

**WHAT  
YOU  
SEE**

**WHAT  
YOU  
DON'T**

# Contents

## Mahindra Insurance Brokers Limited

Statutory Reports  
**01** Directors' Report

Financial Statements  
**06** Independent Auditors' Report  
**08** Balance Sheet  
**09** Statement of Profit and Loss  
**10** Cash Flow Statement  
**11** Notes to the Accounts

01 / 21

## Mahindra Rural Housing Finance Limited

Statutory Reports  
**22** Directors' Report

Financial Statements  
**28** Independent Auditors' Report  
**30** Balance Sheet  
**31** Statement of Profit and Loss  
**32** Cash Flow Statement  
**34** Significant Accounting Policies and Notes

22 / 55

## Mahindra Business & Consulting Services Private Limited

Statutory Reports  
**56** Directors' Report

Financial Statements  
**59** Independent Auditors' Report  
**62** Balance Sheet  
**63** Statement of Profit and Loss  
**64** Cash Flow Statement  
**65** Significant Accounting Policies and Notes

56 / 73

## Mahindra Asset Management Company Private Limited

Statutory Reports  
**74** Directors' Report

Financial Statements  
**77** Independent Auditors' Report  
**80** Balance Sheet  
**81** Statement of Profit and Loss  
**82** Cash Flow Statement  
**83** Significant Accounting Policies and Notes

74 / 86

## Directors' Report to the Shareholders

Your Directors have pleasure in presenting the 27th Annual Report along with the Audited Accounts of your Company for the year ended 31st March, 2014.

### Financial Results

Particulars	(Amount in Rs.)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Income	1,11,17,53,015	86,29,94,705
Profit before Interest, Depreciation and Taxation	64,11,52,476	51,52,58,767
Depreciation	(35,21,086)	(33,30,774)
Profit before Taxation	63,76,31,390	51,19,27,993
Provision for Taxation:		
Provision for Current Tax	(21,83,88,409)	(16,76,00,000)
Provision for Deferred Tax	7,22,751	1,36,674
	(21,76,65,658)	(16,74,63,326)
Profit after Taxation	41,99,65,732	34,44,64,667
Balance of Profit for prior years	67,39,27,323	48,06,93,594
Amount available for Appropriation	1,09,38,93,055	82,51,58,261
<b>Appropriations:</b>		
Transfer to General Reserve	4,20,00,000	3,50,00,000
Dividend on Equity Shares (Proposed)	2,57,73,200	-
Tax on Dividend (Proposed)	43,80,155	-
Dividend on Equity Shares (Interim)	-	10,00,00,000
Tax on Dividend (Interim)	-	1,62,30,938
Surplus carried to Balance Sheet	1,02,17,39,700	67,39,27,323

### Dividend

Your Directors recommend a dividend of Rs.10 per Equity Share on 25,77,320 Equity Shares of Rs.10 each, aggregating to Rs. 2.6 crores. The above dividend, if approved, will be paid to those Members whose names appear in the Register of Members as on the Record Date fixed for this purpose. The dividend including dividend distribution tax, surcharge and education cess will absorb a sum of Rs. 3.0 crores (as against Rs. 11.6 crores on account of dividend of Rs. 40 per Equity Share, paid for the previous year).

### Operations

The year ended 31st March, 2014 marked the 10th year of successful insurance broking operations of your Company. In this journey of 10 years, your Company has been able to service over 4 million insurance cases, largely in the rural and semi-urban markets in India. Your Company has been able to reach the benefit of insurance to over 1,00,000 villages across India. Your Company endeavors to further increase insurance penetration in rural India as well as become a significant player in global insurance markets.

In March 2014, your Company crossed the 1 million mark in terms of insurance cases serviced, with a total of 1,068,577 cases for both Life and Non-Life Retail business. The customized Life insurance cover "Mahindra Loan Suraksha" (MLS) continued to receive an encouraging response and grew by 16% from 4,40,553 lives covered with a Sum Assured of Rs. 11,798.2 crores in the financial year 2012-13 to 5,09,864 lives covered with a Sum Assured of Rs.14,393.5 crores in the financial year 2013-14, with a substantial portion being covered in the rural markets.

Your Company achieved a growth of 33% in Net Premium generated for the Corporate and Retail business lines, increasing from Rs. 553.8 crores (Gross Premium Rs.619.8 crores) in the financial year 2012-13 to Rs. 738.4 crores (Gross Premium Rs. 825.2 crores) in the financial year 2013-14.

The Income increased by 29% from Rs. 86.3 crores in the financial year 2012-13 to Rs. 111.2 crores in the financial year 2013-14. The Profit before Tax increased by 25% from Rs. 51.2 crores to Rs. 63.8 crores, and the Profit after Tax

increased by 22% from Rs. 34.5 crores to Rs. 42.0 crores during the same period.

During the year, your Company was awarded the "Insurance Broker of the Year" Award by ABP News in February 2014. This award, amongst other parameters, lays an emphasis on how the particular broker has performed in the underserved markets in India.

### Directors

Mr. Rajeev Dubey and Mr. V. Ravi retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

### Audit Committee

The Audit Committee of the Board of Directors of the Company presently comprises of Mr. Rajeev Dubey (Chairman of the Committee), Mr. Ramesh Iyer and Mr. V. Ravi. The Audit Committee met four times during the year under review.

### Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company presently comprises of Mr. Rajeev Dubey, Mr. Uday Y. Phadke and Mr. Ramesh Iyer. The Committee met once during the year under review.

### Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee was constituted by the Board of Directors at its meeting held on 5th March, 2014 to formulate, recommend and monitor the CSR Policy and to recommend the amount to be spent on CSR activities.

Mr. Rajeev Dubey is the Chairman of the Committee. Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Jaideep Devare are the other members of the Committee. The Committee met once during the year under review.

### Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:-

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) They have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the year ended on that date;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis.

### Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting ('AGM') and have given their consent for re-appointment. As per Section 139(1) of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to appoint the Auditors for a period of 5 (five) years to hold office from the conclusion of this AGM till the conclusion of the thirty second AGM of the Company to be held in the year 2019, subject to ratification of their appointment by members at every AGM and fix their remuneration.

As required under the provisions of Section 224(1B) of the Companies Act, 1956 and sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from Messrs. B. K. Khare & Co., Chartered Accountants, proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the criteria specified in the said sections.

### Public Deposits and Loans / Advances

The Company has not accepted any deposits from the public or its employees during the year under review.

The particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., as required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent company – Mahindra & Mahindra Financial Services Limited and the ultimate parent company – Mahindra & Mahindra Limited, with the Stock Exchanges, are furnished separately.

### Codes of Conduct

The Board of Directors of the Company had adopted separate Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members, and the Senior Management and Employees of the Company affirming compliance with the respective Codes.

### Outlook for the Current year

During the last financial year, the Non-Life insurance industry is estimated to have grown by 12% and Life insurance industry estimated to register an increase of 12%. The Non-Life insurance industry is expected to continue their growth trend, albeit at a reduced rate due to macro-economic changes in the economy. Your Company will continue to explore opportunities for expanding its customer base in the Commercial and Retail segments.

Your Company will increase its thrust on the Reinsurance Broking business and expand its domestic and international customer base.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure I to this Report.

### Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 and Rules framed thereunder

As required under Section 217(2A) of the Companies Act, 1956 and Rules thereunder, a statement containing particulars of the Company's employees who were in receipt of remuneration of not less than Rs. 60,00,000 per annum during the year ended 31st March 2014 or not less than Rs. 5,00,000 per month during any part of the said year is given in Annexure II to this Report.

### Acknowledgements

Your Directors thank the Insurance Regulatory and Development Authority for their continuous support and guidance rendered to the Company. The Directors acknowledge the trust reposed by the customers, the support of the shareholders and the noteworthy performance of the employees.

For and on behalf of the Board

**Rajeev Dubey**  
Chairman

Mumbai : 14th April, 2014

### PARTICULARS OF LOANS/ ADVANCES AND INVESTMENT BY LOANEEES IN THE SHARES OF LISTED COMPANIES, THEIR SUBSIDIARIES, ASSOCIATES, ETC., REQUIRED TO BE DISCLOSED IN THE ANNUAL ACCOUNTS OF THE COMPANY PURSUANT TO CLAUSE 32 OF THE RESPECTIVE LISTING AGREEMENTS OF MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED, THE PARENT COMPANY AND MAHINDRA & MAHINDRA LIMITED, THE ULTIMATE PARENT COMPANY.

Loans and advances in the nature of loans to firms/companies in which Directors are interested are as given below:

Name of the Company	(Amount in Rs.)	
	Balance as on 31st March, 2014	Maximum outstanding during the year
Mahindra & Mahindra Financial Services Limited	70,40,00,000	70,40,00,000
Mahindra Rural Housing Finance Limited	46,25,00,000	46,25,00,000

The Company has no subsidiaries or associates and no loans and advances in the nature of loans have been made by the Company where there is no repayment schedule or repayment beyond seven years or where there is no interest or interest below the limits prescribed under Section 372A of the Companies Act, 1956.

**Annexure I to the Directors' Report for the Financial year ended 31st March, 2014**

Particulars as per the Companies (Disclosure of Particulars in the Report of Board Of Directors) Rules, 1988 and Forming part of the Directors' Report for the Financial year ended 31st March, 2014

**A. Conservation of Energy**

- a. Energy Conservation measures taken: Though the activities of the Company are not energy-intensive, necessary measures are taken to contain and bring about savings in power consumption through improved operational methods and better housekeeping.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Nil
- c. Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: These measures are expected to reduce energy consumption.
- d. Total energy consumption and energy consumption per unit of production as per Form-A to the Annexure to the Rules in respect of Industries specified in the Schedule: Not Applicable.

**B. Technology Absorption****Research & Development (R & D)**

1. Areas in which R & D is carried out : None
2. Benefits derived as a result of the above efforts : Not applicable
3. Future plan of action : None
4. Expenditure on R & D : Nil
5. Technology absorption, adaptation and innovation : None
6. Imported Technology for the last 5 years : None

**C. Foreign Exchange Earnings and Outgo**

The total Foreign Exchange Earnings and Outgo during the year under review are as follows :

Foreign Exchange Earnings	:	Rs. 2,30,34,415/- (F.Y. 2012-13 : 64,47,930)
Foreign Exchange Outflow	:	Rs. 48,50,073/- (F.Y. 2012-13 : Rs. 29,58,426)

For and on behalf of the Board

**Rajeev Dubey**  
Chairman

Mumbai, 14th April, 2014

## Annexure II to the Directors' Report for the Financial year ended 31st March, 2014

Additional Information as Required Under Section 217(2A) of the Companies Act, 1956, Read With the Companies (Particulars of Employees) Rules, 1975 And Forming Part of Directors' Report for the year ended 31st March, 2014

Name of Employee	Designation / Nature of Duties	Gross Remuneration (subject to income tax) (Rs.)	Qualifications	Experience (Years)	Age (Years)	Date of Commencement of Employment	Last Employment held (Designation and Organisation)
Dr. Jaideep R. Devare	Managing Director	77,82,919	Ph.D. in Management (Thesis on Insurance Industry in India), Master of Management studies (MMS) (Finance), Bachelor of Engineering (B.E.) Honors, (Production)	23	46	01/01/2009	Head - Business Development (New Initiatives) - Mahindra & Mahindra Financial Services Limited
Kumar R. Pherwani	Principal Officer	70,95,733	Bachelor of Commerce, Associate of Insurance Institute of India, Diploma in Export Management	39	58	01/01/2006	Head - Insurance & Risk Management Dept - Mahindra & Mahindra Limited

### Notes:

- Nature of employment is contractual, subject to termination on three months' notice on either side.
- Terms and conditions of employment are as per Company's Rules / contract.
- 'Gross Remuneration' includes salary, taxable value of perquisites and Company's contribution to Provident and Superannuation Funds.
- The Company has made a provision for contribution to the Employees' Gratuity Fund and Leave Encashment based on the actuarial valuation. This amount has not been included in 'Gross Remuneration' as no separate figures are available for individual employee.
- None of the above employees is a relative of any Director of the Company.
- The above employees have adequate experience to discharge the responsibilities assigned to them.
- The above employees do not hold by themselves or along with their spouse and dependent children, 2% or more of the equity shares of the Company.

