding the financial statements of the Company. The said certificate was placed before each board meeting approving the financial results which was taken on record by the Board of Directors of the Company. The CEO / CFO certification for the annual financial results for the year ended March 31, 2012 was also placed before the Board of Directors at its meeting held on May 3, 2012.

## **5. SUBSIDIARY COMPANY**

The Company has a wholly owned subsidiary company - Aditya Birla Commodities Broking Limited ("ABCBL") which has become a material non-listed subsidiary company on the basis of consolidated turnover for the accounting year ended March 31, 2012. As per Clause 49, Mr.P.Sudhir Rao, an independent director is in the Board of ABCBL. The Audit Committee reviews the financial statements of ABCBL as part of the process of approval of annual financial statements of the Company. The minutes of the Board meeting of ABCBL as well as statements of all significant transactions and arrangements of the unlisted subsidiary companies was placed in the Board meeting.

# CORPORATE GOVERNANCE REPORT

## 6. DISCLOSURES

- i. The details of Related party transactions during the year have been disclosed in Note No. 34 of the Notes forming part of Annual Accounts as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India. There were no materially significant related party transactions with Directors / Promoters / Management, which has a potential conflict with the interest of public at large.
- ii. The Company has implemented a whistle blower policy and every employee including ex-employee of the Company has the right to report to the Grievances Redressal Committee (GRC) unethical behaviours, malpractices, wrongful conduct, fraud, violation of the Company's policies & values, violation of law without any fear of retaliation. The GRC submits periodic report to the Audit Committee of the Board of Directors on the issues reported to it, if any, from time to time for its review & perusal.
- iii. The Company is engaged in the business of Equity Broking and Depository services. No penalties/ strictures were imposed on the company by Stock Exchange or SEBI or any statutory authority relating to Capital Markets, except penalties aggregating to Rs.1,72,450/- which were paid in respect of the observations made during the course of regular inspections and internal audit reports relating to routine broking and depositories operations, during the last three financial years, as a trading member and depository participant.
- iv. The Company has complied with mandatory requirements of Clause 49.
- v. The Company has also complied with the following non mandatory requirements as prescribed in Annexure 1D to Clause 49 of the Listing Agreement.
  - a. Constitution of the Remuneration Committee.
  - b. There were no qualifications on the financial statements of the Company during the period under review.
  - c. The quarterly results of the Company are published in one English and one Gujarati newspaper having wide circulation. The results are also posted on the website of the Company. In view of the above, the half-yearly declaration of financial performance are not sent to the shareholders individually.

### DISCLOSURE OF ACCOUNTING TREATMENT

The Company has followed the applicable guidelines of Accounting Standards laid down by The Institute of Chartered Accountants of India in preparation of its financial statements.

### MANAGEMENT DISCUSSION AND ANALYSIS

A detailed Management Discussion and Analysis Report in terms of Clause 49 of the Listing Agreement forms part of the annual report.

### RISK MANAGEMENT FRAMEWORK

The Company has a well defined risk management framework, policies and procedure in place. The details are included in the Management Discussion and Analysis Report. The Company has also constituted Risk Governance Committee to oversee the Risk management programme of the Company, if any in addition to oversight by the Audit Committee.

# CORPORATE GOVERNANCE REPORT

## MCA Voluntary Guidelines - 2009

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on "Corporate Governance" and "Corporate Social Responsibility" in December 2009. These guidelines are expected to serve as a benchmark for the corporate sector and also help in achieving the highest standard of corporate governance. Some of the provisions of these guidelines are already in place as reported elsewhere in this Annual Report. The other provisions of these guidelines are being evaluated and your company will strive to adopt the same in a phased manner.

## SHAREHOLDERS - Re-appointment of Director

The details of Director(s) seeking re-appointment in the Annual General Meeting has been provided in the Notice of the Annual General Meeting attached with the Annual Report along with the brief profile.

## 7. GENERAL BODY MEETINGS

### Details of General Meetings

Location and time, where Annual General Meetings (AGMs) and Extra Ordinary General Meeting (EGMs) in the last three years were held:

Year	AGM / EGM	Day & Date	Venue	Time
2008 – 2009*	AGM	Wednesday, July 15, 2009	Music Academy, Mini Hall, New No.168, Old No.306, TTK Road, Chennai 600 014.	3.00 P.M.
2009 – 2010	AGM	Monday, June 28, 2010	'P. Obul Reddy Hall,' C/o. Vani Mahal, No.103, G.N. Chetty Road, T. Nagar, Chennai - 600 017.	3.00 P.M.
2010 – 2011 <sup>#</sup>	AGM	Friday, Sept 23, 2011	Indian Rayon Compound, Veraval - 362 266, Gujarat.	11.30 A.M.

\*A special resolution was passed by the shareholders in the AGM held on July 15, 2009 for change in name of the Company from Apollo Sindhoori Capital Investments Limited to Aditya Birla Money Limited.

<sup>#</sup>A special resolution was passed by the shareholders in the AGM held on September 23, 2011 for approving the appointment of Mr. Sudhakar Ramasubramanian as Managing Director of the Company.

## COMPLIANCE

A certificate from Practising Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges forms part of this Annual Report.

## MEANS OF COMMUNICATION

The unaudited quarterly, half yearly and audited annual financial results are sent to the Stock Exchanges where the shares of the Company are listed. The results were also published in all editions of "Business Line", national daily and "Jai Hind", regional language newspaper circulating in the district where Company's registered office is situated. The unaudited quarterly, half yearly and audited annual results were also posted in the company's website [www.adityabirlamoney.com](http://www.adityabirlamoney.com).

# CORPORATE GOVERNANCE REPORT

## 8. GENERAL SHAREHOLDERS' INFORMATION

AGM date, time and venue : As per notice to the AGM

Financial Calendar

Financial reporting for the quarter ending June 30, 2012	July / August, 2012
Financial reporting for the quarter ending September 30, 2012	October / November, 2012
Financial reporting for the quarter ending December 31, 2012	January / February, 2013
Financial reporting for the quarter ending March 31, 2013	April / May, 2013

Date of Book Closure : Refer notice to the AGM

Dividend Payment Date : N.A.

Registered Office : Indian Rayon Compound, Veraval - 362 266, Gujarat.

Website : www.adityabirlamoney.com

### Listing on Stock Exchanges

Madras Stock Exchange Limited (MSE) Exchange Building, Second Line Beach, Chennai – 600001	National Stock Exchange of India Limited, (NSE) "Exchange Plaza", C-1, Block G, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051	Bombay Stock Exchange Limited, (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001
Tel No: (044) 25522895	Tel No: (022) 26598100	Tel No: (022) 22721233 / 4
Fax No: (044) 25244897	Fax No:(022) 26598120	Fax No:(022) 22721919
Stock Code – APOSINDCAP	Stock Code – BIRLAMONEY	Stock Code – 532974 / ABML

ISIN for Equity Shares (NSDL & CDSL) - INE865C01022

**Note:** Listing fees for the year 2012-13 have been paid to NSE, BSE & MSE

### Stock Price Data : Monthly High & Low during FY 11-12 in BSE & NSE

Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
April 2011	29.45	24.05	29.30	23.50
May 2011	24.95	21.40	24.85	21.35
June 2011	24.45	17.85	26.50	19.00
July 2011	22.70	18.65	22.75	19.00
August 2011	26.05	15.80	26.50	15.50
September 2011	22.70	18.10	22.70	18.00
October 2011	19.10	15.85	19.25	15.70
November 2011	17.45	14.15	17.50	14.05
December 2011	15.84	10.17	16.00	10.40
January 2012	17.10	10.27	17.00	10.45
February 2012	16.60	14.40	16.50	14.40
March 2012	16.05	13.90	16.15	13.55

There has been no trading in the equity shares at MSE during the year under review. The Company has also applied for delisting of equity shares from MSE and approval is awaited. The Company's equity shares however will continue to be listed at NSE and BSE.

# CORPORATE GOVERNANCE REPORT

## Registrar and Share Transfer Agent

Cameo Corporate Services Limited  
 SEBI Registration No. INR000003753  
 Subramanian Building, No.1, Club House Road,  
 Chennai – 600 002  
 Ph : 044-28460390 (5 Lines)  
 Fax: 044-28460129  
 Email : investor@cameoindia.com

## Share Transfer System

The Company's shares are compulsorily traded in dematerialized form. In the case of transfer of shares in physical form, which are lodged at the Registered/Corporate Office or Registrar & Share Transfer Agent's Office, are normally processed within a period of 15 days from the date of receipt.

## Investor Services

Details of Shareholders queries / complaints and other correspondence received and replied during 2011–2012:

Nature of Complaints/Queries	No. of Complaints
Pending Queries / Complaints as on 01.04.2011	Nil
Queries / Complaints received during the year relating to issue of duplicate share certificate / new share certificate / change of address / transmission of shares etc.	11
Queries / Complaints redressed	11
Pending Queries / Complaints as on 31.03.2012	Nil

## Share Capital History Details of Paid-up Equity Share Capital of the Company

Date of Allotment	No. of Shares	Face Value (Rs.)	Cumulative No. of Shares
04-07-1995	700	10/-	700
07-08-1995	10,09,300	10/-	10,10,000
30-11-2000	12,60,000	10/-	22,70,000
03-06-2001	5,00,000	10/-	27,70,000
26-07-2006	27,70,000 <sup>@</sup>	10/-	55,40,000
18-07-2008 <sup>#</sup>	—	1/-	5,54,00,000

<sup>@</sup> Allotment on Issue of Bonus Shares in the ratio of 1:1

<sup>#</sup> Split of face value of 55,40,000 shares from Rs. 10/- to Re. 1/- each

## Details of Paid-up Preference Share Capital of the Company

Date of Allotment	No. of Shares	Face Value (Rs.)
28-03-2005	2,00,000*	100
31-03-2011	8,00,000 <sup>++</sup>	100

\* Preference Shares were redeemed on 26.07.2006.

<sup>++</sup> The preference shares are in the nature of Redeemable Non Convertible Non Cumulative and are not intended for listing and were issued on a private placement basis to Aditya Birla Financial Services Private Ltd (Holding Company)

# CORPORATE GOVERNANCE REPORT

## Distribution of Shareholdings as on March 31, 2012

Equity Shares	Shares				Shareholders			
	Physical		Electronic		Physical		Electronic	
	Nos.	%	Nos.	%	Nos.	%	Nos.	%
1 – 5000	845,953	1.52	3,385,589	6.11	1,367	98.85	7,702	97.83
5001 – 10000	70,460	0.13	711,756	1.29	9	0.65	95	1.21
10001 – 20000	86,904	0.16	563,682	1.02	6	0.43	38	0.48
20001 – 30000	22,800	0.04	194,746	0.35	1	0.07	8	0.10
30001 – 40000	—	—	312,335	0.56	—	—	9	0.11
40001 – 50000	—	—	189,955	0.34	—	—	4	0.05
50001 – 100000	—	—	641,504	1.16	—	—	9	0.11
100001 & above	—	—	48,374,316	87.32	—	—	9	0.11
<b>Total</b>	<b>1,026,117</b>	<b>1.85</b>	<b>54,373,883</b>	<b>98.15</b>	<b>1,383</b>	<b>100.00</b>	<b>7,874</b>	<b>100.00</b>
<b>Grand Total</b>	<b>55,400,000</b>				<b>9,257</b>			

## The Shareholding Pattern of the Company as on March 31, 2012 was as follows

Category	No. of Shares	%
Promoter / Promoter Group	41,550,000	75.00 %
Bodies Corporate	4,545,693	8.20 %
Individuals - holding up to Rs.1 Lakh	5,652,240	10.20 %
Individuals - holding excess of Rs.1 Lakh	3,178,009	5.74 %
Clearing Members	11,444	0.02 %
HUF	185,902	0.34 %
NRI's and OCB	276,712	0.50 %
<b>TOTAL</b>	<b>55,400,000</b>	<b>100.00 %</b>

## Dematerialization of Shares and Liquidity

As on March 31, 2012, 98.15% of the Company's Paid-up Equity Capital was held in dematerialized form. The shares of the Company are frequently traded on BSE / NSE.

## Useful Information for Shareholders

### Unpaid / Unclaimed Dividend

- Pursuant to Section 205A & 205C of the Companies Act, 1956 dividend upto the financial year 2003-2004 has been transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. No claim by the shareholders shall lie against the IEPF or the Company in respect of the said unclaimed amount.
- Unclaimed dividend for the financial year 2004-2005 onwards, wherever declared, and which remains unpaid/unclaimed over a period of 7 years, is required to be statutorily transferred to the IEPF. Shareholders who have not claimed / encashed their dividend warrants are requested to lodge their request / claim with the Company / RTA for revalidation / issue of duplicate dividend warrants. Unclaimed dividend for the years 2004-2005 & 2005-2006 (Interim) are due for transfer to IEPF in September 2012 & November 2012. Once the unclaimed dividend is transferred to IEPF, no claim by the shareholders shall lie thereof against IEPF or the Company.

# CORPORATE GOVERNANCE REPORT

## Other General Information

### 1. Green Initiative in Corporate Governance - Service of documents in Electronic Form

Ministry of Corporate Affairs ("MCA") has introduced a Green Initiative in the Corporate Governance, thereby allowing companies to serve documents through electronic mode. Companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. Environment conservation and sustainable development are continuously on your Company's radar and therefore your Company supports MCA in this initiative. This will also ensure prompt receipt of communication and avoid loss in postal transit.

Keeping in view the underlying theme and circulars issued by MCA, your company sends documents such as notices of general meeting(s), Annual Report and other shareholder's communications through e-mail to those shareholders who have registered with us. We therefore request and encourage all the shareholders to register their e-mail id with the Company or their Depository Participant as the case may be, if not already done. Please note that these documents shall be available on Company's website and shall also be kept open for inspection at the registered office of the Company during office hours.

In case you wish to receive the above documents in physical mode (which shall be made available to you free of cost), you are requested to exercise your option by visiting the company's website [www.adityabirlamoney.com](http://www.adityabirlamoney.com) at the link "**Green Initiative in Corporate Governance**" and register your mail id. Alternatively, you can send an email to [abml.investorgrievance@adityabirla.com](mailto:abml.investorgrievance@adityabirla.com) to register your option for receiving the documents / reports in physical form.

2. Shareholders holding shares in physical form are requested to notify to the Company, change in their address / PIN Code Number and Bank Account details promptly by written request under the signature of sole / first joint holder.
3. Beneficial owner of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney etc., directly to their DP.
4. For expeditious transfer of share, shareholders should fill in complete and correct particulars in the transfer deed.

Further, please note that SEBI vide its circular no.MRD/DoP/Cir-05/2009 dated 20.05.2009 has made it mandatory for transferee(s) to furnish a copy of PAN card to the Company / RTAs for registration of physical transfer of shares. All the intended transferee(s) are, therefore, requested to furnish a self attested copy of PAN Card at the time of sending the request for physical transfer of share certificate.

5. Section 109A of the Companies Act, 1956 extends the nomination facility to individuals holding shares in the physical mode. Shareholders, in particular, those holding shares in single name may avail the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form, which can be obtained from the Company / RTA by sending a written request.

#### Address for Correspondence

Ali Centre, No. 53, Greaves Road,  
Chennai - 600 006.  
Ph No. : 044 - 3919 0002/3  
Fax No.: 044 - 2829 0835  
E-mail : [abml.investorgrievance@adityabirla.com](mailto:abml.investorgrievance@adityabirla.com)

#### Registered Office

Indian Rayon Compound,  
Veraval - 362 266, Gujarat  
Ph No. : 02876-245711  
Fax No. : 02876-243257  
Website : [www.adityabirlamoney.com](http://www.adityabirlamoney.com)

## DECLARATION ON CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchange(s), I hereby declare that the Board Members and Senior Management have affirmed compliance with the Code of Conduct for the year ended March 31, 2012.

Place : Chennai  
Date : May 3, 2012

Sudhakar Ramasubramanian  
Managing Director

# CORPORATE GOVERNANCE REPORT

## PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

**To: The Members of Aditya Birla Money Limited**

We have examined the compliance of conditions of Corporate Governance by Aditya Birla Money Limited, for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The objective of our examination is to give our opinion on whether the company has complied with the conditions of Corporate Governance as stipulated in the provisions of Clause 49 of the Listing Agreement entered into by the company with the listed Stock Exchanges of India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

Place : Chennai  
Date : May 3, 2012

B CHANDRA  
PRACTISING COMPANY SECRETARY  
Membership No. 7859

# AUDITORS' REPORT

To

## The Members of Aditya Birla Money Limited

1. We have audited the attached Balance Sheet of Aditya Birla Money Limited ('the Company') as at March 31, 2012 and also the Statement of profit and loss account and the 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central 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 said Order.
4. Without qualifying our opinion, we draw attention to Note 24 to the financial statements with regard to the recoverability of assets in the nature of trade receivables, advances, other assets etc. aggregating to Rs.147,092,501 grouped under Advances recoverable in cash or kind under Schedule 13B of the Balance Sheet. These assets are subject matter of claim under a share purchase agreement entered into between the Company's ultimate parent company and its Erstwhile Promoters, which is currently under arbitration. The Company's ultimate parent company has committed to transfer any funds received on settlement of the claim to the Company. Based on legal opinion received in the previous year, management is of the opinion that the claims made are tenable and expect a favourable outcome in this matter. Pending the final disposition of the matter no adjustments have been made to the financial statements in respect of these assets.
5. Further to our comments in the Annexure referred to 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement 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 the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
    - b) in the case of the statement of profit and loss account, of the loss for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For S.R. BATLIBOI & CO.**

Firm registration number: 301003E

Chartered Accountants

**per Shrawan Jalan**

Partner

Membership No.: 102102

Place : Chennai

Date : May 3, 2012

# AUDITORS' REPORT

## ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

Re: Aditya Birla Money Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies were noted on such verification which have been properly dealt with in the books of accounts.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) The Company is a stock broker and therefore does not have any inventories. Accordingly, Clause (ii) of the Companies (Auditors' Report) Order 2003 (as amended) is not applicable to the Company.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii)(a) to 4(iii)(d) of the Order issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, are not applicable to the Company.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii)(e) to 4(iii)(g) of the Order issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. The activities of the Company do not involve any purchase or sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance dues, service tax, investor education and protection fund, income-tax, wealth-tax, cess and other material statutory dues applicable to it. Statutory dues in respect of customs duty and excise duty are not applicable to the Company.

## AUDITORS' REPORT

Further, as more fully discussed in note 25 to the financial statements, since certain State Governments have not notified the manner of payment of stamp duty payable on contract notes issued by the Company, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the stamp duty collected by the Company with respect to those States.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

As more fully discussed in note 25 to the financial statements, stamp duties collected by the Company in respect of States wherein the manner of payment has not been notified from July 2011 onwards and remaining unpaid as at March 31, 2012 is Rs 4,738,697. As the manner of payment of the same has not been notified, we are not in a position to comment if any portion of the stamp duties collected has become due and outstanding for more than six months as at the balance sheet date.

- (c) According to the records of the Company, the dues outstanding of income-tax, wealth tax, service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax	7,283,390	April 2004- June 2008	Commissioner of Service tax
Finance Act, 1994	Service tax	376,714	October 2004- March 2009	Commissioner of Service tax
Finance Act, 1994	Service tax	1,116,339*	December 2008- November 2009	Commissioner of Service tax
Finance Act, 1994	Service tax	21,821	November 2009- March 2010	Commissioner of Service tax
Finance Act, 1994	Service tax	26,966	April 2010 to September 2010	Commissioner of Service tax
Karnataka Stamp Act, 1957	Stamp Duty	9,060,000	2003 - 2008	Chief Revenue Controlling Authority, Karnataka
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund	14,036,578*	April 2009 to May 2011	Regional Provident Fund Commissioner, Chennai

\* includes payments under protest - Rs.4,625,484 to the relevant regulatory authorities.

Dues in respect of excise duty and customs duty are not applicable to the Company.

## AUDITORS' REPORT

- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. *The Company has incurred cash losses in the current year and in the immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. There are no dues to a financial institutions or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue and accordingly Clause (xx) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S.R. BATLIBOI & CO.**

Firm registration number: 301003E  
Chartered Accountants

**per Shrawan Jalan**

Partner

Membership No.: 102102

Place : Chennai  
Date : May 3, 2012

# BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	Note No.	As at March 31, 2012	As at March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	135,400,000	135,400,000
Reserves and Surplus	4	346,338,814	519,248,114
Sub total - (A)		481,738,814	654,648,114
<b>Non-current Liabilities</b>			
Deferred Tax Liabilities (Net)	5	—	11,999,316
Other Long - Term Liabilities	6	6,420,482	4,359,907
Sub total - (B)		6,420,482	16,359,223
<b>Current Liabilities</b>			
Short - Term Borrowings	7	503,698,285	249,267,774
Trade Payables	8	779,654,612	735,455,726
Other Current Liabilities	9	47,463,464	50,876,664
Short - Term Provisions	10	8,718,666	5,092,259
Sub total - (C)		1,339,535,027	1,040,692,423
<b>TOTAL</b>	<b>(A)+(B)+(C)</b>	<b>1,827,694,323</b>	<b>1,711,699,760</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11A	264,409,452	314,057,645
Intangible Assets	11B	83,667,628	99,167,304
Intangible Assets under Development		1,239,499	—
		349,316,579	413,224,949
Non-Current Investments	12A	20,066,000	20,066,000
Long - Term Loans and Advances	13A	81,495,789	77,512,487
Sub total - (D)		450,878,368	510,803,436
<b>Current Assets</b>			
Current Investments	12B	—	100,000,000
Trade Receivables	14	696,369,762	361,167,097
Cash & Bank Balances	15	374,553,313	323,810,007
Short - Term Loans and Advances	13B	284,195,820	406,184,386
Other Current Assets	16	21,697,060	9,734,834
Sub total - (E)		1,376,815,955	1,200,896,324
<b>TOTAL</b>	<b>(D)+(E)</b>	<b>1,827,694,323</b>	<b>1,711,699,760</b>
Summary of Significant Accounting Policies	1 & 2		

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

For and on behalf of Board of Directors

For S.R. BATLIBOI & CO.

Firm Registration Number: 301003E

Chartered Accountants

Sudhakar Ramasubramanian  
Managing Director

Pankaj Razdan  
Director

per Shrawan Jalan

Partner

Membership No.: 102102

Manoj Kumar Gandhi  
Chief Financial Officer

S Balaji  
Company Secretary

Date : May 3, 2012

Place : Chennai

## STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

*(All amounts are in Indian Rupees, unless otherwise stated)*

	Note No.	<b>As at March 31, 2012</b>	As at March 31, 2011
<b>INCOME</b>			
Revenue From Operations	17	674,064,997	989,000,095
Other Income	18	49,763,822	82,191,981
<b>Total Revenue</b>		<b>723,828,819</b>	1,071,192,076
<b>Expenses</b>			
Employee Benefits Expenses	19	293,883,915	334,605,821
Finance Cost	20	56,224,481	47,706,120
Depreciation and Amortization Expenses	21	77,963,795	71,603,848
Business Partners Payout	22	182,421,924	241,022,311
Other Expenses	23	298,243,320	430,750,752
<b>Total Expenses</b>		<b>908,737,435</b>	1,125,688,852
<b>Profit / (Loss) before Exceptional Items and Tax</b>		<b>(184,908,616)</b>	(54,496,776)
Exceptional Items		—	(81,548,101)
<b>Profit/(Loss) Before Tax</b>		<b>(184,908,616)</b>	(136,044,877)
Tax Expenses			
Current tax		—	—
Deferred tax		(11,999,316)	(41,477,891)
<b>Profit/(Loss) for the period</b>		<b>(172,909,300)</b>	(94,566,986)
Earnings / (Loss) Per Share (Basic and Diluted) } (Face Value of Re. 1/- each)	31	(3.12)	(1.71)
Summary of Significant Accounting Policies	1 & 2		

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

For and on behalf of Board of Directors

For S.R. BATLIBOI & CO.

Firm Registration Number: 301003E

Chartered Accountants

Sudhakar Ramasubramanian  
Managing Director

Pankaj Razdan  
Director

per Shrawan Jalan

Partner

Membership No.: 102102

Manoj Kumar Gandhi  
Chief Financial Officer

S Balaji  
Company Secretary

Date : May 3, 2012

Place : Chennai

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian Rupees, unless otherwise stated)*

## **1. Basis of preparation**

The financial statements have been prepared in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Companies Accounting Standards Rules, 2006, (as amended) the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention and on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except for change in accounting policy explained below.

## **2. Statement of significant accounting policies**

Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified previous year figures in accordance with the requirements applicable in the current year.

### **a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainties about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### **b) Fixed assets, intangible assets and capital work in progress**

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

Intangible assets are recorded at the consideration paid for acquisition. The computer software costs are capitalized and recognized as intangible assets in terms of Accounting Standard 26 - Intangible Assets based on materiality, accounting prudence and significant economic benefit expected there from to flow over a period longer than one year. Capitalized costs include direct costs of implementation and expenses directly attributable to the development of the software.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian Rupees, unless otherwise stated)*

### c) Depreciation

Depreciation is provided using the straight line method at the rates prescribed under schedule XIV of the Companies Act, 1956, which is management's estimate of the useful life of the assets except as follows:

Nature of asset	Rate of depreciation followed
Batteries (included under Office equipments)	25%
Furniture and fixtures (fitted to the premises)	Rate based on the lease period, taking into account the secondary lease period

Computer software cost capitalized is amortized over the estimated useful life of 6 years on a straight line basis.

Additions to tangible assets are depreciated from the date of addition and deletions are depreciated up to the date of sale, on pro-rata basis.

Fixed assets individually costing Rs.5,000 or less are fully depreciated in the year of purchase.

### d) Impairment

- i) The carrying amounts of assets are 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 using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
- ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

### e) Leases

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

### f) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian Rupees, unless otherwise stated)*

### **g) Revenues**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Brokerage Income and transaction charges are recognized on the trade date of the transaction upon confirmation of the transactions by the exchanges.

Income from depository services, referral fee and interest and finance charges are recognized on the basis of agreements entered into with clients and when the right to receive the income is established.

Other interest incomes are recognized on a time proportion basis taking into account the amount outstanding and the applicable rate of interest. The same is included under the head 'other income' in the statement of profit and loss.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

### **h) Employee benefits**

- i. Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund is due. There are no obligations other than the contribution payable to the trust.
- ii. Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have unconditional right to defer its settlement for 12 months after the reporting date.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

### **i) Income Tax**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian Rupees, unless otherwise stated)*

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### **j) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split, if any.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **k) Contingent liability and Provisions**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

### **l) Segment reporting**

The Group is principally engaged in the business of Broking and related activities. The operations are entirely in India. Accordingly, there are no reportable segments.

### **m) Cash and Cash Equivalent**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	As at March 31, 2012	As at March 31, 2011
<b>NOTE: 3</b>		
<b>SHARE CAPITAL</b>		
<b>Authorized Shares:</b>		
150,000,000 (Previous year -150,000,000) Equity Shares of Re.1/-each	150,000,000	150,000,000
1,000,000 (Previous Year -1,000,000) 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs. 100/- each	100,000,000	100,000,000
	250,000,000	250,000,000
<b>Issued, Subscribed &amp; Paid up Share:</b>		
<b>EQUITY SHARE CAPITAL</b>		
55,400,000 (Previous Year - 55,400,000) Equity Shares of Re.1/-each Fully paid	55,400,000	55,400,000
	55,400,000	55,400,000
<b>PREFERENCE SHARE CAPITAL</b>		
800,000 (Previous Year 800,000) 8% Redeemable Non convertible non cumulative Preference Shares of Rs.100/- each fully paid	80,000,000	80,000,000
	80,000,000	80,000,000
	135,400,000	135,400,000

### 1A Reconciliation of the number of Equity shares outstanding at the beginning and at the end of the period

		As at March 31, 2012		As at March 31, 2011	
S.No.	Description	No. of Shares	Amount	No. of Shares	Amount
1	At the beginning of the period	55,400,000	55,400,000	55,400,000	55,400,000
2	Issued during the period	—	—	—	—
3	Outstanding at the end of the period	55,400,000	55,400,000	55,400,000	55,400,000

### 1B Reconciliation of the number of Preference shares outstanding at the beginning and at the end of the period

		As at March 31, 2012		As at March 31, 2011	
S.No.	Description	No. of Shares	Amount	No. of Shares	Amount
1	At the beginning of the period	800,000	80,000,000	—	—
2	Issued during the period	—	—	800,000	80,000,000
3	Outstanding at the end of the period	800,000	80,000,000	800,000	80,000,000

### 2 Term/right attached to equity shares

The company has only one class of equity shares having a par value of Re.1/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees.

In the event of liquidation of the company, the holders of equity shares will receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.

### 3 Term of redemption of Preference Shares

The company has allotted 800,000 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs.100/- each, fully paid up at a premium of Rs.150/- per share to Aditya Birla Financial Services Private Limited, the holding company. These Preference Shares are redeemable at the end of 5 years at Rs.320/- per share.

- 4 41,550,000 (Previous Year - 41,550,000) equity shares of Re.1/- each fully paid up are held by Aditya Birla Financial Services Private Limited, the holding Company; and 800,000 (Previous Year - 800,000) 8% Redeemable Non Convertible Non Cumulative preference shares Rs.100/- each fully paid are held by Aditya Birla Financial Services Private Limited.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

- 5 Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held.

i) Equity Shares

	Name of Share Holder	As at March 31, 2012		As at March 31, 2011	
		No. of Shares held	% of total paid-up equity share capital	No. of Shares held	% of total paid-up equity share capital
1	Aditya Birla Financial Services Private Limited	<b>41,550,000</b>	<b>75.00</b>	41,550,000	75.00
2	PCR Investments Ltd	<b>3,385,320</b>	<b>6.11</b>	3,385,320	6.11

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

ii) Preference Share Capital

	Name of Share Holder	As at March 31, 2012		As at March 31, 2011	
		No. of Shares held	% of total paid-up preference share capital	No. of Shares held	% of total paid-up preference share capital
1	Aditya Birla Financial Services Private Limited	<b>800,000</b>	<b>100</b>	800,000	100

**As at**  
**March 31, 2012**      **As at**  
**March 31, 2011**

**NOTE: 4**

**RESERVES & SURPLUS**

**1) Capital Reserves**

Opening	11,538,863	11,538,863
Add : Addition during the year	—	—
Less : Deletion	—	—
	<b>11,538,863</b>	11,538,863

**2) Securities Premium Account**

Opening	120,000,000	—
Add : Addition during the year	—	120,000,000
Less : Deletion	—	—
	<b>120,000,000</b>	120,000,000

**3) General Reserve\***

Opening	261,376,777	261,376,777
Add : Addition during the year	—	—
Less : Deletion	—	—
	<b>261,376,777</b>	261,376,777

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>4) Surplus as per Profit &amp; Loss Account</b>		
Opening	126,332,474	220,899,460
Profit/(Loss) for the period	(172,909,300)	(94,566,986)
	<b>(46,576,826)</b>	126,332,474
 <b>RESERVES &amp; SURPLUS</b>	<b>346,338,814</b>	519,248,114

\*General Reserve : Under the Companies Act, a general reserve is created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers is to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the company for that year, then the total dividend distribution is less than the total distributable results for that year.