For and on behalf of the Board

**Rajeev Dubey**  
Chairman

Mumbai, 14th April, 2014

# Independent Auditor's Report

To The Members of

**MAHINDRA INSURANCE BROKERS LIMITED**

## Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Insurance Brokers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- in the case of the Statement of Profit and Loss, of the [profit/loss] for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - 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;
  - the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
  - in our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **B. K. Khare & Co.**

Chartered Accountants

Firm's Registration Number 105102W

**H. P. Mahajani**

Partner

Membership No. 030168

Place : Mumbai

Date : 14th April, 2014

## Annexure to the Auditor's Report

Referred to in our Report of Even Date:

- |  |  |
|--|--|
| <p>1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets. These assets were physically verified by the Management during the year at reasonable intervals and no discrepancies were noticed on such verification.</p> <p>(b) None of the fixed assets have been revalued during the year.</p> <p>(c) Fixed assets disposed off during the year were not substantial and therefore do not affect going concern status of the Company.</p> <p>2 Clause 4(ii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.</p> <p>3 Based on the records examined by us and according to the information and explanations given to us, the Company has:</p> <p>(i) Not granted any loans to parties covered in the Register maintained under section 301 of the Companies Act, 1956.</p> <p>(ii) Not taken any loans from parties covered in the Register maintained under section 301 of the Companies Act, 1956.</p> <p>4 In our opinion and according to the information and explanations given to us the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct any major weaknesses in the aforesaid internal control system.</p> <p>5 According to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.</p> <p>6 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company.</p> <p>7 In our opinion and according to the information and explanations provided to us, the Company has an internal audit system, which is commensurate with its size and the nature of its business.</p> <p>8 On facts, the requirements of Para 4 (viii) requiring maintenance of cost records are not applicable in case of the Company.</p> <p>9 (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident fund, Investor education and protection fund, Employees' state insurance, Income tax, Sales tax, Wealth tax and service tax, cess and other applicable statutory dues with the appropriate authorities.</p> <p>(b) According to the records of the company and information and explanations given to us there are</p> | <p>no disputed dues which have not been deposited with the relevant authority.</p> <p>10 The Company does not have accumulated losses as at the end of the current year. The Company has not incurred cash losses in such financial year and in the immediately preceding financial year.</p> <p>11 Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.</p> <p>12 Based on the records examined by us and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures, or other securities.</p> <p>13 The provisions of any applicable statute to Chit Fund, Nidhi or Mutual Benefit Fund / Society are not applicable to the Company.</p> <p>14 The Company is not dealing or trading in shares, securities, debentures and other investments.</p> <p>15 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.</p> <p>16 Based on the records examined by us and according to the information and explanations given to us, during the year, term loans were applied for the purpose for which the loans were taken.</p> <p>17 On the basis of overall examination of the financial statements and other financial information furnished, we report that the company has not used short term funds for long term investments.</p> <p>18 The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act;</p> <p>19 On the basis of our examination of books of account and documents and according to the information and explanations given to us, the Company has not issued any debentures.</p> <p>20 The Company has not made any public issue of its shares during the year.</p> <p>21 During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company noticed or reported during the year, nor have we been informed of any such instances during the year.</p> |
|--|--|

For **B. K. Khare & Co.**

Chartered Accountants

Firm's Registration Number 105102W

**H. P. Mahajani**

Partner

Membership No. 030168

Place : Mumbai

Date : 14th April, 2014

## Balance Sheet

as at March 31, 2014

(Amount in Rs.)

Particulars	Note	March 2014	March 2013
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>1) Shareholders' funds</b>			
a) Share capital	A	25,773,200	25,773,200
b) Reserves and surplus	B	1,303,533,301	913,720,924
		1,329,306,501	939,494,124
<b>2) Current liabilities</b>			
(a) Trade payables		20,219,903	28,904,175
(b) Other current liabilities	C	11,156,932	10,619,403
(c) Short-term provisions	D	89,952,554	41,964,788
		121,329,389	81,488,366
<b>Total</b>		<b>1,450,635,890</b>	<b>1,020,982,490</b>
<b>II. ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	E	19,172,928	19,097,533
(b) Non-current investments	F	270,000,000	-
(c) Deferred tax assets (net)		1,170,833	448,082
(d) Long-term loans and advances	G	87,621,967	94,508,955
		377,965,728	114,054,570
<b>2) Current assets</b>			
(a) Trade receivables	H	122,593,022	86,739,682
(b) Cash and cash equivalents	I	66,530,286	142,035,948
(c) Short-term loans and advances	J	834,206,734	651,755,273
(d) Other current assets	K	49,340,120	26,397,017
		1,072,670,162	906,927,920
<b>Total</b>		<b>1,450,635,890</b>	<b>1,020,982,490</b>

See accompanying notes to the financial statements

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

For and on behalf of the Board

For **B. K. Khare and Co.**  
Chartered Accountants  
Firm Regn No. 105102W

**Rajeev Dubey**  
Chairman

**Uday Y. Phadke**  
Director

**Ramesh Iyer**  
Director

**H.P. Mahajani**  
Partner  
Membership No. 30168

**V. Ravi**  
Director

**Hemant Sikka**  
Director

**Dr. Jaideep Devare**  
Managing Director

Place: Mumbai  
Date: 14 April, 2014

# Statement of Profit and Loss

for the year ended March 31, 2014

(Amount in Rs.)

Particulars	Note	March 2014	March 2013
I. Revenue from operations	L	1,013,839,268	800,075,279
II. Other income		97,913,747	62,919,426
<b>III. Total Revenue (I + II)</b>		<b>1,111,753,015</b>	<b>862,994,705</b>
<b>IV. Expenses:</b>			
Employee benefits expense	M	305,200,686	225,310,130
Depreciation and amortization expense	N	3,521,086	3,330,774
Other expenses	O	165,399,853	122,425,808
<b>Total expenses</b>		<b>474,121,625</b>	<b>351,066,712</b>
<b>V. Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>637,631,390</b>	<b>511,927,993</b>
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		637,631,390	511,927,993
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		637,631,390	511,927,993
X. Tax expense:			
(1) Current tax		218,600,000	167,600,000
(2) Deferred tax (Asset)/Liability		(722,751)	(136,674)
3) Income Tax adjustment for earlier year (net)		(211,591)	-
XI. Profit/(Loss) for the period from continuing operations		419,965,732	344,464,667
XII. Profit/(Loss) for the period		419,965,732	344,464,667
XIII. Earnings per equity share:			
(1) Basic		162.95	137.74
(2) Diluted		162.95	137.74

See accompanying notes to the financial statements

The notes referred to above form an integral part of the Profit & Loss Account.

For and on behalf of the Board

For **B. K. Khare and Co.**  
Chartered Accountants  
Firm Regn No. 105102W

**Rajeev Dubey**  
Chairman

**Uday Y. Phadke**  
Director

**Ramesh Iyer**  
Director

**H.P. Mahajani**  
Partner  
Membership No. 30168

**V. Ravi**  
Director

**Hemant Sikka**  
Director

**Dr. Jaideep Devare**  
Managing Director

Place: Mumbai  
Date: 14 April, 2014

## Cash Flow Statement

for the year ended March 31, 2014

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes and contingencies	637,631,390	511,927,994
<b>Add/(Less):</b>		
Depreciation & Amortisation	3,521,086	3,330,774
Interest Income	(97,913,748)	(62,915,246)
Provision for Doubtful Debts/Advances Written-off (net)	230,000	205,000
(Profit)/Loss on sale/retirement of assets	549,255	1,087,391
Operating profit before working capital changes (I)	544,017,983	453,635,913
<b>Less:</b>		
(Increase)/Decrease in Trade receivables	(36,083,340)	(23,129,165)
Increase)/Decrease in Long Term Loans & Advances	1,886,988	(3,484,864)
(Increase)/Decrease in Short Term Loans & Advances	(5,202,303)	(3,090,316)
(Increase)/Decrease in Current Assets	862,282	(1,618,346)
	(38,536,373)	(31,322,691)
Add: Increase/(Decrease) in Current liabilities	537,529	1,549,849
Add: Increase/(Decrease) in Trade Payable	(8,684,272)	18,435,475
Add: Increase/(Decrease) in Short Term Provision	20,168,620	5,287,606
	(II)	(6,049,761)
<b>Cash generated from operations (I + II)</b>	517,503,487	447,586,152
Income Taxes paid	(222,971,776)	(161,743,527)
<b>Net Cash From Operating Activities (A)</b>	294,531,711	285,842,625
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,658,419)	(7,290,996)
Sale of fixed assets	512,684	460,348
Interest received	74,108,362	62,009,393
Fixed Deposit with Companies	(270,000,000)	-
Intercompany Deposits Placed	(170,000,000)	(268,800,000)
<b>Net Cash From Investing Activities (B)</b>	(370,037,373)	(213,621,255)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Additional Equity Share Capital	-	159,723,343
Dividends paid	-	(159,805,938)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	-	(82,595)
<b>NET INCREASE/(DECREASE) IN</b>		
<b>CASH AND CASH EQUIVALENT (A + B + C)</b>	(75,505,662)	72,138,775
<b>CASH AND CASH EQUIVALENTS AS AT:</b>		
<b>Beginning of the period</b>	142,035,948	69,897,173
<b>End of the period</b>	66,530,286	142,035,948

Examined and found correct

For **B. K. Khare and Co.**  
Chartered Accountants  
Firm Regn No. 105102W

**H.P. Mahajani**  
Partner  
Membership No. 30168

**Rajeev Dubey**  
Chairman

**V. Ravi**  
Director

**Uday Y. Phadke**  
Director

**Hemant Sikka**  
Director

For and on behalf of the Board

**Ramesh Iyer**  
Director

**Dr. Jaideep Devare**  
Managing Director

Place: Mumbai  
Date: 14 April, 2014

# Notes to the Accounts

for the year ended March 31, 2014

(Amount in Rs.)

	March 2014	March 2013
<b>A. Share capital</b>		
<b>Authorised:</b>		
3,500,000 Equity Shares of Rs. 10 each (Previous Year: 3,500,000)	35,000,000	35,000,000
<b>Issued Capital:</b>		
2,577,320 Equity Shares of Rs. 10 each (Previous Year: 25,77,320)	25,773,200	25,773,200
<b>Subscribed &amp; Paid up Capital:</b>		
Equity Shares of Rs. 10 each 2,577,320 (Previous Year: 25,77,320)	25,773,200	25,773,200
<b>Total</b>	<b>25,773,200</b>	<b>25,773,200</b>

## Other quantitative Information:

Particulars	March 2014	March 2013
<b>a) Reconciliation of the number of shares</b>		
Number of equity shares outstanding at the beginning of the year	2,577,320	2,500,000
Add: Fresh allotment of shares during the year:		
1) Private placement to QIBs under QIP	0	77,320
2) Issue of Bonus/Rights shares	0	0
3) Shares issued under Employees' Stock Option Scheme	0	0
4) Conversion of any convertible security	0	0
5) Any others (specify)	0	0
	2,577,320	2,577,320
Less: Shares bought back during the year	0	0
Number of equity shares outstanding at the end of the period	2,577,320	2,577,320
<b>b) Number of equity shares held by holding company or ultimate holding Company including shares held by its subsidiaries/ associates:</b>		
Holding company: Mahindra & Mahindra Financial Services Limited (Equity shares of Rs. 10/- Each)	2,190,722	2,190,722
Percentage of holding (%)	85	85
<b>c) Shareholders holding more than 5 percent shares:</b>		
Mahindra & mahindra financial services Limited	2190722	2190722
Percentage of holding (%)	85	85
Inclusion Resources Private Ltd.	386,598	386,598
Percentage of holding (%)	15	15
<b>d) Shares reserved for issue under options and contracts/ commitments for the sale of shares/disinvestment, including the terms and amounts : (specify, if any)</b>	0	0
<b>e) Shares allotted during the period of five years immediately preceding the date as at which the Balance Sheet is prepared :</b>		
Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.	0	0
Aggregate number and class of shares allotted as fully paid up by way of bonus shares.	2,000,000	2,000,000
Aggregate number and class of shares bought back.	0	0

## Notes to the Accounts

for the year ended March 31, 2014

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>B. Reserves and Surplus</b>		
<b>General Reserve:</b>		
As per last Balance Sheet	80,843,458	45,843,458
Add: Transfer during the period	42,000,000	35,000,000
Closing Balance	122,843,458	80,843,458
<b>Securities Premium Account:</b>		
As per last Balance Sheet	158,950,143	0
Add: Additions during the year	0	160,052,400
Less: Share issue expenses	0	1,102,257
Closing Balance	158,950,143	158,950,143
<b>Surplus in Statement of Profit and Loss:</b>		
Balance Profit (for earlier years) as per last Balance Sheet	673,927,323	480,693,594
Add: Profit for the current year transferred from Statement of Profit & Loss	419,965,732	344,464,667
	<b>1,093,893,055</b>	<b>825,158,261</b>
Less: Allocations & Appropriations:		
Transfer to General Reserve	42,000,000	35,000,000
Proposed Dividend (Final)	25,773,200	0
Corporate Dividend Tax (Final)	4,380,155	0
Interim Dividend Paid	0	100,000,000
Corporate Dividend Tax Paid	0	16,230,938
<b>Balance in Profit &amp; Loss Account</b>	<b>1,021,739,700</b>	<b>673,927,323</b>
<b>Total</b>	<b>1,303,533,301</b>	<b>913,720,924</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>C. Other Current Liabilities</b>		
Other Current Liabilities	11,156,932	10,619,403
<b>Total</b>	<b>11,156,932</b>	<b>10,619,403</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>D. Short Term Provisions</b>		
Provision for Employee Benefits	59,799,199	39,630,579
Proposed Dividend	25,773,200	0
Corporate Dividend Tax	4,380,155	0
Provision for Tax (net of advance tax)	0	2,334,209
<b>Total</b>	<b>89,952,554</b>	<b>41,964,788</b>

# Notes to the Accounts

for the year ended March 31, 2014

Description of Assets	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK		
	As at 1-Apr-13	Additions for Purch./Trf	Deductions for Sale/Trf	As at 31-Mar-14	Upto 1-Apr-13	Additions /Trf	Deductions /Trf	Upto 31-Mar-14	As at 1-Apr-13	As at 31-Mar-14	As at 31-Mar-14
Vehicles	10,531,769	4,093,502	1,526,238	13,099,033	1,889,094	1,212,389	640,821	2,460,662	8,642,675	10,638,371	10,638,371
Furniture	1,077,968	38,475	-	1,116,443	359,190	96,103	-	455,293	718,778	661,150	661,150
Office Equipment	2,025,375	257,997	66,000	2,217,372	1,106,820	270,450	15,906	1,361,364	918,555	856,008	856,008
Computers	14,829,386	268,445	1,374,380	13,723,451	6,011,861	1,942,144	1,247,953	6,706,052	8,817,525	7,017,399	7,017,399
<b>Total</b>	<b>28,464,498</b>	<b>4,658,419</b>	<b>2,966,618</b>	<b>30,156,299</b>	<b>9,366,965</b>	<b>3,521,086</b>	<b>1,904,680</b>	<b>10,983,371</b>	<b>19,097,533</b>	<b>19,172,928</b>	<b>19,172,928</b>
As at 31-03-2013	23,349,803	7,290,996	2,176,301	28,464,498	6,664,753	3,330,774	628,562	9,366,965	16,685,050	19,097,533	19,097,533

## E. Tangible Assets:

(Amount in Rs.)

## Notes to the Accounts

for the year ended March 31, 2014

(Amount in Rs.)

Particulars	March 2014	March 2013
<b>F. Non Current Investments:</b>		
- Fixed Deposits with companies	270,000,000	0
<b>Total</b>	<b>270,000,000</b>	<b>0</b>

(Amount in Rs.)

Particulars	March 2014	March 2013
<b>G. Long Term Loans and Advances:</b>		
<b>Loans and advances (unsecured, considered good):</b>		
Inter Corporate Deposits Given (for more than one year) with related parties	82,500,000	87,500,000
Other Advances recoverable in cash or kind or for value to be received	2,736,615	5,583,711
Gratuity Plan Assets (Net)	1,181,352	221,244
Deposits for Office Premises/Others	1,204,000	1,204,000
<b>Total</b>	<b>87,621,967</b>	<b>94,508,955</b>

(Amount in Rs.)

Particulars	March 2014	March 2013
<b>H. Trade Receivables:</b>		
<b>Sundry Debtors (Unsecured):</b>		
Outstanding for a period exceeding six months		
Considered good	2,590,651	1,027,035
Considered Doubtful	749,653	749,653
Less : Provision for Doubtful Debts (Refer note no. 10 (a))	1,465,000	1,235,000
	1,875,304	541,688
Others	120,717,718	86,197,994
<b>Total</b>	<b>122,593,022</b>	<b>86,739,682</b>

(Amount in Rs.)

Particulars	March 2014	March 2013
<b>I. Cash &amp; Cash equivalents:</b>		
<b>Cash &amp; Bank Balances:</b>		
- Cash and Cheques on hand	138,319	127,316
- Balance with Scheduled Banks in Current Account	15,391,967	16,908,632
- Term Deposit with Scheduled Banks (less than 12 months maturity)	45,000,000	119,000,000
- Term Deposit with Scheduled Banks [Under lien to IRDA for broking license] (includes Rs. 1,000,000 with more than 12 months maturity)	6,000,000	6,000,000
<b>Total</b>	<b>66,530,286</b>	<b>142,035,948</b>

# Notes to the Accounts

for the year ended March 31, 2014

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>J. Short Term Loans and Advances:</b>		
<b>Loans and advances (unsecured, considered good):</b>		
<b>Inter Corporate Deposits Given (for less than one year) with related parties</b>	814,000,000	639,000,000
Advance Payment of Tax (net of provision)	2,249,159	0
Deposits - Others	200,000	200,000
Other Advances recoverable in cash or kind or for value to be received	17,757,575	12,555,273
<b>Total (B)</b>	<b>834,206,734</b>	<b>651,755,273</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>K. Other Current Assets:</b>		
Interest Accrued but not due – Bank FD/ ICD/Investment	4,76,37,526	2,38,32,140
Other Current Assets	17,02,594	25,64,877
<b>Total</b>	<b>4,93,40,120</b>	<b>2,63,97,017</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>L. Revenue From Operations:</b>		
Brokerage	425,571,100	327,870,601
Broker Retainer Fees	463,943,444	398,856,236
Handling Charges	111,040,800	72,938,200
Consultancy Fees	13,283,924	410,242
<b>Total</b>	<b>1,013,839,268</b>	<b>800,075,279</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>M. Employee Benefits Expense:</b>		
Salary, Bonus & Incentives	279,799,902	202,444,878
Company's Contribution to P.F. & Other Funds	13,446,809	11,348,506
Employee Compensation Expenses on account of ESOPs	3,923,687	5,162,881
Staff Welfare	8,030,288	6,353,865
<b>Total</b>	<b>305,200,686</b>	<b>225,310,130</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>N. Depreciation:</b>		
Depreciation on tangible assets	3,521,086	3,330,774
<b>Total</b>	<b>3,521,086</b>	<b>3,330,774</b>

## Notes to the Accounts

for the year ended March 31, 2014

(Amount in Rs.)

Particulars	March 2014	March 2013
<b>0. Other Expenses:</b>		
Electricity charges	4,647,841	3,659,770
Rent	19,251,073	18,344,539
Administration Support Charges	9,134,925	7,168,255
Insurance	13,082,373	7,691,956
Rates and Taxes	723,957	864,196
Legal & Professional Charges	2,140,445	2,387,770
Loss on Sale/Retirement of Owned Assets	549,255	1,087,391
Travelling Expenses	39,560,228	25,396,908
Hotel Stay Expenses	11,106,496	5,409,119
Provision for Doubtful Debts - (Refer note no 10 (a))	230,000	205,000
Manpower Outsourcing Charges	18,144,063	16,179,957
Auditors Remuneration		
- Audit Fees	900,000	300,000
- Other Services	46,000	43,670
Donations	3,931,000	3,418,001
General & Administrative Expenses	41,952,197	30,269,276
<b>Total</b>	<b>165,399,853</b>	<b>122,425,808</b>

### P. Significant Accounting Policies (SAP)

#### 1) Basis for Preparation of Accounts:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under the said Act.

All assets & liabilities have been classified as current & non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current & non-current classification of assets & liabilities.

#### 2) Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting year. Management believes that the estimates used in the preparation of the financial

statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

#### 3) Revenue Recognition: General:

The Company generally follows the accrual method of accounting for its income and expenditure.

##### a) Brokerage Income:

Brokerage income is recognized on receiving details of the policy issued by the insurance company or brokerage whichever is earlier. Brokerage Income, Handling Charges & Broker Retainer Fees is accounted for net of Service Tax on rendition of services.

##### b) Insurance Consultancy Fees:

Revenue from Insurance Consultancy is recognised net of Service Tax in accordance with the terms of the contract.

#### 4) Investments:

Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

# Notes to the Accounts

for the year ended March 31, 2014

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments in accordance with the Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

## 5) Share Issue Expenses:

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities Premium Account in the year in which they are incurred.

## 6) Fixed Assets:

Fixed Assets are stated at cost of acquisition (including incidental expenses), less depreciation.

## 7) Depreciation:

Depreciation on fixed assets is charged using the Straight Line method at rates specified in Schedule XIV to the Companies Act, 1956, except for Office Equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV. Individual assets cost less than Rs. 5000/- are written off in the year of purchase.

## 8) Employee Benefits:

Retirement Benefits in respect of gratuity at retirement/cessation are provided for based on valuations, as the Balance Sheet date, made by independent actuaries.

### a. Defined Contribution Plans –

Company's contribution paid/payable during the year to Provident Fund, Superannuation and Labour Welfare Fund are recognised in Profit & Loss Account.

### b. Defined Benefit Plan –

Company's liabilities towards gratuity & leave encashment is determined using the Projected Unit Credit Method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date

on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

## 9) Segment Reporting:

The company has single reportable segment namely insurance auxiliary services for the purpose of Accounting Standard 17 on Segment Reporting.

## 10) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

## 11) Provisions and Contingent Liabilities:

- a) Provision for doubtful debts is made on the basis of standard norms and also, where required, on actual evaluation.
- b) Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the company.

## Notes to the Accounts

for the year ended March 31, 2014

- 1) The Composite Broking License of the company, has been renewed by IRDA w.e.f. 17/05/2013 for next 3 years.
- 2) In the opinion of the Board, Current Assets, Loans & Advances are of the value stated if realised in the ordinary course of business.
- 3) The company earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. The company does not expect any significant variation in the book balances.
- 4) Related Party Disclosure as per Accounting Standard 18:  
List of the related parties:  
**Holding Companies:**  
Mahindra & Mahindra Financial Services Limited  
Mahindra & Mahindra Limited\*
- Fellow subsidiary Companies:**  
Mahindra Rural Housing Finance Limited  
Mahindra Business & Consulting Services Private Limited
- Key Management Personnel**  
Managing Director : Dr. Jaideep Devare

### Related Parties Transactions are as under:

(Amount in Rs.)

Sr. No.	Nature of Transactions	Holding Companies *	Fellow subsidiary Companies	Key Management Personnel
<b>1</b>	<b>Income</b>			
	Interest (Gross)	5,33,56,433	3,81,64,844	-
		(2,25,76,151)	(2,79,74,552)	-
	Handling Charges (Gross of Service Tax)	12,47,65,442	Nil	-
		(8,19,53,361)	(Nil)	-
<b>2</b>	<b>Expense</b>			
	Other Expenses (Gross of Service Tax)	1,49,38,926	1,76,47,398	78,03,407
		(1,41,57,471)	(1,81,89,297)	(63,88,204)
<b>3</b>	<b>Finance</b>			
	Inter Corporate Deposits/FDs given	70,40,00,000	46,25,00,000	-
		(51,40,00,000)	(21,25,00,000)	-
	Dividends Paid (for previous year)	Nil	Nil	-
		(3,75,00,000)	-	-
	Dividends Paid (for current year)	Nil	Nil	-
		(10,00,00,000)	-	-
<b>4</b>	<b>Outstandings</b>			
	Receivables	6,46,60,836	2,45,62,508	-
		(3,94,73,327)	(94,19,084)	-
	Payables	56,27,218	4,26,805	-
		(76,65,272)	(31,69,390)	-

Amounts in brackets represent amounts pertaining to previous financial year

\* Mahindra Insurance Brokers Limited is a 85% subsidiary of Mahindra & Mahindra Financial Services Limited, which in turn is a subsidiary of Mahindra & Mahindra Limited.

Note: The above amount excludes payments towards reimbursement of expenses.

## Notes to the Accounts

for the year ended March 31, 2014

- 5) Earnings in Foreign Currency – Rs. 2,30,34,415/- (Previous Year Rs. 64,47,930/-).
- 6) Expenditure incurred in Foreign Currency – Rs. 48,50,073/- (Previous Year Rs. 29,58,426/-).
- 7) The company has incurred a cost of Rs. 39,23,687/- (previous year Rs. 51,62,881/-) for Employee Stock Options (ESOS) of the holding company, Mahindra & Mahindra Financial Services Limited (MMFSL), to employees of the company.
- 8) In accordance with the provisions of Accounting Standard – 15 (revised) issued by the Institute of Chartered Accountants of India; cost of employee benefits in the form of compensated absences for the period ended 31st March 2014 is Rs. 46,44,569/- (Previous Year Rs. 27,01,805/-) and has been recognised in the Profit & Loss Account as such. The Present Value of obligation on account of such compensated absences is Rs. 79,75,107/- (Previous Year Rs. 53,74,836/-) as on 31st March 2014.
- 9) Defined Employee Benefits:

	(Amount in Rs.)			
	Gratuity Funded		Leave Non-Funded	
	March 2014	March 2013	March 2014	March 2013
<b>I. Change in Obligation during the year ended 31st March 2014</b>				
1. Present value of obligation as the beginning of the year	6,580,303	4,641,070	5,374,836	4,166,530
2. Interest Cost	630,000	432,936	560,949	325,050
3. Current Service Cost	6,066,815	4,685,508	8,845,223	1,534,747
4. Actuarial (Gain)/Loss on Obligations	(4,529,873)	(2,785,507)	(6,805,901)	(651,491)
5. Benefits Paid	(327,931)	(393,704)	-	-
6. Present value of Defined Benefit Obligation at the end of the year.	8,419,314	6,580,303	7,975,107	5,374,836
<b>II. Change in Assets during the year ended 31st March 2014</b>				
1. Plan Assets at the beginning of the year	6,801,547	4,804,595	-	-
2. Expected return on plan assets	544,887	403,280	-	-
3. Contributions by Employer	2,799,119	1,996,952	-	-
4. Actual benefits paid	(327,931)	(393,704)	-	-
5. Actual Gain/(Losses)	(216,956)	(9,576)	-	-
6. Plan Assets at the end of the year	9,600,666	6,801,547	-	-
<b>III. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March 2014</b>				
1. Present Value of Defined Obligation as at 31st March 2014	8,419,314	6,580,303	7,975,107	5,374,836
2. Fair Value of plan assets as at 31st March 2014	9,600,666	6,801,547	-	-
3. Fund status (Surplus/(Deficit))	1,181,352	221,244	(7,975,107)	(5,374,836)
4. Net Assets/ (Liability) as at 31st March 2014	1,181,352	221,244	(7,975,107)	(5,374,836)

## Notes to the Accounts

for the year ended March 31, 2014

(Amount in Rs.)