## NOTE: 5

### DEFERRED TAX LIABILITY (NET)

Deferred Tax Liability /(Asset) at the period end comprise timing differences on account of:

Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	60,758,221	68,975,856
Effect of expenditure/ provisions debited to profit and loss account in the current year but allowed for tax purposes in following years	(22,390,150)	(17,806,848)
Tax Losses/Unabsorbed Depreciation	(38,368,071)	(39,169,692)
	—	11,999,316

(Note :The Company has recognized deferred tax assets on carried forward losses and unabsorbed depreciation only to the extent of the deferred tax liabilities which are given above, and not on the entire amount on account of prudence.)

## NOTE: 6

### OTHER LONG-TERM LIABILITIES

Rent Equalization Liabilities	6,420,482	4,359,907
	<b>6,420,482</b>	4,359,907

## NOTE: 7

### SHORT-TERM BORROWINGS

#### (SECURED)

From banks *	100,000,000	—
--------------	-------------	---

#### (UNSECURED)

Loan Borrowed from Related Party#	200,000,000	100,000,000
Commercial Papers	203,698,285	149,267,774
Maximum balance outstanding during the year Rs 500,000,000 ( PY : Rs.500,000,000)	<b>503,698,285</b>	249,267,774

\* The bank borrowing is secured against Pledge of Fixed Deposits.  
#14% (Previous year : 13%) borrowed from related party.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian Rupees, unless otherwise stated)*

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>NOTE: 8</b>		
<b>TRADE PAYABLES</b>		
Trade Payables	<b>779,654,612</b>	735,455,726
	<b>779,654,612</b>	735,455,726

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

### NOTE: 9

#### OTHER CURRENT LIABILITIES

Book Overdraft	—	194,280
Statutory dues	<b>13,243,340</b>	14,711,553
Interest accrued and not due on secured loan from Bank	<b>925,683</b>	311,575
Deposits received from franchisees	<b>30,462,676</b>	28,338,760
Advance received from supplier	<b>1,419,488</b>	6,143,707
Rent Equalization Liabilities	<b>529,138</b>	240,090
Investor Education and Protection Funds shall be credited by following amounts as and when due		
Unclaimed Dividend	<b>697,489</b>	751,049
Unclaimed Matured deposits	<b>185,650</b>	185,650
	<b>47,463,464</b>	50,876,664

### NOTE: 10

#### SHORT-TERM PROVISIONS

Provisions For:

Leave Encashment	<b>5,805,723</b>	5,092,259
Income Tax (net of advance tax.Rs.48,500,000) (Previous Year - Nil)	<b>2,912,943</b>	—
	<b>8,718,666</b>	5,092,259

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

<b>Note 11A - Tangible Assets</b>										<b>Note 11B - Intangible Assets</b>				
	Freehold Land*	V SAT Equipments #	Furniture & Fixtures	Office Equipments	Computers	Vehicles	TOTAL							
<b>Gross Block</b>														
As at 1 April 2010	1,500,000	115,019,295	86,848,784	67,661,009	171,169,380	2,308,795	444,507,263	Gross Block	As at 1 April 2010	143,991,955				
Additions	—	590,168	29,148,383	21,667,961	59,027,137	1,021,724	111,455,373	Additions	Additions	47,285,578				
Deletions	—	—	3,230,702	2,052,171	20,267,629	1,278,382	26,828,884	Deletions	Deletions	—				
Adjustments#	—	18,995,312	—	—	—	—	18,995,312	Adjustments	Adjustments	—				
As at 31 March 2011	1,500,000	96,614,151	112,766,465	87,276,799	209,928,888	2,052,137	510,138,440	As at 31 March 2011	As at 31 March 2011	191,277,533				
<b>Cost</b>								<b>Cost</b>						
At 1 April 2011	1,500,000	96,614,151	112,766,465	87,276,799	209,928,888	2,052,137	510,138,440	At 1 April 2011	At 1 April 2011	191,277,533				
Additions	—	—	8,353,629	7,296,071	11,081,518	193,673	26,924,891	Additions	Additions	8,630,535				
Deletions	—	1,169,124	15,697,218	17,441,181	5,901,907	—	40,209,430	Deletions/Adjustment	Deletions/Adjustment	—				
As at 31 March 2012	1,500,000	95,445,027	105,422,876	77,131,689	215,108,499	2,245,810	496,853,901	As at 31 March 2012	As at 31 March 2012	199,908,068				
<b>Accumulated Depreciation</b>								<b>Accumulated Amortization</b>						
As at 1 April 2010	—	34,327,057	28,505,708	18,791,369	87,514,456	553,462	169,692,052	As at 1 April 2010	As at 1 April 2010	73,685,485				
For the year	—	5,350,764	8,334,648	6,799,507	32,392,338	301,847	53,179,104	For the year	For the year	18,424,744				
Deletions	—	—	1,640,824	638,093	18,158,011	631,057	21,067,985	Deletions	Deletions	—				
Adjustment	—	5,722,376	—	—	—	—	5,722,376	Adjustments	Adjustments	—				
As at 31 March 2011	—	33,955,445	35,199,532	24,952,783	101,748,783	224,252	196,080,795	As at 31 March 2011	As at 31 March 2011	92,110,229				
Depreciation								Depreciation	Depreciation					
At 1 April 2011	—	33,955,445	35,199,532	24,952,783	101,748,783	224,252	196,080,795	At 1 April 2011	At 1 April 2011	92,110,229				
For the year	—	5,357,700	13,550,578	6,545,823	28,168,443	211,040	53,833,584	For the year	For the year	24,130,211				
Deletions	—	1,169,124	5,505,151	6,087,143	4,708,512	—	17,469,930	Deletions/Adjustment	Deletions/Adjustment	—				
As at 31 March 2012	—	38,144,021	43,244,959	25,411,463	125,208,714	435,292	232,444,449	As at 31 March 2012	As at 31 March 2012	116,240,440				
Net book amount as at 31 March 2011	1,500,000	62,658,706	77,566,933	62,324,016	108,180,105	1,827,885	314,057,645	Net book amount as at 31 March 2011	Net book amount as at 31 March 2011	99,167,304				
Net book amount as at 31 March 2012	1,500,000	57,301,006	62,177,917	51,720,226	89,899,785	1,810,518	264,409,452	Net book amount as at 31 March 2012	Net book amount as at 31 March 2012	83,667,628				

\* The company is in the process of getting the lands registered in its name.

# Also, refer note 24

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian Rupees, unless otherwise stated)*

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>NOTE: 12A</b>		
<b>NON CURRENT INVESTMENTS</b>		
<b>Non Trade Investments (Unquoted, at lower of cost or book value)</b>		
Equity Instruments		
6,600 (Previous year 6,600) Equity Share of Rs.10/-each fully paid in Apollo Sindhoori Hotels Limited.	<b>184,523</b>	184,523
Less: Provision for diminution in value of investment	<b>118,523</b>	118,523
<b>In Subsidiary Company (Unquoted, at cost)</b>		
2,000,000 (Previous year - 2,000,000) equity shares of Rs.10/- each fully paid in subsidiary - Aditya Birla Commodities Broking Limited	<b>20,000,000</b>	20,000,000
	<b>20,066,000</b>	20,066,000
	<hr/> <hr/>	<hr/> <hr/>
<b>Note :</b>		
1. Aggregate amount of unquoted investments	<b>20,066,000</b>	20,066,000
2. Aggregate amount of diminution in value of investment	<b>118,523</b>	118,523
<b>NOTE: 12B</b>		
<b>CURRENT INVESTMENTS (Unquoted, at cost)</b>		
Mutual Funds		
Nil (Previous Year : 6,373,958 Units of Rs.10/- each in Birla Sunlife Cash Plus-Institutional Premium-Growth)	—	100,000,000
	—	100,000,000
	<hr/> <hr/>	<hr/> <hr/>
<b>Note :</b>		
1. Aggregate amount of unquoted investments	—	100,000,000
2. Aggregate amount of diminution in value of investment	—	—
<b>NOTE: 13A</b>		
<b>LONG-TERM LOANS &amp; ADVANCES</b>		
(Unsecured, Considered Good except otherwise stated)		
Capital Advances	<b>44,052</b>	1,304,035
Security Deposits	<b>8,688,986</b>	10,671,905
Rental Deposits	<b>23,812,083</b>	31,835,607
Margin with Exchange	<b>29,500,000</b>	29,500,000
Prepaid Expenses	<b>1,219,294</b>	2,920,199
Advance tax (net of provision Rs. Nil) (Previous Year - Rs.120,169,260)*	<b>18,231,374</b>	1,280,741
	<b>81,495,789</b>	77,512,487
	<hr/> <hr/>	<hr/> <hr/>

\*Based on the past experience of refund received.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>NOTE: 13B</b>		
<b>SHORT-TERM LOANS &amp; ADVANCES</b>		
(Unsecured, Considered Good except otherwise stated)		
<b>Loans &amp; Advances to related parties #</b>	<b>2,121,015</b>	54,422,071
<b>Advances recoverable in cash or Kind@</b>		
Unsecured, considered good	<b>134,727,662</b>	130,082,776
Unsecured, considered doubtful	<b>37,282,431</b>	28,557,431
	<b>172,010,093</b>	158,640,207
Less : Provision for doubtful	<b>(37,282,431)</b>	(28,557,431)
	<b>134,727,662</b>	130,082,776
<b>Other Loans &amp; Advances</b>		
Service tax and other taxes recoverable, from Government	<b>615,138</b>	9,843,868
Rental Deposits	<b>3,147,237</b>	4,784,413
Advances to employees	<b>2,606,676</b>	926,281
Margins with Exchange	<b>115,048,396</b>	159,318,119
Advances to Suppliers	<b>517,040</b>	1,140,081
Advance tax (net of provision : NIL) (Previous Year - Rs.1,428,000)	—	22,736,505
Prepaid expenses	<b>20,406,004</b>	21,296,084
Gratuity Receivable	<b>5,006,652</b>	1,634,188
	<b>147,347,143</b>	221,679,539
	<b>284,195,820</b>	406,184,386
#Also, refer note 29 and note 34		
@Also, refer note 24		
<b>NOTE: 14</b>		
<b>TRADE RECEIVABLES</b>		
Due for period exceeding six months		
Unsecured, considered good	<b>18,524,546</b>	20,596,944
Unsecured, considered doubtful	<b>24,385,579</b>	21,233,670
Less : Provision for doubtful	<b>(24,385,579)</b>	(21,233,670)
	<b>18,524,546</b>	20,596,944
Others		
Unsecured, considered good	<b>677,845,216</b>	340,570,153
Unsecured, considered doubtful	<b>1,535,822</b>	—
Less : Provision for doubtful	<b>(1,535,822)</b>	—
	<b>677,845,216</b>	340,570,153
	<b>696,369,762</b>	361,167,097

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian Rupees, unless otherwise stated)*

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>NOTE: 15</b>		
<b>CASH &amp; BANK BALANCE</b>		
<b>Cash &amp; Cash Equivalent</b>		
Cash on Hand	19,464	1,015
Balances with Bank		
Current Accounts	130,245,319	187,018,063
Unpaid Dividend	724,561	781,010
Unpaid Matured deposits	185,650	185,650
	<b>131,174,994</b>	<b>187,985,738</b>
<b>Other Bank Balance</b>		
Deposit Accounts ( with original maturity more than 3 months)*	243,378,319	135,824,269
	<b>243,378,319</b>	<b>135,824,269</b>
	<b>374,553,313</b>	<b>323,810,007</b>

\* Fixed deposits have not been considered as cash & cash equivalents because they are placed under lien towards bank guarantees for margins with exchanges / lien for loans received.

**NOTE: 16**

**OTHER CURRENT ASSET**

(Unsecured, Considered Good except otherwise stated)

Accrued Income on Brokerage	4,006,428	4,520,962
Interest accrued on Fixed Deposits	17,690,632	5,213,872
	<b>21,697,060</b>	<b>9,734,834</b>
	<b>21,697,060</b>	<b>9,734,834</b>

**NOTE: 17**

**REVENUE FROM OPERATIONS**

**A. Income from services**

Brokerage income	516,924,959	721,633,011
Income from transaction charges	10,695,304	50,176,981
Account opening charges	4,647,498	8,844,220
Income from depository services	42,389,298	49,565,287
	<b>574,657,059</b>	<b>830,219,499</b>

**B. Other operating income**

V-sat rent	4,198,281	6,471,322
Referral fee	43,500	4,207,052
Interest and finance charges	95,166,157	148,102,222
	<b>99,407,938</b>	<b>158,780,596</b>
	<b>674,064,997</b>	<b>989,000,095</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian Rupees, unless otherwise stated)*

	<b>Year Ended March 31, 2012</b>	Year Ended March 31, 2011
<b>Note : 18</b>		
<b>OTHER INCOME</b>		
<b>Interest Income</b>		
Interest on bank deposits	34,832,081	28,688,378
Other interest income	6,621,191	—
<b>Dividends income</b>		
Current	—	539,309
Long term Investments	1,291,375	—
<b>Net Gain on sale of Investments</b>		
Current	4,751,805	1,794,459
Long Term	—	47,050,000
<b>Other non-operating income</b>		
Miscellaneous income	2,267,370	4,119,835
	<b>49,763,822</b>	<b>82,191,981</b>
	<b>49,763,822</b>	<b>82,191,981</b>
 <b>Note : 19</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages and Bonus	265,952,795	301,561,458
Contribution to Provident & Other Funds	17,401,678	18,744,265
Staff Welfare Expenses	10,529,442	14,300,098
	<b>293,883,915</b>	<b>334,605,821</b>
	<b>293,883,915</b>	<b>334,605,821</b>
 <b>Note : 20</b>		
<b>FINANCE COST</b>		
Interest on Banks Borrowings	56,103,411	47,167,640
Other borrowing costs	121,070	538,480
	<b>56,224,481</b>	<b>47,706,120</b>
	<b>56,224,481</b>	<b>47,706,120</b>
 <b>Note : 21</b>		
<b>DEPRECIATION AND AMORTIZATION</b>		
Depreciation on tangible assets	53,833,584	53,179,104
Amortization of Intangible assets	24,130,211	18,424,744
	<b>77,963,795</b>	<b>71,603,848</b>
	<b>77,963,795</b>	<b>71,603,848</b>
 <b>Note : 22</b>		
<b>BUSINESS PARTNERS PAYOUT</b>		
Management Fee-Business partners	182,421,924	241,022,311
	<b>182,421,924</b>	<b>241,022,311</b>
	<b>182,421,924</b>	<b>241,022,311</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian Rupees, unless otherwise stated)*

	<b>Year Ended March 31, 2012</b>	<b>Year Ended March 31, 2011</b>
<b>Note : 23</b>		
<b>OTHER EXPENSES</b>		
Rent	46,569,848	63,728,019
Repairs & Maintenance of:		
- Computers	5,168,372	5,833,665
- Others	2,056,791	7,559,485
Rental Charges - Computer	2,447,705	—
Electricity Charges	13,771,869	14,436,686
Insurance	10,095,049	9,448,234
Rates & Taxes	6,212,607	11,690,336
Bank Charges	2,522,617	9,576,929
Advertisement	3,914,420	4,871,630
Legal & Profession Fees	24,212,186	38,114,470
Provisions for Bad & Doubtful Debts	4,687,731	17,899,920
Provisions for Bad & Doubtful Advances	8,725,000	15,840,576
Printing & Stationery	9,626,933	15,120,987
Travelling & Conveyance	24,918,100	25,017,378
Bandwidth Charges	31,287,337	30,064,416
Telephone Expenses	18,894,356	22,913,148
Postage Expenses	14,161,041	22,830,321
Infrastructure and AMC Charges	29,054,448	47,653,100
Directors' Sitting Fees	380,000	420,000
Business development expenses	—	35,748,568
Office Maintenance	15,812,652	14,068,342
Asset utilization charges	—	316,339
Loss on sale / discard of fixed assets (Net)	19,615,905	4,751,184
Miscellaneous Expenses	4,108,353	12,847,019
	<b>298,243,320</b>	<b>430,750,752</b>

\* Legal and professional fees includes payments to auditors as under:

As auditor:		
Audit fee	800,000	800,000
Limited Reviews	600,000	600,000
Tax audit fee	75,000	—
Certification fees	25,000	—
Reimbursement of expenses	544,842	415,000
	<b>2,044,842</b>	<b>1,815,000</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian rupees unless otherwise stated)*

### **24) Assets forming part of claims made by the Ultimate Parent Company**

Pursuant to a Share Purchase agreement ('SPA') between Aditya Birla Nuvo Limited ('ABNL' or 'the Purchaser') and Mr.Prathap C Reddy and others ("Erstwhile Promoters") dated August 28, 2008, ABNL had agreed to acquire 31 million equity shares in Aditya Birla Money Limited ("the Company"). The transaction was completed on March 6, 2009.