	Gratuity Funded		Leave Non-Funded	
	March 2014	March 2013	March 2014	March 2013
<b>IV. Expenses recognised in the statement of Profit and Loss for the year ended 31st March 2014</b>				
1. Current Service cost	6,066,815	4,685,508	8,845,223	1,534,747
2. Interest Cost	630,000	432,936	560,949	325,050
3. Expected return on Plan Assets	(544,887)	(403,280)	-	-
4. Net Actuarial (Gains)/Losses (Net of Opening Actuarial Gain/(Loss) adjustment)	(4,312,917)	(2,775,931)	(6,805,901)	(1,510,540)
5. Expenses recognised in statement of Profit & Loss	1,839,011	1,939,233	2,600,271	349,257
<b>V. The Major Categories in Plan Assets as a percentage of total plan</b>				
1. Insurer Managed Funds	100%	100%		
<b>VI. Method of Valuation:</b>	Projected Unit Credit Method			
<b>VII. Actuarial Assumption</b>				
1. Discount Rate	8%	8%	8%	8%
2. Expected rate of return on plan assets	9%	8%		
3. Mortality Table	LIC (2006-08) Ultimate	LIC (1994-96) Ultimate	LIC (2006-08) Ultimate	LIC (2006-08) Ultimate
4. Salary Increment Rate	5%	5%	5%	5%
5. Retirement Age	60 Years	60 Years	60 Years	60 Years
6. Withdrawal	Attrition rate of 1% up to the age of 30 Years	Attrition rate of 1% up to the age of 30 Years	Attrition rate of 1% up to the age of 30 Years	Attrition rate of 1% up to the age of 30 Years

(Amount in Rs.)

	Year ended				
	March 2010	March 2011	March 2012	March 2013	March 2014
<b>VIII. Experience Adjustments:</b>					
Defined Benefit obligation at end of the period	2,308,369	3,389,211	4,641,070	6,580,303	8,419,314
Plan assets at the end of period	3,004,595	3,804,595	4,804,595	6,801,547	9,600,666
Funded Status Surplus/(Deficit)	(696,226)	(415,384)	(163,525)	(221,244)	(1,181,352)
Experience adjustments on plan liabilities (gain)/loss	(444,432)	(625,820)	(695,979)	(598,464)	(1,850,137)
Experience adjustments on plan assets gain/(loss)	(46,895)	(63,952)	(83,037)	(105,820)	(133,924)

# Notes to the Accounts

for the year ended March 31, 2014

10) Earnings per share:

	(Amount in Rs.)	
	March 2014	March 2013
Amount used as numerator – Balance of Profit after Tax available for shareholders (Rs.)	41,99,65,732	34,44,64,667
Weighted average number of equity shares used in computing basic earnings per share	2,577,320	25,00,847
Weighted average number of equity shares used in computing diluted earnings per share	2,577,320	25,00,847
Basic earnings per share (Rs.) (Face value of Rs. 10 per share)	162.95	137.74
Diluted earnings per share (Rs.)	162.95	137.74

11) In accordance with Accounting Standard 22 on Accounting for Taxes on Income the company has accounted for Deferred Tax Asset of Rs. 11,70,833/- (Previous Year Rs. 4,48,082/-) as at 31st March 2014. The breakup of the Deferred Tax Asset as at 31st March 2014 is as under:

Particulars	(Amount in Rs.)	
	Deferred Tax Asset/(Liability) March 2014	Deferred Tax Asset/(Liability) March 2013
Provision for Doubtful Debts	4,97,954	4,19,777
Depreciation	(17,04,298)	(18,25,371)
Gratuity	(4,01,542)	(75,201)
Leave Encashment	27,10,739	18,26,907
Bonus and Incentive	67,980	1,01,970
<b>Total</b>	<b>11,70,833</b>	<b>4,48,082</b>

12) There are no dues payable to Small Scale industrial undertakings in view of the nature of the business of the Company.

13) Suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006, has not furnished the information regarding filing of necessary memorandum with appointed authority. In view of this and legal opinion obtained by the Company, information required under Section 22 of the said Act is not given.

Signatures to Notes to Accounts

For **B. K. Khare and Co.**  
Chartered Accountants  
Firm Regn No. 105102W

**H.P. Mahajani**  
Partner  
Membership No. 30168

For and on behalf of the Board

**Rajeev Dubey**  
Chairman

**Uday Y. Phadke**  
Director

**Ramesh Iyer**  
Director

**V. Ravi**  
Director

**Hemant Sikka**  
Director

**Dr. Jaideep Devare**  
Managing Director

Place: Mumbai  
Date: 14 April, 2014

## Directors' Report to the Shareholders

Your Directors have pleasure in presenting their Seventh Report together with the audited accounts of your Company for the year ended 31st March, 2014.

### Financial Results

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
Income	21,252.10	14,040.02
Less: Finance Costs	8,898.96	5,555.86
Expenditure	8,529.71	5,635.36
Depreciation and Amortisation Expenses	143.22	108.26
Total Expenses	17,571.89	11,299.48
Profit Before Tax	3,680.21	2,740.54
Less: Provision for Tax		
Current Tax	1,309.67	870.34
Deferred Tax	(337.31)	(161.58)
Profit/(Loss) for the year	2,707.85	2,031.78
Profit/(Loss) brought forward from previous year	1,837.09	899.57
Amount available for Appropriation	4,544.94	2,931.35
Appropriations:		
Special Reserve	820.00	555.00
Additional Special Reserve (u/s 29C of NHB Act, 1987)	5.00	5.00
General Reserve	68.00	-
Proposed dividend on Equity Shares	612.98	457.14
Income-tax on proposed dividend	104.18	77.12
Surplus carried to Balance Sheet	2,934.78	1,837.09

### Operations

During the year under review the total income was Rs. 212.52 crores as against Rs. 140.40 crores for the financial year 2012-13, registering a growth of 51% over the previous year. Profit before tax was 34% higher at Rs. 36.80 crores as compared to Rs. 27.41 crores for the previous year. Profit after tax was 33% higher at Rs. 27.08 crores as compared to Rs. 20.32 crores for the previous year.

Your Company has disbursed loans aggregating Rs. 630.56 crores (previous year Rs. 432.85 crores) achieving a growth of 45% over the previous year. The outstanding loan portfolio as at 31st March, 2014 stood at Rs. 1,354.97 crores.

Your Company continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 1.5 lakhs. During the year under review, around 57,000 households were given home loans (in addition to around 1,25,000 existing households as on 31st March, 2013).

Your Company has been expanding its geographical presence, to provide affordable services for rural households. During the year under review, operations were strengthened in the states of Maharashtra, Gujarat, Rajasthan, Tamilnadu, Andhra Pradesh, Kerala, Karnataka, Madhya Pradesh and Bihar.

### Dividend

Your Directors recommend a dividend of Re. 1.10 per Equity Share on 6,57,37,137 Equity Shares of Rs.10 each, aggregating Rs. 6.13 crores (including proportionate dividend on 2,00,22,857 Equity Shares allotted during the year). The above dividend, if approved, will be paid to those Members whose names appear in the Register of Members as on the Record Date fixed for this purpose. The dividend including dividend distribution tax, surcharge and education cess will absorb a sum of Rs. 7.17 crores (as against Rs. 5.35 crores (including tax) on account of dividend of Re. 1 per Equity Share, paid for the previous year).

## Golden jubilee rural housing finance scheme

During the year under review, your Company has disbursed Rs. 410.83 crores in respect of 55,680 dwelling units under the Golden Jubilee Rural Housing Finance Scheme ("the Scheme") of Government of India. The cumulative disbursements by the Company at the end of the year under the Scheme stood at Rs. 1,405.10 crores in respect of 1,78,038 dwelling units.

## Finance

During the year under review, your Company has been sanctioned Refinance Assistance of Rs. 125 crores from National Housing Bank (NHB). As on 31st March, 2014 the outstanding borrowings from NHB cumulatively amounted to Rs. 297.64 crores.

During the year under review, your Company has been sanctioned Term loans of Rs. 200 crores from banks for tenures of three to five years. As on 31st March, 2014 the outstanding borrowings from Banks amounted to Rs. 737.52 crores.

## Share Capital

During the year under review, your Company has issued 2,00,22,857 Equity Shares of Rs. 10 each at a premium of Rs. 15 per share on rights basis envisaging capital infusion of Rs. 50.06 crores. An amount of Rs. 12.5 per share (including premium of Rs. 7.5 per share) on 2,00,22,857 equity shares aggregating to Rs. 25.03 crores has been called and paid-up during the year out of the said rights issue.

## Credit Rating

During the year under review, CRISIL has upgraded its rating on the long-term bank facilities of the Company to 'CRISIL AA-/Stable' from 'CRISIL A+/Stable' and reaffirmed the rating on short term debt programme (including commercial paper) of the Company at 'CRISIL A1+'.

## Outlook for the financial year 2014-15

The business potential for the Housing Finance Industry in India is large. According to a World Bank report of 2008, Housing Loans outstanding, as a percentage of the country's GDP, were just 9% for India as compared to 88% in the U.K., 81% in the U.S.A. and 20% in China. According to the 2011 census, close to 69% of the Indian population lives in rural areas. Your Company's strategic decision to focus on Rural Housing Finance stems from the low overall penetration of the housing finance industry and the even lower penetration in rural India.

The Government of India has been taking steps directly and through the NHB to bridge the housing shortage and

increase access to housing finance in rural areas. These steps will help the Company to boost its growth.

## Achievements

During the year under review, your Company was awarded for various prestigious recognitions at National & International level. A few of those were:

- Awarded Bronze for "Product Excellence" in the "Global CSR Summit & Awards 2013" in April 2013, held in Davao, Philippines.
- Won the Skoch 'Order of Merit' for qualifying amongst 'India's best – 2013' for corporate contribution to India's growth post liberalization in November 2013.
- Awarded the "Gold" award in the Housing category at the Skoch Awards for Corporate Leadership 2013.
- Awarded the 'Most Admired Service Provider in Financial Sector' by the Banking, Financial Services & Insurance Awards presented by ABP News on 14th February, 2014.

## Capital adequacy

Consequent upon the allotment of Equity Shares issued on a Rights basis, the paid-up share capital of the Company has increased to Rs. 55.73 crores as on 31st March, 2014 from Rs. 45.71 crores as on 31st March, 2013. The securities premium account has also been credited with Rs. 14.97 crores. As a result of the increased net worth, your Company was able to enhance the Capital to Risk Assets Ratio (CRAR) to 16.05 per cent as on 31st March, 2014 well above 12 per cent CRAR prescribed by the NHB.

## Non-performing assets and provisions for contingency

Your Company scrupulously adheres to the prudential guidelines for Non-Performing Assets (NPAs), issued by NHB under its Housing Finance Companies (NHB) Directions, 2010, as amended from time to time. Your Company has made adequate provision for the assets on which installments are overdue for more than 90 days and on other assets, as required.

## National Housing Bank guidelines

Your Company has complied with all the applicable regulations of NHB. Your Company has scrupulously adhered to various Circulars, Guidelines and Notifications issued by NHB from time to time. The Circulars and the Notifications issued by NHB are also placed before the Board at regular intervals. NHB carries out inspections of various Housing Finance Companies at regular intervals. The Inspection Reports received by the Company from NHB are also placed before the Board.

### Insurance protection to borrowers

Your Company has tied up with Kotak Mahindra Old Mutual Life Insurance Limited and Cholamandalam MS General Insurance Company Limited for insurance of its housing loan products alongwith life insurance called Sampoorana Suraksha Plan which covers the borrowers of the Company.

### Human resources and training

Your Company took a number of initiatives to strengthen human resources during the year.

In pursuance of the Company's commitment to develop and retain the best available talent, the Company has been sponsoring the employees for training programmes organized by reputed professional institutions and training programmes conducted by NHB for building capabilities thereby upgrading the skill and knowledge of the employees in different operational areas. Constant endeavors are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees.

The Company has also conducted various engagement surveys to understand the engagement levels across employees for devising various policies which has helped in boosting employees morale and engagement levels.

Your Company strongly believes in maintaining the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harrasment of any type are strictly prohibited. The Company has taken the necessary steps to enhance awareness amongst its employees in respect of the provisions of the Sexual Harrasment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the year, the Company has received two complaints of sexual harassment which were duly resolved.

### Directors

Mr. V. Ravi retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

### Directors' responsibility statement

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to

give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the year ended on that date;

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

### Audit committee

The Audit Committee of the Board presently comprises of Mr. Ramesh Iyer (Chairman of the Committee), Mr. Uday Y. Phadke and Mr. V. Ravi. The Audit Committee met twice during the year under review.

### Nomination and remuneration committee

The Board at its Meeting held on 15th April, 2014 has extended the scope of terms of reference of Remuneration/ Compensation Committee in accordance with the section 178 of the Companies Act, 2013 and renamed it as the 'Nomination and Remuneration Committee'. The Nomination and Remuneration Committee of the Board presently comprises of Mr. Ramesh Iyer, Mr. K. Chandrasekar and Mr. V. Ravi. The Committee met once during the year under review.

### Asset liability committee

The Asset Liability Committee (ALCO) of the Board presently comprises of Mr. Ramesh Iyer (Chairman of the Committee), Mr. K. Chandrasekar and Mr. V. Ravi. The ALCO Committee met twice during the year under review. The Company submits periodic reports to NHB on the management of the Company's risks and assets and liabilities.

### Corporate social responsibility committee

The Company has constituted a Corporate Social Responsibility (CSR) Committee on 5th March, 2014 comprising Mr. Ramesh Iyer, Mr. K. Chandrasekar, Mr. V. Ravi and Mr. Anuj Mehra. The Committee met once during the year under review and framed the CSR Policy of the Company in accordance with the Companies Act, 2013 ('the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee shall, inter alia, allocate the amount of expenditure to be incurred by the Company on CSR activities as enumerated in Schedule VII to the Act and monitor the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the website of the Company.

During the year under review, your Company has spent Rs. 22 lacs towards CSR activities for promotion of education and improvement of health of the underprivileged section of the society.

### Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting, and have given their consent for re-appointment. The shareholders would be required to elect Auditors from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and fix their remuneration.

As required under the provisions of section 224(1B) of the Companies Act, 1956 and Sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from Messrs. B.K. Khare & Co., Chartered Accountants, proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the criteria specified in the said sections.

### Public deposits and loans/advances

The Company has not accepted deposits from the public or its employees during the year under review.

The Company has not made any loans/advances in the nature of loans which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent company – Mahindra & Mahindra Financial Services Limited and the ultimate parent company – Mahindra & Mahindra Limited, with the Stock Exchanges.

### Codes of conduct for corporate governance

The Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members and the Senior Management and Employees of the Company affirming compliance with the respective Codes.

### Conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure I to this Report.

### Particulars of employees as required under section 217(2a) of the companies act, 1956 and rules made thereunder

As required under section 217(2A) of the Companies Act, 1956 and Rules thereunder, a statement containing particulars of the Company's employee who was in receipt of remuneration of not less than Rs. 60,00,000 during the year ended 31st March, 2014 or not less than Rs. 5,00,000 per month during any part of the said year is given in Annexure II to this Report. The Company had no employee who was employed for a part of the Financial Year and was in receipt of remuneration of not less than Rs. 5,00,000 per month during any part of the year.

### Acknowledgement

Your Directors take this opportunity to place on record their sincere appreciation to National Housing Bank, the Company's customers, bankers, shareholders and employees for the support received from them during the year under review.

For and on behalf of the Board

**Ramesh Iyer**  
Chairman

Mumbai, 15th April, 2014

#### Registered Office:

Mahindara Towers,  
P. K. Kurne Chowk, Worli,  
Mumbai - 400018.

CIN: U65922MH2007PLC169791

Tel.: 91 22 6652 3500 Fax: 91 22 2497 2741

E-mail: [customercare.mrhfl@mahfin.com](mailto:customercare.mrhfl@mahfin.com)

Website: [www.mahindrahomelfinance.com](http://www.mahindrahomelfinance.com)

## Annexure I to the Directors' Report for the financial year ended 31st March, 2014

Particulars as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2014.

### A. Conservation of Energy

- a. Energy Conservation measures taken: The operations of your Company are not energy-intensive. However, adequate measures have been initiated to reduce energy consumption.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Nil
- c. Impact of the measures taken/to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: These measures are expected to reduce the energy consumption.
- d. Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: Not Applicable.

### B. Technology Absorption

#### Research & Development (R & D)

1. Areas in which R & D is carried out : None
2. Benefits derived as a result of the above efforts : Not applicable
3. Future plan of action : None
4. Expenditure on R & D : Nil
5. Technology absorption, adaptation and innovation : None
6. Imported Technology for the last 5 years : None

### C. Foreign Exchange Earnings and Outgo

The Information on Foreign Exchange Outgo is furnished in Notes to Accounts. There were no foreign exchange earnings during the year under review.

For and on behalf of the Board

**Ramesh Iyer**  
Chairman

Mumbai, 15th April, 2014

## Annexure II to the Directors' Report for the financial year ended 31st March, 2014

Additional information as required under Section 217(2a) of the Companies Act, 1956, read with the Companies (particulars of employees) rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2014.

Name of Employee	Designation/ Nature of Duties	Gross Remuneration (subject to income- tax) (Rs. Lacs)	Qualifications	Experience (Years)	Age (Years)	Date of Commencement of Employment	Last Employment held, Designation and Organisation
Mr. Anuj Mehra	Managing Director	120.64	Bachelor in Economics P.G.D.M., I.I.M. (Ahmedabad)	30	53	1st March, 2009	Vice President – Marketing Mahindra Lifespace Developers Limited

### Notes:

1. Nature of employment is contractual, subject to termination on one month's notice on either side.
2. The above employee is not a relative of any Director of the Company.
3. The above employee does not hold by himself or along with his spouse and dependent children 2% or more of the equity shares of the Company.
4. Terms and conditions of employment are as per Company's Rules/contract.
5. Gross remuneration received as shown in the statement includes Salary, Bonus, House Rent Allowance or value of perquisites for accommodation, car perquisites value/allowances applicable, employer's contribution to Provident Fund, Superannuation scheme and Gratuity Fund including group insurance premium, leave travel facility, reimbursement of medical expenses and all allowances/perquisites and terminal benefits as applicable.

For and on behalf of the Board

**Ramesh Iyer**  
Chairman

Mumbai, 15th April, 2014

# Independent Auditor's Report

To the Members of

**Mahindra Rural Housing Finance Limited**

## Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Rural Housing Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) 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;
  - (c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - (e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **B. K. Khare & Co.**

Chartered Accountants

Firm's Registration No. 105102W

**Devdatta Mankar**

Partner

Membership No. 109795

Mumbai : 15th April, 2014

**Annexure to the Auditor's Report referred to in our Report of even date:**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets. These assets were physically verified by the Management during the year at reasonable intervals and no discrepancies were noticed on such verification.
- (b) None of the fixed assets have been revalued during the year.
- (c) Fixed assets disposed off during the year were not substantial and therefore do not affect going concern status of the Company.
2. Clause 4(ii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
3. (a) Based on the records examined by us and according to the information and explanations given to us, the Company has:
  - (i) Not granted any loans to parties covered in the Register maintained under section 301 of the Companies Act, 1956.
  - (ii) Not taken any loans from parties covered in the Register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct any major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company.
7. In our opinion and according to the information and explanations provided to us, the Company has an internal audit system, which is commensurate with its size and the nature of its business.
8. According to the information and explanation given to us, the requirements of Para 4 (viii) requiring maintenance of cost records are not applicable in case of the Company.
9. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident fund, Investor education and protection fund, Employees' state insurance, Income tax, Sales tax, Wealth tax and Service tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the records of the company and information and explanations given to us there are no disputed dues which have not been deposited with the relevant authority.
10. The Company does not have accumulated losses as at the end of the current year. The Company has not incurred cash losses in such financial year and in the immediately preceding financial year.
11. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. Based on the records examined by us and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures, or other securities.
13. The provisions of any applicable statute to Chit Fund, Nidhi or Mutual Benefit Fund/Society are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. Based on the records examined by us and according to the information and explanations given to us, during the year, term loans were applied for the purpose for which the loans were taken.
17. On the basis of overall examination of the financial statements and other financial information furnished, we report that the company has not used short term funds for long term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
19. On the basis of our examination of books of account and documents and according to the information and explanations given to us, the Company has not issued any secured debentures during the year.
20. The Company has not made any public issue of its shares during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company were noticed or reported during the year, nor have we been informed of any such instances during the year.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No. 105102W

**Devdatta Mainkar**  
Partner  
Membership No. 109795

Mumbai : 15th April, 2014

## Balance Sheet

as at March 31, 2014

Particulars	Note	(Rs. in Lacs)	
		March 2014	March 2013
<b>I. Equity &amp; liabilities</b>			
<b>1) Shareholders' funds</b>			
a) Share Capital	1	5,572.57	4,571.43
b) Reserves and Surplus	2	6,579.42	3,092.02
		12,151.99	7,663.45
<b>2) Non-current liabilities</b>			
a) Long-Term Borrowings	3	90,783.60	56,864.75
b) Long Term provisions	4	1,215.91	604.64
		91,999.51	57,469.39
<b>3) Current liabilities</b>			
a) Short Term Borrowings	5	2,625.00	3,525.00
b) Trade Payables	6	1,592.66	1,245.75
c) Other Current Liabilities	7	27,388.98	18,317.91
d) Short Term Provisions	8	2,005.92	1,285.10
		33,612.56	24,373.76
<b>Total</b>		<b>137,764.06</b>	<b>89,506.60</b>
<b>II. Assets</b>			
<b>1) Non-current assets</b>			
a) Fixed Assets	9		
i) Tangible Assets		722.23	477.14
ii) Capital work-in-progress		-	17.94
b) Deferred Tax Assets (Net)	10	663.42	326.11
c) Long Term Loans and Advances	11	103,445.96	67,627.17
		104,831.61	68,448.36
<b>2) Current assets</b>			
a) Cash and Cash Equivalents	12	653.21	517.28
b) Short Term Loans and Advances	13	32,279.24	20,540.96
		32,932.45	21,058.24
<b>Total</b>		<b>137,764.06</b>	<b>89,506.60</b>
<b>Significant accounting policies and notes on accounts</b>	<b>I &amp; II</b>		

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

This is the Balance Sheet referred in our report of even date.

For **B. K. Khare and Co.**  
Chartered Accountants  
FRN: 105102W

**Devdatta Mainkar**  
Partner  
Membership No. 109795

Mumbai : 15th April, 2014

**Ramesh Iyer**  
Chairman

**Anuj Mehra**  
Managing Director

**Uday Y. Phadke**  
Director

**V. Ravi**  
Director

**Dharmesh Vakharia**  
Chief Financial Officer

**V. Rajan**  
Director

**K. Chandrasekar**  
Director

**Harshada Pathak**  
Company Secretary

# Statement of Profit and Loss

for the year ended March 31, 2014

Particulars	Note No.	(Rs. in Lacs)	
		March 2014	March 2013
I. Revenue from operations	15	21,243.53	14,036.37
II. Other income	16	8.57	3.65
<b>III. Total Revenue (I + II)</b>		<b>21,252.10</b>	<b>14,040.02</b>
<b>IV. Expenses:</b>			
Employee Benefit Expenses	17	3,501.89	2,438.45
Finance costs	18	8,898.96	5,555.86
Depreciation and Amortization Expense	19	143.22	108.26
Provisions & Write Offs	20	1,066.40	478.63
Other Expenses	21	3,961.42	2,718.28
<b>Total expenses</b>		<b>17,571.89</b>	<b>11,299.48</b>
<b>V. Profit Before Tax (III - IV)</b>		<b>3,680.21</b>	<b>2,740.54</b>
<b>VI. Tax expense:</b>			
(1) Current tax		1,309.67	870.34
(2) Deferred tax		(337.31)	(161.58)
<b>VII. Profit/(Loss) for the period from Continuing Operations (V - VI)</b>		<b>2,707.85</b>	<b>2,031.78</b>
<b>VIII. Profit/(Loss) for the period</b>		<b>2,707.85</b>	<b>2,031.78</b>
<b>IX. Earnings per Equity Share (Rupees):</b>			
(1) Basic		4.95	4.44
(2) Diluted		4.95	4.44
<b>Significant accounting policies and notes on accounts</b>	<b>I &amp; II</b>		

The notes referred to above form an integral part of the Balance Sheet.  
This is the Statement of Profit & Loss referred in our report of even date.