As per the SPA, the Erstwhile Promoters had agreed to indemnify and hold harmless the Purchaser to the extent of any Losses, resulting from or consequent upon or relating to such breach of representations or warranties, covenants or agreement including but not limited to the recoveries of receivables and other assets in the books of the Company, contingencies on tax and related matters etc.

Subsequent to the completion of the above transaction, the Purchaser noted several breaches of representations and warranties including but not limited to non-recovery of debtors, irrecoverable advances, missing fixed assets etc. Accordingly, ABNL based on its internal assessment of the recoverability of receivables, fixed assets, other assets and matters relating to tax and other contingencies arrived at an amount of Rs.163,882,296 as Losses incurred on account of breach of representation / warranties in the SPA. Further, ABNL vide its letter dated March 5, 2011 made a separate claim of Rs.5,169,379 for amounts becoming due and payable on accounts of various cases initiated by the customers of the Company. ABNL invoked the arbitration mechanism and filed their Statement of Claim on February 26, 2011 with the Arbitration Tribunal.

Pending the final outcome of the arbitration proceedings, the Company has identified all such receivables, assets etc which have not been recovered and other items which are the subject matter of the claim to the extent they are in the books of accounts of the Company as at March 31, 2012 aggregating Rs.147,092,501 (previous year: Rs.152,102,658) and disclosed the same in Advances recoverable in cash or kind under Schedule 13B of the Balance Sheet, as these amounts would be paid directly to the Company by the Erstwhile Promoters at the direction of ABNL as and when the settlement happens. Based on legal opinion received and internal assessment, ABNL is confident of recovering the entire dues through the arbitration process and passing the benefit thereof to the Company against which these loss assets can be set-off in the future. Accordingly, the Company is of the view that these amounts are recoverable and hence not written off in the books of accounts of the Company.

### **25) Stamp duty**

Hitherto, the Company had been collecting and remitting stamp duties with respect to states wherein the manner of payment of the same has been prescribed by the respective state governments. From July 2011, the Company had started collecting stamp duty on contract notes for all states, including the states wherein the manner of payment has not yet been notified. The Company is evaluating various options of remitting the same, including remitting those amounts in the State of Tamil Nadu, as all the contract notes are executed at Tamil Nadu. Pending, the final determination of the manner of remittance, amount of Rs.4,738,697 collected till March 31, 2012 has been disclosed under Statutory Dues under Other Current Liabilities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

### 26) Capital and other commitment

- Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for is Rs.745,801 (Previous year - Rs.4,882,875).
- For commitments relating to lease arrangements, please refer note 32.

### 27) Contingent liabilities

Particulars	March 31, 2012	March 31, 2011
<b>Disputed tax and other statutory liabilities not provided for:</b>		
(a) Income tax & Interest Tax - for various assessment years in respect of which Company has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.	<b>36,666,168</b>	35,579,720
(b) Service tax - for various assessment years in respect of which Company has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.	<b>7,957,873</b>	7,930,877
(c) Provident fund – for the period from Mar 2009 to May 2011 for non inclusion of certain components like allowances etc. while computing and remitting the employer and employees' contribution to provident fund. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities	<b>14,036,578</b>	—
(d) Karnataka Stamp duty for the period from 2003-2008. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities	<b>9,060,000</b>	9,060,000
<b>Contingent liability not provided for on account of:</b>		
(a) Disputed claim of SEBI towards turnover fees contested by the Company at Hon'ble Supreme Court. The Company has been advised by its legal counsel that it is possible, but not probable, the action will succeed and accordingly no provision for any liability has been made in these financial statements.	<b>27,656,667</b>	27,656,667
(b) Claims against the Company not acknowledged as debts*	<b>45,710,102</b>	23,279,527

\* Represents claims made on the Company by various customers alleging unauthorised trades, loss of profits etc. The Company has been advised by its legal counsel that it is possible, but not probable, the action will succeed and accordingly no provision for any liability has been made in these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

### 28) Managerial Remuneration

During an earlier year the Company had made an application to the Central Government under Section 309 (5B) of the Companies Act, 1956 for seeking waiver of excess managerial remuneration amounting to Rs 3,094,634 (excluding statutory contribution to provident fund, gratuity and leave encashment which are exempted under Schedule VI) paid to Mr. P.B. Subramaniyan, the erstwhile whole time director ('Erstwhile Director') of the Company for the period from April 1, 2008 to March 6, 2009.

During the previous year, the Company has received an order from the Central Government (CG) whereby the CG has rejected excess remuneration of Rs 1,534,634 and directed the Company to collect the same from the Erstwhile Director.

The Company has commenced the process of recovery from the Erstwhile Director. Pending the recovery of the same, it has been shown as advances recoverable by the Company in the Balance Sheet. The Company is evaluating various alternative options including seeking a condonation / compounding if these amounts are not recoverable from the Erstwhile Director.

### 29) Loans and advances include:

Amounts receivable from:	Balance as at March 31, 2012	Balance as at March 31, 2011	Maximum amount outstanding at any time during the year ended March 31, 2012	Maximum amount outstanding at any time during the year ended March 31, 2011
<b>Subsidiary</b>				
Aditya Birla Commodities Broking Limited	<b>2,121,015</b>	27,915,354	<b>77,568,850</b>	27,915,354

### 30) Change in estimated useful life of assets

During the current year, the Company has changed its estimated useful life of batteries from 20 years to 4 years. This change in estimated useful life has resulted in provision of additional depreciation by Rs. 1,020,080 and the profit before tax of the Company is lower by the corresponding number.

Further, during the current year, the Company has reassessed its useful life of furniture and fixtures fitted to the premises and changed the same from 15 years to rates based on the lease period, taking into account the secondary lease period. This change in estimated useful life has resulted in provision of additional depreciation by Rs. 6,836,389 and the profit before tax of the Company is lower by the corresponding number.

### 31) Earnings per share

Particulars		March 31, 2012	March 31, 2011
Net profit/ (loss) as per Profit and loss account	<b>A</b>	<b>(172,909,300)</b>	(94,566,986)
Weighted average number of equity shares - Basic and diluted	<b>B</b>	<b>55,400,000</b>	55,400,000
Earnings / (Loss) per share - Basic and diluted	<b>A/B</b>	<b>(3.12)</b>	(1.71)
Nominal value of equity share		<b>Re.1/-</b>	Re.1/-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

### 32) Lease disclosures

#### Operating leases for premises:

Lease rentals in respect of premises taken on operating lease during the year ended March 31, 2012 amounts to Rs. 46,569,848 (Previous Year Rs. 73,039,934).

Future obligations towards lease rentals under non-cancellable lease agreements as on March 31, 2012 amounts to Rs. 115,442,089 (Previous Year Rs. 151,127,416). Details of Lease Rentals payable within one year and thereafter are as under:

Particulars	March 31, 2012	March 31, 2011
Within one year	43,861,441	49,072,470
Later than one year and not later than five years	58,785,832	79,235,111
Later than five years	12,794,816	22,819,835

The company has entered into lease / license agreements in respect of immovable properties with different parties. Some of the agreements contain escalation clause related to lease rentals / license fees from 5% to 15% p.a.

#### Operating leases for computers:

Lease rentals in respect of computers taken on operating lease during the year ended March 31, 2012 amounts to Rs. 2,447,705 (Previous Year - Nil).

Future obligations towards lease rentals under non cancellable lease agreements as on March 31, 2012 amounts to Rs. 11,844,584 (Previous Year - Nil). Details of Lease Rentals payable within one year and \ thereafter are as under:

Particulars	March 31, 2012	March 31, 2011
Within one year	4,559,985	—
Later than one year and not later than five years	7,284,599	—
Later than five years	—	—

### 33) Employment benefit disclosures

The amounts charged to the Profit and loss account during the year for Provident fund contribution aggregates to Rs.15,537,797 (Previous year – Rs.14,907,704) and employees' state insurance contribution aggregates to Rs.2,584,475 (Previous year - 3,495,973).

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the gratuity plan.

#### Amounts recognized in the Balance sheet in respect of gratuity

	March 31, 2012	March 31, 2011
Present value of defined benefit obligation	10,150,627	12,646,962
Fair value of plan assets	15,157,278	14,281,150
<b>Liability/(Asset) recognised in the balance sheet</b>	<b>(5,006,651)</b>	<b>(1,634,188)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

### Amounts recognized in the Profit and loss account in respect of gratuity

	March 31, 2012	March 31, 2011
Current service cost	2,607,208	2,474,361
Interest cost on benefit obligation	940,969	865,341
Expected return on plan assets	(1,213,898)	(594,240)
Net actuarial (gain) / loss recognised in the year	(3,086,772)	(3,279,862)
Past service costs – vested benefits	–	874,987
<b>Net gratuity cost</b>	<b>(752,493)</b>	<b>340,588</b>

### Actual return on plan assets:

	March 31, 2012	March 31, 2011
Expected return on plan assets	1,213,898	594,240
Actuarial gains / (losses) on plan assets	901,824	481,587
<b>Actual return on plan assets</b>	<b>2,115,722</b>	<b>1,075,827</b>

### Reconciliation of present value of the obligation and the fair value of plan assets:

	March 31, 2012	March 31, 2011
Opening defined benefit obligation	12,646,962	12,157,041
Less: Gratuity Liability in respect of Employees transferred to ABCBL	(2,619,970)	–
Interest cost	940,969	865,341
Current service cost	2,607,208	2,474,361
Actuarial (gains)/ losses on obligation	(2,184,948)	(2,798,274)
Past service costs – vested benefits	–	874,987
Benefits paid	(1,239,594)	(926,494)
<b>Closing defined benefit obligation</b>	<b>10,150,627</b>	<b>12,646,962</b>

### Change in fair value of plan assets

	March 31, 2012	March 31, 2011
Opening fair value of plan assets	14,281,150	–
Expected return	1,213,898	594,240
Actuarial (gains)/ losses on	901,824	481,587
Contributions by employer	–	14,131,817
Benefits paid	(1,239,594)	(926,494)
<b>Closing fair value of plan assets</b>	<b>15,157,278</b>	<b>14,281,150</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian rupees unless otherwise stated)*

### Details of plan assets

The plan assets represent Company's proportionate share in the Aditya Birla Nuvo Gratuity Fund managed by the ultimate parent company for the employees of the group. The details of plan assets are as under:

	<b>March 31, 2012</b>	March 31, 2011
Government of India securities	<b>25%</b>	29%
Corporate Bonds	<b>1%</b>	2%
Insurer managed funds	<b>60%</b>	65%
Deposit Scheme	<b>2%</b>	0%
Others	<b>12%</b>	4%
	<b>100%</b>	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

### Experience adjustments

	<b>March 31, 2012</b>	March 31, 2011
Experience adjustments (loss) / gain	<b>2,584,420</b>	3,041,066

	March 31, 2010	March 31, 2009
Experience adjustments (loss) / gain	(2,081,274)	130,000

There is no experience adjustment for the year ended March 31, 2008.

The Company does not expect to contribute additional amount to the fund in the next year.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	<b>March 31, 2012</b>	March 31, 2011
Discount rate	<b>8.5%</b>	7.70%
Expected rate of return on assets	<b>8.5%</b>	9%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

### 34) Related party transactions

#### List of related parties

Ultimate holding Company	Aditya Birla Nuvo Limited
Holding Company	Aditya Birla Financial Services Private Limited
Subsidiary Company	Aditya Birla Commodities Broking Limited
Entities under common control	Aditya Birla Finance Limited
	Aditya Birla Money Mart Limited
	Aditya Birla Financial Shared Services Limited
	Birla Sun Life Insurance Company Limited
	Aditya Birla Customer Services P Ltd

Particulars	Closing Balance As on 31.03.2012	Transactions 2011-2012	Closing Balance As on 31.03.2011	Transactions 2010-2011
<b>Aditya Birla Nuvo Ltd</b>				
- Inter corporate loan received	-	-	-	1,850,000,000
- Inter corporate loan repaid	-	-	-	2,050,000,000
- Interest on Inter corporate loan	-	-	-	8,815,068
- Rent (ST - Rs.1,08,459/-& TDS Payable Rs.10,53,000/-)	-	-	1,053,000	4,212,000
- Other Expense	-	3,000	134,216	134,216
<b>Aditya Birla Finance Ltd</b>				
- Inter corporate loan taken	200,000,000	450,000,000	100,000,000	350,000,000
- Inter corporate loan repaid	-	350,000,000	-	250,000,000
- Inter corporate loan given	-	100,000,000	-	-
- Inter corporate loan receipt	-	100,000,000	-	-
- Interest on Inter corporate loan payable (Rs.20,000/- includes other payable) (TDS 76712)	690,411	5,572,055	284,932	734,932
- Interest on Inter corporate loan receivable	-	191,781	-	-
- Assets transfers	-	400,000	-	-
- Syndication fee payment (payable)	-	121,070	-	538,480
- Misc. Expenses receivable (Includes Service tax Rs.12243/-)	-	125,168	55,500	55,500
- Misc. Expenses Payable	-	-	52,011	52,011
<b>Aditya Birla Money Mart Limited</b>				
- Business Development Fees	-	-	-	35,747,908
- Management Fees	-	43,078,786	-	66,049,558
- Reimbursement of Cost - Expenses receivable	-	25,878,176	-	18,721,962

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian rupees unless otherwise stated)*

Particulars	Closing Balance As on 31.03.2012	Transactions 2011-2012	Closing Balance As on 31.03.2011	Transactions 2010-2011
- Referral fee receivable		-		4,097,679
- Reimbursement of Cost - Expenses payable		-		757,887
- Referral fee payable		-		878,167
- Recovery towards certain trades of ABMML referred clients		-		973,219,030
- Other payable		<b>60,000</b>		-
- Inter corporate Loan given		<b>50,000,000</b>		-
- Inter corporate Loan receipt		<b>50,000,000</b>		-
- Interest on Inter corporate Loan		<b>724,658</b>		-
Total outstanding balance receivable	-		26,506,716	
Total outstanding balance Payable	<b>719,273</b>		-	
<b>Aditya Birla Financial Shared Services Ltd</b>				
- Reimbursement of Expenses receivable	-	-	338,347	375,942
- Reimbursement of Expenses payable	<b>757,925</b>	<b>6,734,373</b>	2,111,685	3,662,807
<b>Aditya Birla Financial Services P Ltd</b>				
- Inter corporate loan received	-	-	-	300,000,000
- Inter corporate loan repaid	-	-	-	300,000,000
- Interest on Inter corporate loan	-	-	-	517,808
- Reimbursement of Expenses payable	<b>49,278</b>	<b>49,278</b>	566,474	566,474
<b>Birla Sunlife Insurance Co Ltd</b>				
- Reimbursement of Expenses payable	-	<b>43,484</b>	881,181	908,439
- Brokerage earned	<b>21,185</b>	<b>8,368,252</b>	48,418	11,101,009
<b>Aditya Birla Customer Services P Ltd</b>				
- Reimbursement of Expenses payable	-	<b>419,736</b>	-	-
<b>Aditya Birla Commodity Broking Ltd</b>				
- Inter corporate loan taken		<b>67,500,000</b>		467,500,000
- Inter corporate loan repaid		<b>67,500,000</b>		467,500,000
- Inter corporate loan given		<b>35,000,000</b>		-
- Inter corporate loan receipt		<b>35,000,000</b>		-
- Interest on Inter corporate loan payable		<b>53,424</b>		721,681
- Interest on Inter corporate loan receivable		<b>41,712</b>		-
- Interest receivable on current account		<b>905,286</b>		-
- Interest receivable on current account		<b>151,542</b>		-
- Rental advances transfer to ABCBL		<b>4,201,953</b>		-
- Provisions transferred to ABCBL		<b>3,313,020</b>		-
Reimbursement of Cost - Expenses receivable		<b>107,196,055</b>		50,089,678
Total outstanding balance receivable	<b>2,121,015</b>		27,915,355	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian rupees unless otherwise stated)*

### **35) Foreign currency transactions**

The Company did not enter into any foreign currency transactions in the current year and previous year.

**36)** Additional information pursuant to provisions of paragraphs 5(ii)(a), 5(ii)(b) and paragraphs 5(viii) (a) to 5(viii) (c) Part II of the Revised Schedule VI to the Companies Act, 1956 has not been provided as these are not relevant having regard to the nature of the business of the Company.

### **37) Comparatives**

Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

As per our report of even date

For S. R. BATLIBOI & CO  
Firm Registration Number: 301003E  
Chartered Accountants

For and on behalf of the Board of Directors

per Shrawan Jalan  
Membership No.: 102102

Sudhakar Ramasubramanian  
Managing Director

Pankaj Razdan  
Director

Place: Chennai  
Date: May 3, 2012

Manoj Kumar Gandhi  
Chief Financial Officer

S Balaji  
Company Secretary

# CASH FLOW STATEMENT AS AT MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit / (Loss) Before tax</b>	<b>(184,908,616)</b>	<b>(54,496,776)</b>
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ Amortization	<b>77,963,795</b>	71,603,848
Loss/ (profit) on sale of fixed assets	<b>19,615,905</b>	4,751,184
Provision for Doubtful Debts	<b>4,687,731</b>	17,899,920
Provision for Deposits and Advances	<b>8,725,000</b>	15,840,576
Net (gain)/ loss on Sale of Current Investments	<b>(4,751,805)</b>	(48,844,459)
Interest Expense	<b>56,224,481</b>	47,217,043
Interest (Income)	<b>(41,453,272)</b>	(28,688,378)
Dividend (Income)	<b>(1,291,375)</b>	(539,309)
<b>Operating Profit Before Working Capital Changes</b>	<b>(65,188,156)</b>	<b>24,743,649</b>
Movements in Working Capital :		
Increase / (Decrease) in Trade Payables	<b>44,198,886</b>	(308,881,203)
Increase / (Decrease) in Short-Term Provisions	<b>3,626,407</b>	(13,511,023)
Increase / (Decrease) in Other Current Liabilities	<b>(4,027,308)</b>	(159,132,591)
Increase / (Decrease) in Other Long-Term Liabilities	<b>2,060,575</b>	4,359,910
Decrease/(Increase) in Trade Receivables	<b>(339,890,396)</b>	353,918,848
Decrease/(Increase) in Long-Term Loans and Advances	<b>(3,983,302)</b>	(39,129,361)
Decrease/(Increase) in Short-Term Loans and Advances	<b>113,263,566</b>	(182,702,909)
Decrease/(Increase) in Other Current Assets	<b>514,534</b>	142,769,505
<b>Cash Generated from / (used in) Operations</b>	<b>(249,425,194)</b>	<b>(177,565,175)</b>
<b>Direct Taxes Paid</b> (net of refunds)	<b>—</b>	<b>(17,889,821)</b>
<b>Cash Flow Before Exceptional Items</b>	<b>(249,425,194)</b>	<b>(195,454,996)</b>
Exceptional Item	<b>—</b>	<b>(81,548,101)</b>
<b>Net Cash From/ (Used in) Operating Activities (A)</b>	<b>(249,425,194)</b>	<b>(277,003,097)</b>
<b>B. Cash Flows From Investing Activities</b>		
Purchase of Fixed Assets, including CWIP and Capital Advances	<b>(36,794,925)</b>	(158,740,951)
Proceeds from Sale of Fixed Assets	<b>3,123,929</b>	1,009,715
Proceeds from Purchase of Mutual Fund	<b>(12,680,576,066)</b>	(1,400,000,000)
Proceeds from Sale of Mutual Fund	<b>12,785,327,871</b>	1,348,854,459
Proceeds from Sale of Investments	<b>—</b>	—
Investments in Bank Deposits (having original maturity of more than three months) and Lien Deposits	<b>(926,648,204)</b>	(992,152,321)
Maturity of Bank Deposits (having original maturity of more than three months) and Lien Deposits	<b>819,094,153</b>	1,393,105,585
Interest Received	<b>28,976,512</b>	31,585,311
Dividends Received	<b>1,291,375</b>	539,309
<b>Net Cash Flow from/ (used in) Investing Activities (B)</b>	<b>(6,205,355)</b>	<b>224,201,107</b>

# CASH FLOW STATEMENT AS AT MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>C. Cash Flows From Financing Activities</b>		
Proceeds from Issuance of Preference Share Capital	—	80,000,000
Premium on Issue of Preference Share	—	120,000,000
Proceeds from Short-Term Borrowings	<b>100,000,000</b>	—
Proceeds from Inter Corporate Deposits	<b>707,188,621</b>	2,500,000,000
Repayment of Inter Corporate Deposits	<b>(607,188,621)</b>	(2,600,000,000)
Proceeds From Issue of Commercial Paper	<b>1,694,430,178</b>	1,056,212,643
Repayment of Commercial Paper	<b>(1,640,000,000)</b>	(1,050,000,000)
Repayment of Short-Term Borrowings	—	(50,000,000)
Interest Paid	<b>(55,610,373)</b>	(47,217,043)
<b>Net Cash Flow From/ (Used in) in Financing Activities (C)</b>	<b>198,819,805</b>	8,995,600
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(56,810,744)</b>	(43,806,390)
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>187,985,738</b>	231,792,128
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>131,174,994</b>	187,985,738
<b>Components of Cash and Cash Equivalents</b>		
Cash On Hand	<b>19,464</b>	1,015
With Banks - On Current Account	<b>130,245,319</b>	187,018,063
- Unpaid Dividend Accounts*	<b>724,561</b>	781,010
- UnPaid Matured Deposits*	<b>185,650</b>	185,650
<b>Total Cash and Cash Equivalents (Note 15)</b>	<b>131,174,994</b>	187,985,738

\* The company can utilize these balances only toward settlement of the respective unpaid dividend and unpaid matured deposits.

As per our attached Report of even date

For and on behalf of Board of Directors

For S.R. BATLIBOI & CO.

Firm Registration Number: 301003E

Chartered Accountants

Sudhakar Ramasubramanian  
Managing Director

Pankaj Razdan  
Director

per Shrawan Jalan

Partner

Membership No.: 102102

Manoj Kumar Gandhi  
Chief Financial Officer

S Balaji  
Company Secretary

Date : May 3, 2012

Place : Chennai

## STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956

Particulars of Subsidiary Company as required under General Circular No: 2/2011 dated 08/02/2011 of Ministry of Corporate Affairs, Government of India, issued under Section 212(8) of the Companies Act, 1956 for the financial year ended 31st March 2012.

### **Aditya Birla Commodities Broking Limited**

<b>Particulars</b>		<b>31-03-2012</b>	31-03-2011
		<b>Amount (Rs.)</b>	Amount (Rs.)
a.	Capital	<b>20,000,000</b>	20,000,000
b.	Reserves	<b>30,044,619</b>	35,473,094
c.	Total Assets	<b>560,707,297</b>	454,654,809
d.	Total Liabilities	<b>560,707,297</b>	454,654,809
e.	Investments	<b>NIL</b>	NIL
f.	Total Income	<b>249,679,399</b>	169,033,279
g.	Profit / (Loss) Before Taxation	<b>(7,704,166)</b>	15,068,717
h.	Provision for Taxation	<b>(2,275,690)</b>	4,876,797
i.	Profit / (Loss) After Taxation	<b>(5,428,476)</b>	10,191,920
j.	Proposed Dividend	<b>NIL</b>	NIL

# **CONSOLIDATED FINANCIAL STATEMENTS**

# AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

## The Board of Directors

### Aditya Birla Money Limited

- 1) We have audited the attached consolidated balance sheet of Aditya Birla Money Limited including its subsidiary Aditya Birla Commodities Broking Limited ("Aditya Birla Money Limited"), as at March 31, 2012, and also the consolidated statement of profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Aditya Birla Money Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) Without qualifying our opinion, we draw attention to Note 24 to the financial statements with regard to the recoverability of assets in the nature of trade receivables, advances, other assets etc. aggregating to Rs. 150,322,401 grouped under advances recoverable in cash or kind. These assets are subject matter of claim under a share purchase agreement entered into between the Company's ultimate parent company and its Erstwhile Promoters, which is currently under arbitration. The Company's ultimate parent company has committed to transfer the funds received on settlement of the claim to the Company. Based on legal opinion received in the previous year, management is of the opinion that the claims made are tenable and expect a favourable outcome in this matter. Pending the final disposition of the matter no adjustments have been made to the financial statements in respect of these assets.
- 4) In our opinion and to the best of our information and according to the explanations given to us, the 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 Aditya Birla Money Limited as at March 31, 2012;
  - (b) in the case of the consolidated statement of profit and loss account, of the loss for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.

Firm registration number: 301003E

Chartered Accountants

per Shrawan Jalan

Partner

Membership No.: 102102

Place : Chennai

Date : May 3, 2012

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

	Note No.	<b>As at March 31, 2012</b>	As at March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>(A) Shareholders' funds</b>			
Share Capital	3	135,400,000	135,400,000
Reserves and Surplus	4	376,383,433	554,721,209
	Sub total -(A)	511,783,433	690,121,209
<b>(B) Non-current liabilities</b>			
Deferred Tax Liabilities (Net)	5	—	14,275,006
Other Long-Term liabilities	6	6,420,482	4,359,907
	Sub total -(B)	6,420,482	18,634,913
<b>(C) Current liabilities</b>			
Short-Term Borrowings	7	503,698,285	249,267,774
Trade Payables	8	1,276,130,888	1,103,430,921
Other Current Liabilities	9	54,561,259	51,892,139
Short-Term Provisions	10	13,686,258	5,092,259
	Sub total -(C)	1,848,076,690	1,409,683,093
<b>TOTAL</b>	<b>(A)+(B)+(C)</b>	<b>2,366,280,605</b>	<b>2,118,439,215</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>(D) Fixed Assets</b>			
Tangible Assets	11A	273,660,493	314,845,248
Intangible Assets	11B	90,199,486	108,843,665
Intangible Assets Under Development		1,239,499	—
		365,099,478	423,688,913
Non-Current Investments	12A	66,000	66,000
Long-Term Loans and Advances	13A	111,128,443	119,547,894
	Sub total -(D)	476,293,921	543,302,807
<b>(E) Current Assets</b>			
Current Investments	12B	—	100,000,000
Trade Receivables	14	696,983,154	368,197,452
Cash & Bank Balances	15	858,976,227	703,450,284
Short-Term Loans and Advances	13B	289,076,928	384,445,717
Other Current Assets	16	44,950,375	19,042,955
	Sub total -(E)	1,889,986,684	1,575,136,408
<b>TOTAL</b>	<b>(D) + (E)</b>	<b>2,366,280,605</b>	<b>2,118,439,215</b>

Summary of Significant Accounting Policies

1 & 2

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

For S.R. BATLIBOI & CO.

Firm Registration Number: 301003E

Chartered Accountants

per Shrawan Jalan  
Partner  
Membership No. 102102

Date : May 3, 2012  
Place : Chennai

For and on behalf of Board of Directors

Sudhakar Ramasubramanian    Pankaj Razdan  
Managing Director                      Director

Manoj Kumar Gandhi                      S Balaji  
Chief Financial Officer                      Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

	<u>Note No.</u>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>INCOME</b>			
Revenue from Operations	17	<b>882,816,986</b>	1,142,827,819
Other Income	18	<b>89,539,268</b>	97,397,536
<b>Total Revenue</b>		<b>972,356,254</b>	1,240,225,355
<b>Expenses</b>			
Employee Benefits Expenses	19	<b>404,308,557</b>	368,195,313
Purchase of Gold		—	15,308,312
Finance Cost	20	<b>56,030,639</b>	47,960,288
Depreciation And Amortization Expenses	21	<b>82,764,111</b>	75,018,390
Business Partners Payout	22	<b>254,993,197</b>	265,373,620
Other Expenses	23	<b>366,872,532</b>	507,797,490
<b>Total Expenses</b>		<b>1,164,969,036</b>	1,279,653,413
<b>Profit / (Loss) Before Exceptional Items and Tax</b>		<b>(192,612,782)</b>	(39,428,058)
Exceptional Items		—	81,548,101
<b>Profit/(Loss) Before Tax</b>		<b>(192,612,782)</b>	(120,976,159)
Tax Expenses			
Current tax		—	5,876,166
Deferred tax		<b>(14,275,006)</b>	(42,477,260)
<b>Profit / (Loss) for the period</b>		<b>(178,337,776)</b>	(84,375,065)
Earnings / (Loss) Per Share (Basic and Diluted) } (Face Value of Re. 1/- each)	30	<b>(3.22)</b>	(1.52)

Summary of Significant Accounting Policies 1 & 2  
The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

For S.R. BATLIBOI & CO.