For **B. K. Khare and Co.**  
Chartered Accountants  
FRN:105102W

**Devdatta Mainkar**  
Partner  
Membership No. 109795

Mumbai : 15th April, 2014

**Ramesh Iyer**  
Chairman

**Anuj Mehra**  
Managing Director

**Uday Y. Phadke**  
Director

**V. Ravi**  
Director

**Dharmesh Vakharia**  
Chief Financial Officer

**V. Rajan**  
Director

**K. Chandrasekar**  
Director

**Harshada Pathak**  
Company Secretary

## Cash Flow Statement

as at March 31, 2014

	(Rs. in Lacs)	
	March 2014	March 2013
<b>A. Cash flow from operating activities</b>		
Profit before tax from continuing operations	3,680.21	2,740.54
<b>Profit before tax</b>	<b>3,680.21</b>	<b>2,740.54</b>
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	143.22	108.26
Loss on Termination	55.12	19.33
Loss/(profit) on sale of fixed assets	-	0.72
Interest expense	8,825.28	5,501.68
Provision for Non Performing Assets	837.15	325.90
General Provision on Standard Assets	174.13	133.40
<b>Operating profit before working capital changes</b>	<b>13,715.11</b>	<b>8,829.83</b>
Movements in working capital		
Increase/(decrease) in trade payables	346.91	442.65
Increase/(decrease) in long-term provisions	23.09	0.44
Increase/(decrease) in short-term provisions	115.38	79.93
Increase/(decrease) in other current liabilities	2,572.68	6,706.56
Decrease/(increase) in long-term loans and advances	(35,822.05)	(24,943.43)
Decrease/(increase) in short-term loans and advances	(11,793.40)	(9,636.87)
Cash generated from/(used in) operations	(30,842.28)	(18,520.91)
Direct taxes paid (net of refunds)	(1,309.66)	(808.23)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>(32,151.94)</b>	<b>(19,329.14)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets, including CWIP and capital advances	(368.15)	(328.29)
Proceeds from sale of fixed assets	1.04	3.52
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(367.11)</b>	<b>(324.77)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital including premium	2,497.85	-
Increase/(Decrease) in long-term borrowings (net)	33,918.85	21,728.47
Increase/(Decrease) in short-term borrowings (net)	(900.00)	325.00
Increase/(Decrease) in current maturities of long term loans (net)	6,022.55	2,412.66
Interest paid	(8,349.44)	(5,267.38)
Dividend paid on equity shares	(457.14)	(320.00)
Tax on equity dividend paid	(77.69)	(51.91)
<b>Net cash flow from/(used in) in financing activities (C)</b>	<b>32,654.98</b>	<b>18,826.83</b>

# Cash Flow Statement

as at March 31, 2014

	(Rs. in Lacs)	
	March 2014	March 2013
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>135.92</b>	<b>(827.08)</b>
Cash and cash equivalents at the beginning of the year	517.28	1,344.36
<b>Cash and cash equivalents at the end of the year</b>	<b>653.21</b>	<b>517.28</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	315.38	108.97
With banks – on cash credit account	1.78	3.29
With banks – on current account	336.05	405.02
<b>Total cash and cash equivalents (note 12)</b>	<b>653.21</b>	<b>517.28</b>

For **B. K. Khare and Co.**  
Chartered Accountants  
FRN:105102W

**Devdatta Mainkar**  
Partner  
Membership No. 109795

Mumbai : 15th April, 2014

**Ramesh Iyer**  
Chairman

**Anuj Mehra**  
Managing Director

**Uday Y. Phadke**  
Director

**V. Ravi**  
Director

**Dharmesh Vakharia**  
Chief Financial Officer

**V. Rajan**  
Director

**K. Chandrasekar**  
Director

**Harshada Pathak**  
Company Secretary

# Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

## Note I

### Significant Accounting Policies (SAP)

#### 1.1 Basis for preparation of accounts

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under the said Act. Read with the General Circular 15/2013 dated September 13, 2013 of Ministry of Corporate Affairs in respect of section 133 of The Companies Act 2013.

All assets & liabilities have been classified as current & non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets & liabilities.

Further, the Company follows prudential norms for Income Recognition, Assets classification and provisioning for Non-performing Assets as prescribed by The National Housing Bank for Housing Finance Companies.

#### 1.2 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting year. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

#### 1.3 Inflation

Assets and liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

#### 1.4 Revenue recognition

##### a. Interest and other income from Housing Loans

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, service charges and

fee based income which on account of uncertainty of ultimate collection are accounted on receipt basis. In accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies, income on business assets classified as Non- Performing Assets, is recognized on receipt basis.

##### b. Income from Investments

i. Dividend from investments is accounted for as income when the right to receive dividend is established.

ii. Interest income is accounted on accrual basis.

#### 1.5 Tangible & intangible assets

##### a. Tangible Assets

Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation. Assets held for sale or disposals are stated at the lower of their net book value and net realizable value.

##### b. Intangible Assets

Computer software is initially measured at cost and amortized so as to reflect the pattern in which the asset's economic benefits are consumed.

#### 1.6 Investments

Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments or in accordance with the norms prescribed by National Housing Bank and Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

#### 1.7 Depreciation

Depreciation on fixed assets is charged using Straight Line Method at rates specified in Schedule XIV to The Companies Act, 1956 except for:

a. Office Equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV.

# Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

- b. Assets costing less than Rs. 5,000/- are fully depreciated in the year of purchase and
- c. Vehicles used by employees are depreciated over the maximum period of 48 months based on the useful life of vehicle for the Company.
- d. Computer software is amortized over the estimated useful life. The maximum period of such amortization is 36 months.

## 1.8 Loan against assets

Loan against assets are stated at agreement value net of installments received less unmaturing finance charges.

## 1.9 Share issue expenses

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities premium reserve in the year in which they are incurred.

## 1.10 Lease

Payments under operating lease arrangements are recognized as per the terms of the lease.

## 1.11 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Equity Share holders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earning per share is the net profit for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, sub division of shares, etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period is adjusted for the effect of all dilutive potential equity shares.

## 1.12 Tax on income

The accounting treatment for Income-tax in respect of the Company's income is based on Accounting Standard 22 (AS-22) "Accounting for Taxes on Income" notified by Companies (Accounting Standards) Rules, 2006. The provision made for Income-tax made in the accounts shall comprise of Tax on current income and Deferred Tax. Current Tax is determined as the amount

of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods. Deferred Tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. The major components of the respective balances of Deferred Tax assets and liabilities are disclosed in the accounts.

## 1.13 Miscellaneous expenditure

Preliminary Expenses: Preliminary and pre-operative expenses are charged to Statement of Profit and Loss in the year of incurrence.

## 1.14 Employee benefits

### a. Defined Contribution Plans -

Company's contribution paid/payable during the year to Provident Fund and Labour Welfare Fund are recognized in the Statement of Profit and Loss.

### b. Defined Benefit Plan -

Company's liabilities towards gratuity is determined using the Projected Unit Credit Method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

- c. Liability on account of encashment of Privilege Leave & Sick Leave to employees is considered as short term & long term compensated expense provided as unfunded benefit and recognized on the basis of actuarial valuation using Projected Unit Credit Method determined by appointed actuary.

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

### 1.15 Borrowing cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings. On early repayment of borrowings, any unamortized expenditure is fully written off in that year.

### 1.16 Impairment of assets

Management periodically assesses using external and internal sources where there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of

the carrying amount over the higher of the asset's net sales price or present value as determined above.

### 1.17 Provisions for non performing assets (NPA)

Housing loans are classified into "Performing" and "Non Performing" assets in terms of guidelines laid down by the National Housing Bank. The provisioning policy of the Company covers the minimum provisioning required as per the NHB guidelines.

### 1.18 Provisions & contingent liabilities

Provisions are recognized in accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 1 Share capital</b>		
<b>Authorised Capital:</b>		
100,000,000 Equity shares of Rs. 10/- each (Previous year 100,000,000 shares of Rs. 10/- each)	10,000.00	10,000.00
<b>Issued Capital:</b>		
65,737,137 Equity shares of Rs. 10/- each (Previous year 45,714,280 shares of Rs. 10/- each)	6,573.71	4,571.43
<b>Subscribed and Paid-up Capital:</b>		
45,714,280 Equity shares of Rs. 10/- each fully paid up 20,022,857 Equity Shares of Rs. 10/- each and Rs. 5/- called & paid up (Previous year 45,714,280 shares of Rs. 10/- each fully paid up)	5,572.57	4,571.43
<b>Total</b>	<b>5,572.57</b>	<b>4,571.43</b>

Other quantitative information	(Rs. in Lacs)	
	March 2014	March 2013
<b>Particulars</b>		
<b>a) Reconciliation of Number of Equity Shares</b>		
Number of equity shares outstanding at the beginning of the period	45,714,280	45,714,280
Add: Fresh allotment of shares during the year		
1) Issue of Rights Shares	20,022,857	-
	<b>65,737,137</b>	<b>45,714,280</b>
Less: Shares bought back during the year	-	-
Number of equity shares outstanding at the end of the period	<b>65,737,137</b>	<b>45,714,280</b>

# Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

Other quantitative information Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>b) Reconciliation of Equity Shares – in Value</b>		
Amount of equity shares outstanding at the beginning of the period	4,571.43	4,571.43
Add: Fresh allotment of shares during the period:		
Call made for partly paid up shares (Rs. 5 Per Equity Share)	1,001.14	
Amount of equity shares outstanding at the end of the period	<b>5,572.57</b>	<b>4,571.43</b>
<b>c) Number of Equity Shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates -</b>		
Holding Company: Mahindra & Mahindra Financial Services Limited (Equity Shares of Rs. 10/- each) (including 6 shares held jointly with nominees)	57,520,003	40,000,000
Percentage of Holding (%)	87.50%	87.50%
<b>d) Shareholders Holding more than 5% Shares:</b>		
Mahindra & Mahindra Financial Services Limited	57,520,003	40,000,000
Percentage of holding (%)	87.50%	87.50%
National Housing Bank	8,217,134	5,714,280
Percentage of holding (%)	12.50%	12.50%

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 2 Reserves &amp; Surplus</b>		
<b>Securities Premium Reserve</b>		
Opening Balance as per last Balance Sheet		
Add: Additions during the year	1,501.72	-
Less: Shares issue expenses	5.01	-
<b>Closing Balance</b>	<b>1,496.71</b>	-
<b>Statutory Reserve</b>		
(As per Section 29C of the National Housing Bank Act, 1987) {refer note no 22}		
Opening Balance as per last Balance Sheet	1,254.93	694.93
Add: Addition during the Year	825.00	560.00
Less: Appropriation during the year	-	-
<b>Closing Balance</b>	<b>2,079.93</b>	<b>1,254.93</b>
<b>General Reserve</b>		
Opening balance as per last Balance Sheet	-	-
Add: Transfer during the year	68.00	-
<b>Closing Balance</b>	<b>68.00</b>	-
<b>Surplus:</b>		
Balance Profit (for earlier years) as per last Balance Sheet	1,837.09	899.57
Add: Profit for the current year transferred from Statement of Profit & Loss	2,707.85	2,031.78
	<b>4,544.94</b>	<b>2,931.35</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

(Rs. in Lacs)

Particulars	March 2014	March 2013
<b>Note 2 Reserves &amp; Surplus (Contd.)</b>		
<b>Less: Allocations &amp; Appropriations</b>		
General Reserve	68.00	-
Special Reserve	820.00	555.00
Additional Special Reserve	5.00	5.00
Proposed Dividend On Equity Shares	612.98	457.14
Corporate Dividend Tax on Equity Shares	104.18	77.69
Excess Provision for Dividend Tax on Equity shares for previous years	-	(0.57)
	1,610.16	1,094.26
<b>Balance Profit carried to Balance Sheet</b>	<b>2,934.78</b>	<b>1,837.09</b>
<b>Total</b>	<b>6,579.42</b>	<b>3,092.02</b>

(Rs. in Lacs)

Particulars	March 2014	March 2013
<b>Note 3 Long-term Borrowings</b>		
<b>a) Secured</b>		
Term Loan from Banks {refer note no 23 (i)}	66,389.47	37,251.75
National Housing Bank {refer note no 23 (ii)}	23,544.13	18,774.49
<b>Total</b>	<b>89,933.60</b>	<b>56,026.24</b>
<b>b) Unsecured</b>		
Unsecured Bonds (Subordinate Debt) {refer note no 24 (i)}	700.00	700.00
Loans and Advances from Related Parties (ICDs) {refer note no 24 (ii)}	150.00	138.51
<b>Total</b>	<b>850.00</b>	<b>838.51</b>
<b>Total (a+b)</b>	<b>90,783.60</b>	<b>56,864.75</b>

(Rs. in Lacs)

Particulars	March 2014	March 2013
<b>Note 4 Long Term Provisions</b>		
Provision for employee benefits	67.33	44.24
Provision for Non Performing Assets	748.37	295.44
Provision for Standard Assets	400.21	264.96
<b>Total</b>	<b>1,215.91</b>	<b>604.64</b>

(Rs. in Lacs)

Particulars	March 2014	March 2013
<b>Note 5 Short Term Borrowings</b>		
<b>a) Secured</b>		
Loans from Bank {refer note 25}	1,500.00	1,500.00
<b>Total</b>	<b>1,500.00</b>	<b>1,500.00</b>
<b>b) Unsecured</b>		
Loans and Advances from Related Parties (ICDs) {refer note no 24 (ii)}	1,125.00	2,025.00
<b>Total</b>	<b>1,125.00</b>	<b>2,025.00</b>
<b>Total (a+b)</b>	<b>2,625.00</b>	<b>3,525.00</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 6 Trade Payables</b>		
Trade Payables for Finance	912.03	782.15
Trade Payables for Expenses & Others	680.63	463.60
<b>Total</b>	<b>1,592.66</b>	<b>1,245.75</b>

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 7 Other Current Liabilities</b>		
<b>Current Maturities of Long Term Debt</b>		
<b>a) Secured</b>		
Loans Repayable		
Term Loan from Banks {refer note no 23 (i)}	5,862.28	5,445.61
National Housing Bank {refer note no 23 (ii)}	6,219.68	4,487.68
	12,081.96	9,933.29
<b>b) Unsecured</b>		
Loans and Advances from Related Parties (ICDs) {refer note no 24 (ii)}	3,873.88	-
	3,873.88	-
Interest Accrued but not Due on Borrowings	1,296.11	820.28
Credit balances in Current Accounts with Banks	10,021.76	7,475.89
Statutory & Other Liabilities	115.27	88.45
<b>Total</b>	<b>27,388.98</b>	<b>18,317.91</b>

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 8 Short-term provisions</b>		
Provision for Employee Benefits	450.24	334.86
Provision for Non Performing Assets	658.61	274.39
Provisions against Standard Assets	117.61	78.73
Proposed Dividend*	612.98	457.14
Corporate Dividend Tax	104.18	77.69
Provision for Taxation (net of taxes paid)	62.30	62.29
<b>Total</b>	<b>2,005.92</b>	<b>1,285.10</b>

\* The Board of Directors have recommended a dividend of Rs. 1.10 per share on 6,57,37,137 Equity Share of Rs. 10/- each for the current financial year (including proportionate dividend on 2,00,22,857 equity Shares). The dividend payout will absorb a sum of Rs. 717.16 Lacs (including dividend distribution tax).

# Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

(Rs. in Lacs)

Note 9 Fixed Assets

Asset Description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	Balance as at 1/04/2013	Additions for purchase/transfer	Sub Total	Deductions for Sale/transfer	Balance as at 31/03/2014	Balance as at 1/04/2013	Depreciation for the year/transfer	Deductions for Sale/transfer	Balance as at 1/04/2013	Balance as at 31/03/2014
i) Tangible Assets:										
Computers	161.81	96.05	257.86	0.25	257.61	38.07	34.06	0.08	72.05	123.74
Furniture and Fixtures	83.80	26.96	110.76	1.00	109.76	39.79	12.66	0.13	52.32	44.01
Vehicles	183.75	130.48	314.22	-	314.22	47.41	48.18	-	95.59	136.34
Office Equipment	217.68	135.86	353.55	-	353.55	44.63	48.32	-	92.95	173.05
<b>Total</b>	<b>647.04</b>	<b>389.35</b>	<b>1,036.39</b>	<b>1.25</b>	<b>1,035.14</b>	<b>169.90</b>	<b>143.22</b>	<b>0.21</b>	<b>312.91</b>	<b>477.14</b>
As on 31-03-2013	282.89	373.94	656.83	9.79	647.04	67.19	108.26	5.55	169.90	215.69
										477.14

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

### Note 10 Deferred Tax Assets

Deferred Tax Assets/(Liabilities) recognised in the current accounting year in view of certainty of profits and accounted for in accordance with Accounting Standard on "Accounting for Taxes on Income" (AS-22).

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
Provision for Non Performing Assets	478.22	193.68
Provision on Standard Assets	176.01	116.82
Depreciation	(12.99)	(9.59)
Other Disallowances	22.18	25.20
<b>Total</b>	<b>663.42</b>	<b>326.11</b>

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 11 Long Term Loans and Advances</b>		
Capital Advances	0.56	3.82
Deposits for Office Premises & Others	49.72	29.89
<b>Loans against Assets - Housing Loans (Secured)</b>		
- Loans against Assets - Housing Loans (Secured - Considered good)	99,856.98	66,230.91
- Loans against Assets - Housing Loans (Secured - Non Performing Assets)	3,527.61	1,349.59
Other Loans and Advances		
- Employee Loans & Advances	4.63	6.11
- Prepaid Expenses	6.46	6.85
<b>Total</b>	<b>103,445.96</b>	<b>67,627.17</b>

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 12 Cash and Cash Equivalents</b>		
Balance with Scheduled Banks in Current Accounts	336.05	405.02
Balance with Scheduled Bank in Cash Credit Accounts	1.78	-
Cheques, drafts on hand	-	3.29
Cash on Hand	315.38	108.97
<b>Total</b>	<b>653.21</b>	<b>517.28</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

(Rs. in Lacs)

Particulars	March 2014	March 2013
<b>Note 13 Short Term Loans &amp; Advances</b>		
<b>Loans against Assets - Housing Loans (Secured)</b>		
- Loans against Assets - Housing Loans (Secured - Considered good)	29,343.73	19,664.49
- Loans against Assets - Housing Loans (Secured - Non Performing Assets)	2,768.44	701.59
Deposits for Office Premises & Others	13.73	31.95
<b>Other Loans and Advances</b>		
- Employee Loans & Advances	18.64	15.74
- Prepaid Expenses	134.70	127.19
<b>Total</b>	<b>32,279.24</b>	<b>20,540.96</b>

(Rs. in Lacs)

Particulars	March 2014	March 2013
<b>Note 14 Contingent Liabilities, Commitments (to the extent not provided for) and Changes in Provisions</b>		
<b>I Contingent Liabilities</b>		
(a) Legal suits filed by customers in Consumer Forums and Civil courts claiming compensation from the company	29.07	4.52
<b>Total</b>	<b>29.07</b>	<b>4.52</b>
<b>II Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account	7.69	13.35
<b>Total</b>	<b>7.69</b>	<b>13.35</b>

(Rs. in Lacs)

Particulars	March 2014	March 2013
<b>Note 15 Revenue from Operations</b>		
<b>a) Interest</b>		
Income from Loans	19,334.22	12,543.99
Interest on Term Deposits & Advances	-	27.70
Others (Employee Loans, etc)	1.26	1.82
	<b>19,335.48</b>	<b>12,573.51</b>
<b>b) Other Financial Services</b>		
Service Charges & Other Fees	1,908.05	1,462.86
	<b>1,908.05</b>	<b>1,462.86</b>
<b>Total (a + b)</b>	<b>21,243.53</b>	<b>14,036.37</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 16 Other Income</b>		
Other non-operating income	8.57	3.65
<b>Total</b>	<b>8.57</b>	<b>3.65</b>

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 17 Employee Benefit Expenses</b>		
Salary, Bonus & Incentives	3,141.17	2,166.23
Company's Contribution to Provident Funds & other funds	247.09	175.43
Employee Compensation Expense on account of ESOPs	21.57	29.44
Staff Welfare Expenses	92.06	67.35
<b>Total</b>	<b>3,501.89</b>	<b>2,438.45</b>

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 18 Finance Cost</b>		
Interest Expense	8,825.28	5,501.68
Other Borrowing Costs	73.68	54.18
<b>Total</b>	<b>8,898.96</b>	<b>5,555.86</b>

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 19 Depreciation and Amortization Expense</b>		
Depreciation on Tangible Assets	143.22	108.26
<b>Total</b>	<b>143.22</b>	<b>108.26</b>

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 20 Provision and Write Offs</b>		
Provision for Non Performing Assets	837.15	325.90
General Provision on Standard Assets	174.13	133.40
Bad Debts & Write Offs	55.12	19.33
<b>Total</b>	<b>1,066.40</b>	<b>478.63</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 21 Other Expenses</b>		
Electricity Charges	21.23	10.32
Rent	103.58	67.65
Repairs & Maintenance		
- Buildings	16.28	10.91
- Others	-	1.84
Insurance	116.08	119.38
Rates & Taxes	13.73	8.32
Legal & Professional Charges	1,836.52	1,113.29
Travelling & Conveyance Expenses	631.35	453.40
Administration Support Charges	372.31	375.88
Loss on Sale/Disposal of Owned Assets	-	0.72
<b>Payments to the Auditor</b>		
(a) as auditor	5.04	2.12
(b) for other services	4.73	4.74
(c) for reimbursement of expenses	0.69	0.10
Donations	24.20	18.14
General & Administrative Expenses	815.68	531.47
<b>Total</b>	<b>3,961.42</b>	<b>2,718.28</b>

Particulars	(Rs. in Lacs)	
	March 2014	March 2013
<b>Note 22 Movement of Statutory Reserve</b> (As per Section 29C of the National Housing Bank Act, 1987)		
<b>Balance at the beginning of the year</b>		
(a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	5.00	-
(b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	1,249.93	694.93
<b>Total</b>	<b>1,254.93</b>	<b>694.93</b>
<b>Addition/Appropriation/Withdrawal during the year</b>		
Add:		
(a) Amount Transferred u/s 29C of the NHB Act, 1987	5.00	5.00
(b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	820.00	555.00
Less:		
(a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	-	-
<b>Balance at the end of the year</b>		
(a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	10.00	5.00
(b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	2,069.93	1,249.93
<b>Total</b>	<b>2,079.93</b>	<b>1,254.93</b>

# Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

## Note 23 (i) Secured - Long Term Borrowings

Secured Term Loans from Banks (Secured against Loan receivable & Book debts)

As on 31st March, 2014

Particulars	Rate Range	(Rs. in Lacs)		
		(a) Non-Current	(b) Current	Total
<b>1) Repayable on maturity</b>				
a) Maturity beyond 3 years	10.20% - 10.50%	48,500.00	-	48,500.00
b) Maturing between 1 year to 3 years	-	-	-	-
c) Maturing within 1 year	-	-	-	-
<b>Total repayable on maturity</b>		<b>48,500.00</b>	<b>-</b>	<b>48,500.00</b>
<b>2) Repayable in installments</b>				
<b>i) Quarterly</b>				
a) Maturity beyond 3 years	10.00% - 10.80%	131.58	-	131.58
b) Maturing between 1 year to 3 years	10.00% - 10.80%	5,157.89	-	5,157.89
c) Maturing within 1 year	10.00% - 10.80%	-	4,662.28	4,662.28
<b>Total</b>		<b>5,289.47</b>	<b>4,662.28</b>	<b>9,951.75</b>
<b>ii) Half-Yearly</b>				
a) Maturity beyond 3 years	10.25%	3,333.33	-	3,333.33
b) Maturing between 1 year to 3 years	10.25%	9,266.67	-	9,266.67
c) Maturing within 1 year	10.25%	-	1,200.00	1,200.00
<b>Total</b>		<b>12,600.00</b>	<b>1,200.00</b>	<b>13,800.00</b>
<b>iii) Yearly:</b>				
a) Maturity beyond 3 years	-	-	-	-
b) Maturing between 1 year to 3 years	-	-	-	-
c) Maturing within 1 year	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total repayable on installments</b>		<b>17,889.47</b>	<b>5,862.28</b>	<b>23,751.75</b>
<b>Total (1+2)</b>		<b>66,389.47</b>	<b>5,862.28</b>	<b>72,251.75</b>

As on 31st March, 2013

Particulars	Rate Range	(Rs. in Lacs)		
		(a) Non-Current	(b) Current	Total
<b>1) Repayable on maturity</b>				
a) Maturity beyond 3 years	10.20% - 10.25%	21,500.00	-	21,500.00
b) Maturing between 1 year to 3 years	10.20% - 10.25%	-	-	-
c) Maturing within 1 year	-	-	-	-
<b>Total repayable on maturity</b>		<b>21,500.00</b>	<b>-</b>	<b>21,500.00</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

As on 31st March, 2013

(Rs. in Lacs)				
Particulars	Rate Range	(a) Non-Current	(b) Current	Total
<b>2) Repayable in installments</b>				
<b>i) Quarterly</b>				
a) Maturity beyond 3 years	9.70% - 10.45%	2,710.52	-	2,710.52
b) Maturing between 1 year to 3 years	9.70% - 10.45%	7,241.23	-	7,241.23
c) Maturing within 1 year	9.70% - 10.45%	-	4,245.61	4,245.61
<b>Total</b>		<b>9,951.75</b>	<b>4,245.61</b>	<b>14,197.36</b>
<b>ii) Half-Yearly</b>				
a) Maturity beyond 3 years	10.25%	2,733.33	-	2,733.33
b) Maturing between 1 year to 3 years	10.25%	3,066.67	-	3,066.67
c) Maturing within 1 year	-	-	1,200.00	1,200.00
<b>Total</b>		<b>5,800.00</b>	<b>1,200.00</b>	<b>7,000.00</b>
<b>iii) Yearly:</b>				
a) Maturity beyond 3 years	-	-	-	-
b) Maturing between 1 year to 3 years	-	-	-	-
c) Maturing within 1 year	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total repayable on installments</b>		<b>15,751.75</b>	<b>5,445.61</b>	<b>21,197.36</b>
<b>Total (1+2)</b>		<b>37,251.75</b>	<b>5,445.61</b>	<b>42,697.36</b>

### Note 23 (ii)

Secured Term Loans from NHB (Secured against Loan receivable and Book debts)