For and on behalf of Board of Directors

Firm Registration Number: 301003E

Chartered Accountants

per Shrawan Jalan  
Partner  
Membership No. 102102

Sudhakar Ramasubramanian    Pankaj Razdan  
Managing Director                      Director

Date : May 3, 2012  
Place : Chennai

Manoj Kumar Gandhi                      S Balaji  
Chief Financial Officer                      Company Secretary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian rupees unless otherwise stated)*

### **1) Principles of consolidation**

- i) The Consolidated Financial Statements ('CFS') relate to Aditya Birla Money Limited ('the Company') and its wholly owned subsidiary Aditya Birla Commodities Broking Limited ('ABCBL'). Aditya Birla Commodities Broking Limited is incorporated in India.
- ii) The financial statements of the subsidiary have been drawn for the same reporting period as that of the Company i.e. year ended March 31, 2012.
- iii) The financial statements of the Company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses and after eliminating intra-group balances, intra-group transactions and unrealized profits/losses.
- iv) There is no excess / shortage of cost to the Company of its investment in the subsidiary over its proportionate share in the equity of its as at the date of the investment. Accordingly no goodwill / capital reserve is recognized in the CFS.
- v) The CFS have been prepared using uniform accounting policies, except as stated otherwise, for like transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.

### **2) Statement of significant accounting policies**

#### **a) Basis of preparation**

The financial statements have been prepared in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Companies Accounting Standards Rules, 2006, (as amended) the relevant provisions of the Companies Act, 1956. Further, CFS is presented in the general format specified in Revised Schedule VI to the Act. However, as these financial statements are not statutory financial statements, full compliance with the above Act are not required and so they may not reflect all the disclosure requirements of the Act. The financial statements have been prepared under the historical cost convention and on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Group, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The Group has also reclassified previous year figures in accordance with the requirements applicable in the current year.

#### **b) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainties about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### **c) Fixed assets, intangible assets and capital work in progress**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian rupees unless otherwise stated)*

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

Intangible assets are recorded at the consideration paid for acquisition. The computer software costs are capitalized and recognized as intangible assets in terms of Accounting Standard 26 - Intangible Assets based on materiality, accounting prudence and significant economic benefit expected there from to flow over a period longer than one year. Capitalized costs include direct costs of implementation and expenses directly attributable to the development of the software.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### **d) Depreciation**

Depreciation is provided using the straight line method at the rates prescribed under schedule XIV of the Companies Act, 1956, which is management's estimate of the useful life of the assets except as follows:

<b>Nature of asset</b>	<b>Rate of depreciation followed</b>
Batteries (included under Office equipments)	25%
Furniture and fixtures (fitted to premises)	Rate based on the lease period, taking into account the secondary lease period

Computer software cost capitalized is amortized over the estimated useful life of 6 years on straight line basis.

Additions to tangible assets are depreciated from the date of addition and deletions are depreciated up to the date of sale, on pro-rata basis.

Fixed assets individually costing Rs.5,000 or less are fully depreciated in the year of purchase.

### **e) Impairment**

- i) The carrying amounts of assets are 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 using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
- ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

### **f) Leases**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian rupees unless otherwise stated)*

### **g) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### **h) Revenues**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Brokerage Income and transaction charges are recognized on the trade date of the transaction upon confirmation of the transactions by the exchanges.

Income from depository services, referral fee and interest and finance charges are recognised on the basis of agreements entered into with clients and when the right to receive the income is established.

Other interest incomes are recognized on a time proportion basis taking into account the amount outstanding and the applicable rate of interest. The same is included under the head 'other income' in the statement of profit and loss.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

### **i) Employee benefits**

i. Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund is due. There are no obligations other than the contribution payable to the trust.

ii. Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have unconditional right to defer its settlement for 12 months after the reporting date.

iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

### **j) Income Tax**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian rupees unless otherwise stated)*

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### **k) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split, if any.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **l) Contingent liability and Provisions**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

### **m) Segment reporting**

The Group is principally engaged in the business of Broking and related activities. The operations are entirely in India accordingly, there are no reportable segments.

### **n) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	<b>As at March 31, 2012</b>	As at March 31, 2011
<b>NOTE: 3</b>		
<b>SHARE CAPITAL</b>		
<b>Authorized Shares:</b>		
150,000,000 (Previous year -150,000,000) Equity Shares of Re.1/-each	<b>150,000,000</b>	150,000,000
1,000,000 (Previous Year -1,000,000) 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs. 100/- each	<b>100,000,000</b>	100,000,000
	<b>250,000,000</b>	250,000,000
<b>Issued, Subscribed &amp; Paid up Share:</b>		
<b>EQUITY SHARE CAPITAL</b>		
55,400,000 (Previous Year - 55,400,000) Equity Shares of Re.1/-each Fully paid	<b>55,400,000</b>	55,400,000
	<b>55,400,000</b>	55,400,000
<b>PREFERENCE SHARE CAPITAL</b>		
800,000 (Previous Year 800,000) 8% Redeemable Non convertible non cumulative Preference Shares of Rs.100/- each fully paid	<b>80,000,000</b>	80,000,000
	<b>80,000,000</b>	80,000,000
	<b>135,400,000</b>	135,400,000

**1A** Reconciliation of the number of Equity shares outstanding at the beginning and at the end of the period

S.No.	Description	As at March 31, 2012		As at March 31, 2011	
		No. of Shares	Amount	No. of Shares	Amount
1	At the beginning of the period	55,400,000	55,400,000	55,400,000	55,400,000
2	Issued during the period	—	—	—	—
3	Outstanding at the end of the period	55,400,000	55,400,000	55,400,000	55,400,000

**1B** Reconciliation of the number of Preference shares outstanding at the beginning and at the end of the period

S.No.	Description	As at March 31, 2012		As at March 31, 2011	
		No. of Shares	Amount	No. of Shares	Amount
1	At the beginning of the period	800,000	80,000,000	—	—
2	Issued during the period	—	—	800,000	80,000,000
3	Outstanding at the end of the period	800,000	80,000,000	800,000	80,000,000

**2. Term/right attached to equity shares**

The company has only one class of equity shares having a par value of Re.1/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. In the event of liquidation of the company, the holders of equity shares will receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.

**3. Term of redemption of Preference Shares**

The company has allotted 800,000 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs.100/- each, fully paid up at a premium of Rs.150/- per share to Aditya Birla Financial Services Private Limited, the holding company. These Preference Shares are redeemable at the end of 5 years at Rs.320/- per share.

- 4.** 41,550,000 (Previous Year -41,550,000) equity shares of Rs.1/- each fully paid up are held by Aditya Birla Financial Services Private Limited, the holding Company ; and 800,000 (Previous Year - 800,000) 8% Redeemable Non Convertible Non Cumulative preference shares Rs.100/-each fully paid are held by Aditya Birla Financial Services Private Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

5 Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held.

i) Equity Shares

	Name of Share Holder	As at March 31, 2012		As at March 31, 2011	
		No. of Shares held	% of total paid-up equity share capital	No. of Shares held	% of total paid-up equity share capital
1	Aditya Birla Financial Services Private Limited	41,550,000	75.00	41,550,000	75.00
2	PCR Investments Ltd	3,385,320	6.11	3,385,320	6.11

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

ii) Preference Share Capital

	Name of Share Holder	As at March 31, 2012		As at March 31, 2011	
		No. of Shares held	% of total paid-up preference share capital	No. of Shares held	% of total paid-up preference share capital
1	Aditya Birla Financial Services Private Limited	800,000	100.00	800,000	100.00

**As at**  
**March 31, 2012**      **As at**  
**March 31, 2011**

**NOTE: 4**

**RESERVES & SURPLUS**

Capital Reserves

Opening	<b>11,538,863</b>	11,538,863
Add : Addition during the year	—	—
Less : Deletion	—	—
	<b>11,538,863</b>	<b>11,538,863</b>

**Securities Premium Account**

Opening	<b>120,000,000</b>	—
Add : Addition during the year	—	120,000,000
Less : Deletion	—	—
	<b>120,000,000</b>	<b>120,000,000</b>

**General Reserve\***

Opening	<b>261,376,777</b>	261,376,777
Add : Addition during the year	—	—
Less : Deletion	—	—
	<b>261,376,777</b>	<b>261,376,777</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	<b>As at March 31, 2012</b>	As at March 31, 2011
<b>Surplus as per Statement of Profit &amp; Loss Account</b>		
Opening	<b>161,805,569</b>	246,180,634
Profit/(Loss) for the period	<b>(178,337,776)</b>	(84,375,065)
	<b>(16,532,207)</b>	161,805,569
<b>RESERVES &amp; SURPLUS</b>	<b>376,383,433</b>	554,721,209

\* General Reserve : Under the Companies Act, a general reserve is created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers is to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the company for that year, then the total dividend distribution is less than the total distributable results for that year.

**NOTE: 5**

**DEFERRED TAX LIABILITY (NET)**

Deferred Tax Liability /(Asset) at the period end comprise timing differences on account of:

Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	<b>62,325,457</b>	71,712,863
Effect of expenditure/ provisions debited to Statement of profit and loss account in the current year but allowed for tax purposes in following years	<b>(23,363,727)</b>	(18,268,165)
Tax Losses/Unabsorbed Depreciation	<b>(38,961,730)</b>	(39,169,692)
	<b>—</b>	14,275,006

(Note :The Company has recognised deferred tax assets on carried forward losses and unabsorbed depreciation only to the extent of the deferred tax liabilities which are given above, and not on the entire amount on account of prudence.)

**NOTE: 6**

**OTHER LONG-TERM LIABILITIES**

Rent Equalization Liabilities	<b>6,420,482</b>	4,359,907
	<b>6,420,482</b>	4,359,907

**NOTE: 7**

**SHORT-TERM BORROWINGS**

**(SECURED)**

From banks *	<b>100,000,000</b>	—
	<b>—</b>	—

**(UNSECURED)**

Loan Borrowed from Related Party #	<b>200,000,000</b>	100,000,000
Commercial Papers	<b>203,698,285</b>	149,267,774
Maximum balance outstanding during the year Rs.500,000,000/- (Previous Year: Rs.500,000,000)	<b>503,698,285</b>	249,267,774

\* The bank borrowing is secured against Pledge of Fixed Deposits.

#14% (Previous year : 13%) borrowed from related party.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian Rupees, unless otherwise stated)*

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>NOTE: 8</b>		
<b>TRADE PAYABLES</b>		
Trade Payables	<b>1,276,130,888</b>	1,103,430,921
	<b>1,276,130,888</b>	1,103,430,921

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

### NOTE: 9

#### OTHER CURRENT LIABILITIES

Book Overdraft	3,661,751	194,280
Statutory dues	15,839,986	15,577,029
Interest accrued and not due on secured loan from Bank	925,683	311,575
Deposits received from franchisees	31,302,074	28,488,759
Advance received from customers	1,419,488	6,143,707
Rent Equalization Liabilities	529,138	240,090
Investor Education and Protection Funds shall be credited by following amounts as and when due		
Unclaimed Dividend	697,489	751,049
Unclaimed Matured deposits	185,650	185,650
	<b>54,561,259</b>	51,892,139

### NOTE: 10

#### SHORT-TERM PROVISIONS

Provisions For:

Leave Encashment	7,345,627	5,092,259
Gratuity	2,587,798	—
Income Tax (net of advance tax of Rs.65,400,000) (Previous Year - NIL)	3,752,833	—
	<b>13,686,258</b>	5,092,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

Note 11A - Tangible Assets										Note 11B - Intangible Assets				
	Freehold Land *	V SAT Equipments #	Furniture & Fixtures	Office Equipment	Computers	Vehicles	TOTAL							
<b>Gross Block</b>														
As at 1 April 2010	1,500,000	115,303,277	87,483,253	67,781,165	171,294,370	2,308,795	445,670,860	Gross Block	As at 1 April 2010	167,580,819				
Additions	—	590,168	29,148,383	21,808,361	59,027,137	1,021,724	111,595,773		Additions	47,801,942				
Deletions	—	—	3,230,702	2,052,171	20,267,629	1,278,382	26,828,884		Deletions	—				
Adjustment #	—	18,995,312	—	—	—	—	18,995,312		Adjustment	—				
As at 31 March 2011	1,500,000	96,898,133	113,400,934	87,537,355	210,053,878	2,052,137	511,442,437		As at 31 March 2011	215,382,761				
<b>Cost</b>									<b>Cost</b>					
At 1 April 2011	1,500,000	96,898,133	113,400,934	87,537,355	210,053,878	2,052,137	511,442,437		At 1 April 2011	215,382,761				
Additions	—	—	18,210,800	7,558,151	11,081,518	193,673	37,044,142		Deletions	8,630,535				
Deletions	—	1,169,124	15,697,218	17,441,181	5,901,907	—	40,209,430		Adjustment	—				
As at 31 March 2012	1,500,000	95,729,009	115,914,516	77,654,325	215,233,489	2,245,810	508,277,149		As at 31 March 2012	224,013,296				
<b>Accumulated Depreciation</b>									<b>Accumulated Amortization</b>					
As at 1 April 2010	—	34,425,577	28,719,938	18,833,575	87,609,801	553,462	170,142,353		As at 1 April 2010	84,765,903				
For the year	—	5,364,253	8,365,899	6,809,515	32,403,683	301,847	53,245,197		For the year	21,773,193				
Deletions	—	—	1,640,824	638,093	18,158,011	631,057	21,067,985		Deletions	—				
Adjustment	—	5,722,376	—	—	—	—	5,722,376		Adjustment	—				
As at 31 March 2011	—	34,067,454	35,445,013	25,004,997	101,855,473	224,252	196,597,189		As at 31 March 2011	106,539,096				
<b>Depreciation</b>									<b>At 1 April 2011</b>					
At 1 April 2011	—	34,067,454	35,445,013	25,004,997	101,855,473	224,252	196,597,189		At 1 April 2011	106,539,096				
For the year	—	5,371,189	15,052,406	6,674,974	28,179,788	211,040	55,489,397		For the year	27,274,714				
Deletions	—	1,169,124	5,505,151	6,087,143	4,708,512	—	17,469,930		Deletions/Adjustment	—				
As at 31 March 2012	—	38,269,519	44,992,268	25,592,828	125,326,749	435,292	234,616,656		As at 31 March 2012	133,813,810				
Netbook amount as at 31 March 2011	1,500,000	62,830,679	77,955,921	62,532,358	108,198,405	1,827,885	314,845,248		Netbook amount as at 31 March 2011	108,843,665				
Netbook amount as at 31 March 2012	1,500,000	57,459,490	70,922,248	52,061,497	89,906,740	1,810,518	273,660,493		Netbook amount as at 31 March 2012	90,199,486				

\* The company is in the process of getting the lands registered in its name.  
# Also, refer note 24

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	<b>As at March 31, 2012</b>	As at March 31, 2011
<b>NOTE: 12A</b>		
<b>NON CURRENT INVESTMENTS</b>		
<b>Non Trade Investments (Unquoted at lower of cost or book value)</b>		
Equity Instruments		
6,600 (Previous year 6,600) Equity Share of Rs.10/-each fully paid in Apollo Sindhoori Hotels Limited	<b>184,523</b>	184,523
Less: Provision for diminution in value of investment	<b>118,523</b>	118,523
	<b>66,000</b>	66,000
<b>Note :</b>		
1. Aggregate amount of unquoted investments	<b>66,000</b>	66,000
2. Aggregate amount of diminution in value of investment	<b>118,523</b>	118,523
<b>NOTE: 12B</b>		
<b>CURRENT INVESTMENTS (Unquoted, at cost)</b>		
Mutual Funds		
Nil (Previous Year : 6,373,958 Units of Rs.10/- each in Birla Sunlife Cash Plus-Institutional Premium-Growth)	—	100,000,000
	—	100,000,000
<b>Note :</b>		
1. Aggregate amount of unquoted investments	—	100,000,000
2. Aggregate amount of diminution in value of investment	—	—
<b>NOTE: 13A</b>		
<b>LONG-TERM LOANS &amp; ADVANCES</b>		
(Unsecured, Considered Good except otherwise stated)		
Capital Advances	<b>44,052</b>	1,304,035
Security Deposits	<b>11,700,986</b>	13,683,905
Rental Deposits	<b>27,949,386</b>	31,835,607
Margin with Exchange	<b>46,553,845</b>	66,583,544
Prepaid Expenses	<b>1,219,294</b>	2,920,199
Advance tax (net of provision for tax of Rs.6,640,870) (Previous Year - Rs.142,945,426)*	<b>23,660,880</b>	3,220,604
	<b>111,128,443</b>	119,547,894

\*Based on the past experience of refund received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	<b>As at March 31, 2012</b>	As at March 31, 2011
<b>NOTE: 13B</b>		
<b>SHORT-TERM LOANS &amp; ADVANCES</b>		
(Unsecured, Considered Good except otherwise stated)		
<b>Loans &amp; Advances to related parties #</b>	—	26,506,717
<b>Advances recoverable in Cash or Kind@</b>		
Unsecured, considered good	<b>137,772,651</b>	133,442,884
Unsecured, considered doubtful	<b>37,930,005</b>	28,908,005
	<b>175,702,656</b>	162,350,889
Less : Provision for doubtful	<b>(37,930,005)</b>	(28,908,005)
	<b>137,772,651</b>	133,442,884
<b>Other Loans &amp; Advances</b>		
Service tax and other taxes recoverable, from Government	<b>1,394,164</b>	11,905,808
Rental Deposits	<b>3,297,237</b>	4,784,413
Advances to employees	<b>2,610,595</b>	926,281
Margins with Exchange	<b>115,048,396</b>	159,318,119
Advances to Suppliers	<b>2,321,921</b>	1,198,341
Advance tax (net of provision - Nil) (Previous Year - Rs.1,428,000/-)	—	22,736,505
Prepaid expenses	<b>21,625,312</b>	21,992,461
Gratuity Receivable	<b>5,006,652</b>	1,634,188
	<b>151,304,277</b>	224,496,116
	<b>289,076,928</b>	384,445,717
 #Also, refer note 33 @Also, refer note 24		
<b>NOTE: 14</b>		
<b>TRADE RECEIVABLES</b>		
Due for period exceeding six months		
Unsecured, considered good	<b>18,524,546</b>	20,700,270
Unsecured, considered doubtful	<b>26,785,994</b>	22,304,941
Less : Provision for doubtful	<b>(26,785,994)</b>	(22,304,941)
	<b>18,524,546</b>	20,700,270
Others		
Unsecured, considered good	<b>678,458,608</b>	347,497,182
Unsecured, considered doubtful	<b>1,919,643</b>	—
Less : Provision for doubtful	<b>(1,919,643)</b>	—
	<b>678,458,608</b>	347,497,182
	<b>696,983,154</b>	368,197,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	<b>As at March 31, 2012</b>	As at March 31, 2011
<b>NOTE: 15</b>		
<b>CASH &amp; BANK BALANCE</b>		
<b>Cash &amp; Cash Equivalent</b>		
Balances with Bank		
Current Accounts	236,310,810	291,283,340
Cash on Hand	19,464	1,015
Unpaid Dividend	724,561	781,010
Unpaid Matured deposits	185,650	185,650
	<u>237,240,485</u>	<u>292,251,015</u>
<b>Other Bank Balance</b>		
Deposit Accounts ( with original maturity more than 3 months)*	621,735,742	411,199,269
	<u>621,735,742</u>	<u>411,199,269</u>
	<u>858,976,227</u>	<u>703,450,284</u>
*Fixed deposits have not been considered as cash & cash equivalents because they are placed under lien towards bank guarantees for margins with exchanges / lien for loans received.		
<b>NOTE: 16</b>		
<b>OTHER CURRENT ASSET</b>		
(Unsecured, Considered Good except otherwise stated)		
Accrued Income On Brokerage	4,153,102	4,520,962
Interest accrued on Fixed Deposits	40,797,273	14,521,993
	<u>44,950,375</u>	<u>19,042,955</u>
<b>Note: 17</b>		
<b>REVENUE FROM OPERATIONS</b>		
<b>A. Income from services</b>		
Brokerage income	715,648,478	851,916,724
Income from transaction charges	20,721,054	58,047,222
Account opening charges	4,647,498	8,844,220
Income from depository services	42,389,298	49,565,287
	<u>783,406,328</u>	<u>968,373,453</u>
<b>B. Sale of Gold</b>		
	—	15,613,933
	—	<u>15,613,933</u>
<b>C. Other operating Income</b>		
V-sat rent	4,201,001	6,531,159
Referral fee	43,500	4,207,052
Interest and finance charges	95,166,157	148,102,222
	<u>99,410,658</u>	<u>158,840,433</u>
	<u>882,816,986</u>	<u>1,142,827,819</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	<b>Year Ended March 31, 2012</b>	Year Ended March 31, 2011
<b>Note : 18</b>		
<b>OTHER INCOME</b>		
<b>Interest Income</b>		
Interest on bank deposits	69,222,591	43,299,988
Other interest income	5,674,193	593,945
<b>Dividends income</b>		
Current	—	539,309
Long term Investments	1,291,375	—
<b>Net Gain on sale of Investments</b>		
Current	11,065,986	1,794,459
Long Term	—	47,050,000
<b>Other non-operating income</b>		
Miscellaneous income	2,285,123	4,119,835
	<u>89,539,268</u>	<u>97,397,536</u>
<b>Note : 19</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages and Bonus	370,855,579	335,150,950
Contribution to Provident & Other Funds	20,456,253	18,744,265
Staff Welfare Expenses	12,996,725	14,300,098
	<u>404,308,557</u>	<u>368,195,313</u>
<b>Note : 20</b>		
<b>FINANCE COST</b>		
Interest on Banks Borrowings	54,951,447	47,421,808
Other borrowing costs	1,079,192	538,480
	<u>56,030,639</u>	<u>47,960,288</u>
<b>Note : 21</b>		
<b>DEPRECIATION AND AMORTISATION</b>		
Depreciation on tangible assets	55,489,397	53,245,197
Amortisation of Intangible assets	27,274,714	21,773,193
	<u>82,764,111</u>	<u>75,018,390</u>
<b>Note : 22</b>		
<b>BUSINESS PARTNERS PAYOUT</b>		
Management Fee-Business partners	254,993,197	265,373,620
	<u>254,993,197</u>	<u>265,373,620</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

	<b>Year Ended March 31, 2012</b>	Year Ended March 31, 2011
<b>Note : 23</b>		
<b>OTHER EXPENSES</b>		
Rent	<b>60,926,495</b>	73,039,934
Repairs & Maintenance of:		
Computers	<b>5,168,372</b>	5,833,665
Others	<b>3,805,041</b>	7,628,145
Rental Charges -Computer	<b>2,447,705</b>	-
Electricity Charges	<b>16,170,103</b>	16,625,354
Insurance	<b>12,159,916</b>	11,304,185
Rates & Taxes	<b>8,720,057</b>	14,582,421
Bank Charges	<b>3,464,091</b>	11,683,533
Advertisement	<b>4,310,979</b>	4,877,390
Legal & Profession Fees	<b>27,855,169</b>	43,766,079
Provisions for Bad & Doubtful Debts	<b>6,400,697</b>	18,971,191
Provisions for Bad & Doubtful Advances	<b>9,022,000</b>	16,191,150
Printing & Stationery	<b>11,919,467</b>	16,617,845
Travelling & Conveyance	<b>27,603,697</b>	25,169,968
Bandwidth Charges	<b>41,553,826</b>	35,292,761
Telephone Expenses	<b>21,327,801</b>	24,087,061
Postage Expenses	<b>15,205,684</b>	22,830,321
Infrastructure & AMC Charges	<b>45,777,593</b>	53,027,004
Directors' Sitting Fees	<b>380,000</b>	420,000
Business development expenses	—	72,956,515
Office Maintenance	<b>18,398,563</b>	14,068,342
Asset utilisation charges	—	316,339
Loss on sale /discard of fixed assets (Net)	<b>19,615,905</b>	4,751,184
Miscellaneous Expenses	<b>4,639,371</b>	13,757,103
	<b>366,872,532</b>	507,797,490

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

*(All amounts are in Indian rupees unless otherwise stated)*

### **24) Assets forming part of claims made by the Ultimate Parent Company**

Pursuant to a Share Purchase agreement ('SPA') between Aditya Birla Nuvo Limited ('ABNL' or 'the Purchaser') and Mr.Prathap C Reddy and others ("Erstwhile Promoters") dated August 28, 2008, ABNL had agreed to acquire 31 million equity shares in Aditya Birla Money Limited ("the Company"). The transaction was completed on March 6, 2009.

As per the SPA, the Erstwhile Promoters had agreed to indemnify and hold harmless the Purchaser to the extent of any Losses, resulting from or consequent upon or relating to such breach of representations or warranties, covenants or agreement including but not limited to the recoveries of receivables and other assets in the books of the Company, contingencies on tax and related matters etc.

Subsequent to the completion of the above transaction, the Purchaser noted several breaches of representations and warranties including but not limited to non-recovery of debtors, irrecoverable advances, missing fixed assets etc. Accordingly, ABNL based on its internal assessment of the recoverability of receivables, fixed assets, other assets and matters relating to tax and other contingencies arrived at an amount of Rs.167,112,196 as Losses incurred on account of breach of representation warranties in the SPA. Further, ABNL vide its letter dated March 5, 2011 made a separate claim of Rs.5,169,379 for amounts becoming due and payable on accounts of various cases initiated by the customers of the Company. ABNL invoked the arbitration mechanism and filed their Statement of Claim on February 26, 2011 with the Arbitration Tribunal.

Pending the final outcome of the arbitration proceedings, the Company has identified all such receivables, assets etc. which are have not been recovered and other items which are the subject matter of the claim to the extent they are in the books of accounts of the Company as at March 31, 2012 aggregating Rs.150,322,401 (previous year: Rs.155,332,558) and disclosed the same in Advances recoverable in cash or kind under Loans and Advances in Schedule 13B of the Balance Sheet, as these amounts would be paid directly to the Company by the Erstwhile Promoters at the direction of ABNL as and when the settlement happens. Based on legal opinion received and internal assessment, ABNL is confident of recovering the entire dues through the arbitration process and passing the benefit thereof to the Company against which these loss assets can be set-off in the future. accordingly, the Company is of the view that these amounts are recoverable and hence not written off in the books of accounts of the Company.

### **25) Stamp duty**

Hitherto, the Group had been collecting and remitting stamp duties with respect to states wherein the manner of payment of the same has been prescribed by the respective state governments. From July 2011, the Company had started collecting stamp duty on contract notes for all states, including the states wherein the manner of payment has not yet been notified. The Group is evaluating various options of remitting the same, including remitting those amounts in the State of Tamil Nadu, as all the contract notes are executed at Tamil Nadu. Pending, the final determination of the manner of remittance, amount of Rs.5,357,749 collected till March 31, 2012 has been disclosed under other current liabilities.

### **26) Capital and other commitments**

- a) Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for is Rs.745,801 (Previous year - Rs.4,882,875).
- b) Lease commitments have been disclosed below in note 31.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

### 27) Contingent Liabilities

PARTICULARS	March 31, 2012	March 31, 2011
<b>Disputed tax and other statutory liabilities not provided for:</b>		
(a) Income tax - for various assessment years in respect of which Company has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.	<b>36,666,168</b>	35,579,720
(b) Service tax - for various assessment years in respect of which the Group has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.	<b>7,989,907</b>	7,962,911
(c) Provident fund – for the period from March 09 to May 11 for non inclusion of certain components like allowances etc. while computing and remitting the employer and employees' contribution to provident fund. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.	<b>14,036,578</b>	—
(d) Karnataka Stamp duty for the period from 2003-2008. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities	<b>9,060,000</b>	9,060,000
<b>Contingent liability not provided for on account of:</b>		
(a) Disputed claim of SEBI towards turnover fees contested by the Company at Ho'nble Supreme Court. The Company has been advised by its legal counsel that it is possible, but not probable, the action will succeed and accordingly no provision for any liability has been made in these financial statements.	<b>27,656,667</b>	27,656,667
(b) Claims against the Group not acknowledged as debts*	<b>50,980,022</b>	23,279,527

\*Represents claims made on the Group by various customers alleging unauthorized trades, loss of profits etc. The Company has been advised by its legal counsel that it is possible, but not probable, the action will succeed and accordingly no provision for any liability has been made in these financial statements.

### 28) Managerial Remuneration

During an earlier year the Company had made an application to the Central Government under Section 309 (5B) of the Companies Act, 1956 for seeking waiver of excess managerial remuneration amounting to Rs 3,094,634 (excluding statutory contribution to provident fund, gratuity and leave encashment which are exempted under Schedule VI) paid to Mr. P.B. Subramaniyan, the erstwhile whole time director ('Erstwhile Director') of the Company for the period from April 1, 2008 to March 6, 2009.

During the previous year, the Company has received an order from the Central Government (CG) whereby the CG has rejected excess remuneration of Rs 1,534,634 and directed the Company to collect the same from the Erstwhile Director.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

The Company has commenced the process of recovery from the Erstwhile Director. Pending the recovery of the same, it has been shown as advances recoverable by the Company in the Balance Sheet. The Company is evaluating various alternative options including seeking a condonation / compounding if these amounts are not recoverable from the Erstwhile Director.

### 29) Change in estimated useful life of fixed assets

During the current year, the Group has changed its estimated useful life of batteries from 20 years to 4 years. This change in estimated useful life has resulted in provision of additional depreciation by Rs.1,101,204 and the profit before tax of the Group is lower by the corresponding number.

Further, during the current year, the Group has reassessed its useful life of furniture and fixtures fitted to the premises and changed the same from 15 years to rates based on the lease period, taking into account the secondary lease period. This change in estimated useful life has resulted in provision of additional depreciation by Rs.7,329,017 and the profit before tax of the Group is lower by the corresponding number.

### 30) Earnings per share

PARTICULARS		March 31, 2012	March 31, 2011
Net Profit / (Loss) as per Profit and Loss Account	A	(178,337,776)	(84,375,065)
Weighted average number of equity shares			
- Basic and Diluted	B	55,400,000	55,400,000
Earnings / (Loss) per share			
- Basic and Diluted	A/B	(3.22)	(1.52)
Nominal value of equity share		Re.1/-	Re.1/-

### 31) Lease disclosures

#### Operating leases for premises:

Lease rentals in respect of premises taken on operating lease during the year ended March 31, 2012 amounts to Rs.60,929,495 (Previous Year Rs.73,039,934).

Future obligations towards lease rentals under non cancellable lease agreements as on March 31, 2012 amounts to Rs.129,729,876 (Previous Year Rs.151,127,416). Details of Lease Rentals payable within one year and \ thereafter are as under:

Particulars	March 31, 2012	March 31, 2011
Within one year	50,119,767	49,072,470
Later than one year and not later than five years	66,627,561	79,235,111
Later than five years	12,982,548	22,819,835

The company has entered into lease / license agreements in respect of immovable properties with different parties. Some of the agreements contain escalation clause related to lease rentals / license fees from 5% to 15% p.a.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

### Operating leases for computers:

Lease rentals in respect of computers taken on operating lease during the year ended March 31, 2012 amounts to Rs.2,447,705 (Previous Year Rs. Nil).

Future obligations towards lease rentals under non-cancellable lease agreements as on March 31, 2012 amounts to Rs.11,844,584 (Previous Year - Nil). Details of Lease Rentals payable within one year and thereafter are as under: (Rs.)

Particulars	March 31, 2012	March 31, 2011
Within one year	4,559,985	—
Later than one year and not later than five years	7,284,599	—
Later than five years	—	—

### 32) Employment benefit disclosures

The amounts charged to the Profit and loss account during the year for Provident fund contribution aggregates to Rs.18,410,857 (Previous year – Rs.14,907,704) and employees' state insurance contribution aggregates to Rs.2,798,162 (Previous year - Rs.3,495,973).

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded for the Company. The scheme is unfunded for ABCBL.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the gratuity plan of ABML.

#### Amounts recognized in the Balance sheet in respect of gratuity (Rs.)

	March 31, 2012	March 31, 2011
Present value of defined benefit obligation	10,150,627	12,646,962
Fair value of plan assets	15,157,278	14,281,150
<b>Liability/(Asset) recognised in the Balance Sheet</b>	<b>(5,006,651)</b>	<b>(1,634,188)</b>

#### Amounts recognized in the Profit and loss account in respect of gratuity (Rs.)

	March 31, 2012	March 31, 2011
Current service cost	2,607,208	2,474,361
Interest cost on benefit obligation	940,969	865,341
Expected return on plan assets	(1,213,898)	(594,240)
Net actuarial (gain) / loss recognised in the year	(3,086,772)	(3,279,862)
Past service costs – vested benefits	—	874,987
<b>Net gratuity cost</b>	<b>(752,493)</b>	<b>340,588</b>

#### Actual return on plan assets: (Rs.)

	March 31, 2012	March 31, 2011
Expected return on plan assets	1,213,898	594,240
Actuarial gains / (losses) on plan assets	901,824	481,587
<b>Actual return on plan assets</b>	<b>2,115,722</b>	<b>1,075,827</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

**Reconciliation of present value of the obligation and the fair value of plan assets:** (Rs.)

	March 31, 2012	March 31, 2011
Opening defined benefit obligation	12,646,962	12,157,041
Less: Gratuity Liability in respect of Employees transferred to ABCBL	(2,619,970)	—
Interest cost	940,969	865,341
Current service cost	2,607,208	2,474,361
Actuarial (gains)/ losses on obligation	(2,184,948)	(2,798,274)
Past service costs – vested benefits	—	874,987
Benefits paid	(1,239,594)	(926,494)
<b>Closing defined benefit obligation</b>	<b>10,150,627</b>	<b>12,646,962</b>

**Change in fair value of plan assets** (Rs.)

	March 31, 2012	March 31, 2011
Opening fair value of plan assets	14,281,150	—
Expected return	1,213,898	594,240
Actuarial (gains)/ losses on	901,824	481,587
Contributions by employer	—	14,131,817
Benefits paid	(1,239,594)	-926,494
<b>Closing fair value of plan assets</b>	<b>15,157,278</b>	<b>14,281,150</b>

**Details of plan assets**

The plan assets represent Company's proportionate share in the Aditya Birla Nuvo Gratuity Fund managed by the ultimate parent company for the employees of the group. The details of plan assets are as under:

	March 31, 2012	March 31, 2011
Government of India securities	25%	29%
Corporate Bonds	1%	2%
Insurer managed funds	60%	65%
Deposit Scheme	2%	0%
Others	12%	4%
	<b>100%</b>	<b>100%</b>

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**Experience adjustments** (Rs.)

	March 31, 2012	March 31, 2011
Experience adjustments (loss) / gain	2,584,420	3,041,066
	March 31, 2010	March 31, 2009
Experience adjustments (loss) / gain	(2,081,274)	130,000

There is no experience adjustment for the year ended March 31, 2008.

The Company does not expect to contribute additional amount to the fund in the next year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2012	March 31, 2011
Discount rate	8.5%	7.70%
Expected rate of return on assets	8.5%	9%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and amounts recognised in the balance sheet for the gratuity plan of the ABCBL which is unfunded.

### Amounts recognized in the Balance sheet in respect of gratuity (Rs.)

	March 31, 2012	March 31, 2011
Present value of defined benefit obligation	2,587,798	—
Fair value of plan assets	—	—
<b>Liability/(Asset) recognised in the balance sheet</b>	<b>2,587,798</b>	<b>—</b>

### Amounts recognized in the Profit and loss account in respect of gratuity (Rs.)

	March 31, 2012	March 31, 2011
Current service cost	347,796	—
Interest cost on benefit obligation	111,349	—
Expected return on plan assets	NIL	—
Net actuarial (gain) / loss recognised in the year	(491,317)	—
Past service costs – vested benefits	—	—
<b>Net gratuity cost</b>	<b>(32,172)</b>	<b>—</b>

### Reconciliation of present value of the obligation: (Rs.)

	March 31, 2012	March 31, 2011
Opening defined benefit obligation	—	—
ADD: Gratuity Liability in respect of Employees transferred from ABML	2,619,970	—
Interest cost	111,349	—
Current service cost	347,796	—
Actuarial (gains)/ losses on obligation	(491,317)	—
Benefits paid	—	—
Closing defined benefit obligation	2,587,798	—

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2012
Discount rate	8.50%
Expected rate of return on assets	8.50%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

**33) Related party transactions**

**List of related parties**

Ultimate holding Company	Aditya Birla Nuvo Limited
Holding Company	Aditya Birla Financial Services Private Limited
Entities under common control	Aditya Birla Finance Limited
	Aditya Birla Money Mart Limited
	Aditya Birla Financial Shared Services Limited
	Birla Sun Life Insurance Company Limited

(Rs.)

Particulars	Closing Balance As on 31.03.2012	Transaction 2011-2011	Closing Balance As on 31.03.2011	Transaction 2010-2011
<b>1. Aditya Birla Nuvo Ltd</b>				
- Inter corporate loan received	—	—	—	1,850,000,000
- Inter corporate loan repaid	—	—	—	2,050,000,000
- Interest on Inter corporate loan	—	—	—	8,815,068
- Rent payment (ST - Rs.1,08,459/-& TDS Payable Rs.1,05,300/-)	—	—	1,053,000	4,212,000
- Other Expense	—	3,000.00	134,216	134,216
<b>2. Aditya Birla Finance Ltd</b>				
- Inter corporate loan taken	200,000,000	450,000,000	100,000,000	350,000,000
- Inter corporate loan repaid	—	350,000,000	—	250,000,000
- Inter corporate loan given	—	100,000,000	—	—
- Inter corporate loan receipt	—	100,000,000	—	—
- Interest on Inter corporate loan payable (Rs.20,000/- includes other payable) (TDS 76712)	690,411	5,572,055	284,932	734,932
- Interest on Inter corporate loan receivable	—	191,781	—	—
- Assets transfers	—	400,000	—	—
- Syndication fee payment (payable)	—	121,070	—	538,480
- Misc. expenses receivable (Includes Service tax Rs.12243/-)	—	125,168	55,500	55,500
- Misc. expenses payable	—	—	52,011	52,011
<b>3. Aditya Birla Money Mart Limited</b>				
Business Development Fees		—		70,974,090
Management Fees		68,844,143		66,049,558
Reimbursement of Cost - Expenses receivable		25,878,176		18,721,962
Referral fee (Receivable)		—		4,097,679
Reimbursement of Cost - Expenses (Payable)		—		5,277,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in Indian rupees unless otherwise stated)

(Rs.)

Particulars	Closing Balance As on 31.03.2012	Transaction 2011-2011	Closing Balance As on 31.03.2011	Transaction 2010-2011
Referral fee (Payable)		—		878,167
Recovery towards certain trades of ABMML referred clients		—		973,219,030
Other payable		60,000		—
Inter corporate Loan given		50,000,000		—
Inter corporate Loan receipt		50,000,000		—
Interest on Inter corporate Loan		724,658		—
Total outstanding balance receivable	—		5,173,653	
Total outstanding balance payable	2,656,613			
<b>4. Aditya Birla Financial Shared Services Ltd</b>				
- Reimbursement of Expenses receivable	—	—	338,347	375,942
- Reimbursement of Expenses payable	757,925	6,734,373	2,111,685	3,662,807
<b>5. Aditya Birla Financial Services P Ltd</b>				
- Inter corporate loan received	—	—	—	300,000,000
- Inter corporate loan repaid	—	—	—	300,000,000
- Interest on Inter corporate loan	—	—	—	517,808
- Reimbursement of Expenses payable	49,278	49,278	566,474	566,474
<b>6. Birla Sunlife Insurance Co Ltd</b>				
- Reimbursement of Expenses payable	—	43,484	881,181	908,439
- Brokerage earned	21,185	8,368,252	48,418	11,101,009
<b>7. Aditya Birla Customer Services P Ltd</b>				
- Reimbursement of Expenses payable	—	419,736	—	—

**34) Foreign currency transactions**

The Group did not enter into any foreign currency transactions in the current year and previous year.

**35) Comparatives**

Till the year ended 31 March 2011, the Group was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Group. The Group has reclassified previous year figures to conform to this year's classification.

As per our attached report of even date

For S.R. BATLIBOI & CO.

Firm Registration Number: 301003E

Chartered Accountants

per Shrawan Jalan

Partner

Membership No.: 102102

Date : May 3, 2012

Place : Chennai

For and on behalf of Board of Directors

Sudhakar Ramasubramanian

Managing Director

Pankaj Razdan

Director

Manoj Kumar Gandhi

Chief Financial Officer

S Balaji

Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT AS AT MARCH 31, 2012

(Rs.)

PARTICULARS	March 31, 2012	March 31, 2011
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax and exceptional items</b>	<b>(192,612,782)</b>	<b>(39,428,058)</b>
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ Amortization	<b>82,764,111</b>	75,018,390
Loss / (profit) on sale of fixed assets	<b>19,615,905</b>	4,751,184
Provision for Doubtful Debts	<b>6,400,697</b>	18,971,191
Provision for Deposits and Advances	<b>9,022,000</b>	16,191,150
Net (gain)/ loss on Sale of Current Investments	<b>(11,065,986)</b>	(48,844,459)
Interest Expense	<b>57,182,603</b>	47,330,674
Interest (Income)	<b>(76,048,748)</b>	(43,893,933)
Dividend (Income)	<b>(1,291,375)</b>	(539,309)
<b>Operating Profit before Working Capital Changes</b>	<b>(106,033,575)</b>	29,556,830
Movements in working capital :		
Increase/ (Decrease) in Trade Payables	<b>172,699,967</b>	(235,687,570)
Increase/ (Decrease) in Short-Term Provisions	<b>8,593,999</b>	(15,559,958)
Increase/ (Decrease) in Other Current Liabilities	<b>(23,739,327)</b>	(134,507,990)
Increase/ (Decrease) in Other Long-Term Liabilities	<b>2,060,575</b>	4,359,910
Decrease/(Increase) in Trade Receivables	<b>(335,289,724)</b>	358,323,660
Decrease/(Increase) in Long-Term Loans and Advances	<b>8,419,451</b>	(81,164,768)
Decrease/(Increase) in Short-Term Loans and Advances	<b>112,456,247</b>	(6,718,727)
Decrease/(Increase) in Other Current Assets	<b>367,860</b>	137,489,228
<b>Cash Generated from / (used in) Operations</b>	<b>(160,464,527)</b>	56,090,615
Direct Taxes Paid (net of refunds)	—	(27,754,785)
<b>Cash flow before exceptional items</b>	<b>(160,464,527)</b>	28,335,830
Exceptional item	—	(81,548,101)
<b>Net cash from/ (used in) operating activities (A)</b>	<b>(160,464,527)</b>	(53,212,271)
<b>B. Cash flows from investing activities</b>		
Purchase of Fixed Assets, including CWIP and Capital Advances	<b>(46,914,176)</b>	(159,364,635)
Proceeds from Sale of Fixed Assets	<b>3,123,929</b>	1,009,715
Purchase of Mutual Fund	<b>(16,743,802,516)</b>	(1,400,000,000)
Proceeds from Sale of Mutual Fund	<b>16,854,868,502</b>	1,348,854,459
Investments in Bank Deposits (having original maturity of more than three months) and Lien Deposits	<b>(1,325,230,428)</b>	(1,262,152,321)
Redemption/ maturity of bank deposits (having original maturity of more than three months) and lien deposits	<b>1,114,693,953</b>	1,443,105,585
Interest Received	<b>49,561,675</b>	44,670,945
Dividends Received	<b>1,291,375</b>	539,309
<b>Net Cash Flow from/ (used in) Investing Activities (B)</b>	<b>(92,407,686)</b>	16,663,057

# CONSOLIDATED CASH FLOW STATEMENT AS AT MARCH 31, 2012

(Rs.)

PARTICULARS	March 31, 2012	March 31, 2011
<b>C. Cash Flows From Financing Activities</b>		
Proceeds from Issuance of Preference Share Capital	—	80,000,000
Premium on Issue of Preference Share	—	120,000,000
Proceeds from Short-Term Borrowings	<b>100,000,000</b>	—
Proceeds from Inter Corporate Deposits	<b>707,188,621</b>	2,500,000,000
Repayment of Inter Corporate Deposits	<b>(607,188,621)</b>	(2,600,000,000)
Proceeds From Issue of Commercial Paper	<b>1,694,430,178</b>	1,056,212,643
Repayment of Commercial Paper	<b>(1,640,000,000)</b>	(1,050,000,000)
Repayment of Short-Term Borrowings	—	(50,000,000)
Interest Paid	<b>(56,568,495)</b>	(47,330,674)
<b>Net Cash Flow From/ (Used in) in Financing Activities (C)</b>	<b>197,861,683</b>	8,881,969
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(55,010,530)</b>	(27,667,245)
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>292,251,015</b>	319,918,260
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>237,240,485</b>	292,251,015
<b>Components of Cash and Cash Equivalents</b>		
Cash On Hand	<b>19,464</b>	1,015
With Banks- On Current Account	<b>236,310,810</b>	291,283,340
- Unpaid Dividend Accounts*	<b>724,561</b>	781,010
- UnPaid Matured Deposits*	<b>185,650</b>	185,650
<b>Total Cash and Cash Equivalents (Note 15)</b>	<b>237,240,485</b>	292,251,015

\* The company can utilize these balances only toward settlement of the respective unpaid dividend and unpaid matured deposits.

As per our attached Report of even date

For S.R. BATLIBOI & CO.

Firm Registration Number: 301003E

Chartered Accountants

per Shrawan Jalan  
Partner  
Membership No. 102102

Date : May 3, 2012  
Place : Chennai

For and on behalf of Board of Directors

Sudhakar Ramasubramanian    Pankaj Razdan  
Managing Director                      Director

Manoj Kumar Gandhi                      S Balaji  
Chief Financial Officer                      Company Secretary