As on 31st March, 2014

(Rs. in Lacs)				
Particulars	Rate Range	(a) Non-Current	(b) Current	Total
<b>1) Repayable in installments</b>				
<b>i) Quarterly</b>				
a) Maturity beyond 3 years	6.00% - 10.30%	12,134.47	-	12,134.47
b) Maturing between 1 year to 3 years	6.00% - 10.30%	11,409.66	-	11,409.66
c) Maturing within 1 year	6.00% - 10.30%	-	6,219.68	6,219.68
<b>Total</b>		<b>23,544.13</b>	<b>6,219.68</b>	<b>29,763.81</b>

# Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

As on 31st March, 2013

Particulars		Rate Range	(a) Non-Current	(b) Current	Total
(Rs. in Lacs)					
<b>1) Repayable in installments</b>					
<b>i) Quarterly</b>					
a)	Maturity beyond 3 years	6.00% - 10.30%	9,881.26	-	9,881.26
b)	Maturing between 1 year to 3 years	6.00% - 10.30%	8,893.23	-	8,893.23
c)	Maturing within 1 year	6.00% - 10.30%	-	4,487.68	4,487.68
<b>Total</b>			<b>18,774.49</b>	<b>4,487.68</b>	<b>23,262.17</b>

## Unsecured Borrowings

### Note 24 (i)

#### i) Subordinated Debts (Long Term)

As on 31st March, 2014

Particulars		Rate Range	(a) Non-Current	(b) Current	(c) Current Maturity	Total
(Rs. in Lacs)						
<b>1) Repayable in installments</b>						
a)	Maturity beyond 3 years	11.00%	700.00	-	-	700.00
b)	Maturing between 1 year to 3 years	-	-	-	-	-
c)	Maturing within 1 year	-	-	-	-	-
<b>Total repayable on maturity</b>			<b>700.00</b>	<b>-</b>	<b>-</b>	<b>700.00</b>

As on 31st March, 2013

Particulars		Rate Range	(a) Non-Current	(b) Current	(c) Current Maturity	Total
(Rs. in Lacs)						
<b>1) Repayable in installments</b>						
a)	Maturity beyond 3 years	11.00%	700.00	-	-	700.00
b)	Maturing between 1 year to 3 years	-	-	-	-	-
c)	Maturing within 1 year	-	-	-	-	-
<b>Total repayable on maturity</b>			<b>700.00</b>	<b>-</b>	<b>-</b>	<b>700.00</b>

### Note 24 (ii)

#### ii) Inter - Corporate Deposits (ICD)

As on 31st March, 2014

Particulars		Rate Range	(a) Non-Current	(b) Current	(c) Current Maturity	Total
(Rs. in Lacs)						
<b>1) Repayable on maturity</b>						
a)	Maturity beyond 3 years	-	-	-	-	-
b)	Maturing between 1 year to 3 years	9.50% - 11.00%	150.00	-	-	150.00
c)	Maturing within 1 year	8.90% - 10.50%	-	1,125.00	3,873.88	4,998.88
<b>Total repayable on maturity</b>			<b>150.00</b>	<b>1,125.00</b>	<b>3,873.88</b>	<b>5,148.88</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

As on 31st March, 2013

Particulars	Rate Range				(Rs. in Lacs)
		(a) Non-Current	(b) Current	(c) Current Maturity	Total
<b>1) Repayable on maturity</b>					
a) Maturity beyond 3 years	-	-	-	-	-
b) Maturing between 1 year to 3 years	9.50% - 10.75%	138.51	-	-	138.51
c) Maturing within 1 year	9.35% - 9.60%	-	2,025.00	-	2,025.00
<b>Total repayable on maturity</b>		<b>138.51</b>	<b>2,025.00</b>	<b>-</b>	<b>2,163.51</b>

### Short Term Borrowings

#### Note 25

#### Secured Short Term Loans

As on 31st March, 2014

Particulars	Rate Range			(Rs. in Lacs)
		(a) Non-Current	(b) Current	Total
<b>1) Repayable on maturity</b>				
a) Maturing within 1 year	10.50% - 11.25%	-	1,500.00	1,500.00
<b>Total</b>		<b>-</b>	<b>1,500.00</b>	<b>1,500.00</b>

As on 31st March, 2013

Particulars	Rate Range			(Rs. in Lacs)
		(a) Non-Current	(b) Current	Total
<b>1) Repayable on maturity</b>				
a) Maturing within 1 year	10.25%	-	1,500.00	1,500.00
<b>Total</b>		<b>-</b>	<b>1,500.00</b>	<b>1,500.00</b>

### Note II

#### Notes to the accounts:

2.1 The Company has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing Assets in preparation of accounts.

Classification of loans are given below:

Particulars				(Rs. in Lacs)
	Standard Assets	Sub Standard Assets	Bad & Doubtful Assets	Total
<b>As at March 31, 2014</b>				
Housing Loans	129,200.71	4,923.87	1,372.19	135,496.77
Other Loans & Advances	227.74	-	-	227.74
Percentage to Total Loans	95.36%	3.63%	1.01%	100.00%
<b>As at March 31, 2013</b>				
Housing Loans	85,895.40	1,368.94	682.24	87,946.58
Other Loans & Advances	21.85	-	-	21.85
Percentage to Total Loans	97.66%	1.56%	0.78%	100.00%

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

2.2 The company has made adequate provision on Non Performing Assets as prescribed under Housing Finance Companies (NHB) Directions, 2010. The company also makes additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2014 is Rs. 140.91 Lacs (previous year Rs. 33.94 Lacs). In line with notification no. NHB.HFC.DIR.3/CMD/2011 issue by National Housing Bank, the company has made a provision @ 0.40% on outstanding Standard Assets.

Particulars	(Rs. in Lacs)			
	Standard	Sub Standard	Doubtful	Loss
Provisions made:				
<b>As at March 31, 2014</b>				
Housing Loans	516.90	857.61	397.04	152.33
Other Loans	0.92	-	-	-
<b>As at March 31, 2013</b>				
Housing Loans	343.60	230.89	135.40	203.54
Other Loans	0.09	-	-	-

2.3 In accordance with Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities & Contingent Assets", the following are the details of the movement in provisions for the year ending March 31st, 2014:

Particulars	(Rs. in Lacs)			
	As at April 1st, 2013	Additional Provision	Utilizations/ Reversals	As at March 31st, 2014
Provision on Standard Assets	343.69	174.13	-	517.82
Provision for Non Performing Assets	569.83	947.09	109.94	1,406.98

2.4 Loan receivable includes Rs. 3,525.77/- Lacs outstanding towards financing of insurance as of March 31st, 2014 and Rs. 2,342.35/- Lacs as of March 31st, 2013.

2.5 As per section 29C (i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose a Special Reserve created by the company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The company has transferred amount to Special Reserve in terms of 36(1) (viii) of the Income Tax Act, 1961 and section 29C of the National Housing Bank Act, 1987, as amended, at year end. The company does not anticipate any withdrawal from Special Reserve in foreseeable future.

2.6 The company is not required to make provision for diminution in value of investments, as per NHB norms, as the company does not hold any investment.

2.7 The company has not granted any loans or advances against collateral of gold jewellery.

2.8 Bad Debts & Write offs includes loss on termination of Rs. 8.07 Lacs (Previous year Rs. 19.33 Lacs) which mainly represents shortfall on settlement of certain contracts due to lower realization from such loan assets on account of poor financial position of such customers.

2.9 In the opinion of the Board, Current assets, Loans & Advances are of the value stated, if realized, in the ordinary course of business.

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

### 2.10 Employee Benefits:

Defined Benefit Plans - As per Actuarial valuation on 31st March, 2014

	(Rs. in Lacs)					
	Gratuity (Funded)		Sick leave (Non-funded)		Privilage leave (Non-funded)	
	Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13
<b>I. Expense recognised in the Statement of Profit &amp; Loss Account for the year ending 31st March</b>						
1 Current service cost	54.68	38.89	8.88	7.66	85.45	17.78
2 Interest cost	3.83	2.39	0.48	0.38	6.99	-
3 Expected return on plan assets	(3.66)	(2.79)	-	-	-	-
4 Actuarial (Gains)/Losses	(35.94)	(23.18)	(6.41)	(7.40)	(74.42)	24.68
<b>Total expenses</b>	<b>18.91</b>	<b>15.31</b>	<b>2.95</b>	<b>0.64</b>	<b>18.02</b>	<b>42.46</b>
<b>II. Net asset/(liability) recognised in the Balance Sheet as at March 31st, 2014</b>						
1 Present Value of Defined Benefit obligation as at 31st March	60.14	39.61	8.27	5.32	55.26	41.20
2 Fair value of plan assets as at 31st March	48.93	35.88	-	-	-	-
3 Funded status (surplus/(deficit))	11.21	3.72	(8.27)	(5.32)	(55.26)	(41.20)
<b>4 Net asset/(liability) as at 31st March</b>	<b>11.21</b>	<b>3.72</b>	<b>(8.27)</b>	<b>(5.32)</b>	<b>(55.26)</b>	<b>(41.20)</b>
<b>III. Change in the obligations during the year ended 31st March</b>						
1 Present Value of Defined Benefit obligation at the beginning of the year	39.61	22.85	5.32	4.69	41.20	-
2 Current service cost	54.68	38.89	8.88	7.66	85.45	17.78
3 Interest cost	3.83	2.39	0.48	0.38	6.99	-
4 Actuarial (Gains)/Losses	(35.94)	(23.18)	(6.41)	(7.40)	(74.42)	24.68
5 Benefits paid	(2.04)	(1.34)	-	-	(3.96)	(1.26)
<b>6 Present Value of Defined Benefit obligation at the end of the year</b>	<b>60.14</b>	<b>39.61</b>	<b>8.27</b>	<b>5.33</b>	<b>55.26</b>	<b>41.20</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

	(Rs. in Lacs)					
	Gratuity (Funded)		Sick leave (Non-funded)		Privilage leave (Non-funded)	
	Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13
<b>IV. Change in the fair value of plan assets during the year ended 31st March</b>						
1 Fair value of plan assets at the beginning of the year	35.88	32.34	-	-	-	-
2 Expected return on plan assets	3.66	2.79	-	-	-	-
3 Contributions by employer	11.43	2.09	-	-	-	-
4 Actuarial (Gains)/Losses	-	-	-	-	-	-
5 Actual Benefits paid	(2.04)	(1.34)	-	-	-	-
<b>6 Fair value of plan assets at the end of the year</b>	<b>48.93</b>	<b>35.88</b>	-	-	-	-
<b>V. Major category of plan assets as a percentage of total plan</b>						
Funded with LIC	100%	100%	-	-	-	-
Others	-	-	-	-	-	-
<b>VI. Actuarial Assumptions</b>						
1 Discount Rate	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.
2 Expected Rate of return on plan assets	8.00% p.a.	8.00% p.a.				
3 Rate of Salary increase	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.
4 In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate				

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

### Experience Adjustments:

(Rs. in Lacs)

	Year Ending				
	31-03-10	31-03-11	31-03-12	31-03-13	31-03-14
1 Defined Benefit obligation at end of the period	7.36	12.95	22.85	39.61	60.14
2 Plan assets at the end of period	6.47	14.59	32.34	35.88	48.93
3 Funded Status Surplus/(Deficit)	(0.89)	1.64	9.48	(3.72)	(11.21)
4 Experience adjustments on plan liabilities (gain)/loss	1.42	(3.70)	(6.03)	(6.77)	(10.35)
5 Experience adjustments on plan assets gain/(loss)	-	-	-	-	-

2.11 The Company has operations in only one business segment viz. Housing Finance business – Financial Services for the purpose of Accounting Standard 17 (AS-17) “Segment Reporting” and all other activities are incidental to the main business activity.

2.12 In accordance with Accounting Standard 20 (AS-20) “Earnings per Share”, the EPS is calculated as follows:

Particulars	March 2014	March 2013
Net Profit/(Loss) attributable to Equity Share Holders (Rs. Lacs)	2,707.85	2,031.78
Weighted Average Number of Shares (Basic) (in Lacs)	546.83	457.14
Weighted Average Number of Shares (Diluted) (in Lacs)	546.83	457.14
EPS – (Basic) (Rs.)	4.95	4.44
EPS – (Diluted) (Rs.)	4.95	4.44

2.13 The company has incurred a cost of Rs. 21.57/- Lacs (previous year Rs. 29.41/- Lacs) towards ESOP granted to its employees by Mahindra & Mahindra Financial Services Limited (MMFSL) and Rs. NIL/- (previous year Rs. 0.03/-Lacs) towards ESOP granted to its employees by Mahindra & Mahindra Limited.

2.14 The company has incurred an expenditure in Foreign Currency towards:

- Foreign Travel Expenses Rs. 1.99/- Lacs (previous year Rs. 0.59/- Lacs)
- Conference Registration Charges Rs. 1.33/- (previous year Rs. 1.56/- Lacs)

2.15 Related Party Disclosure as per Accounting Standard 18:

List of the related parties which have transactions with our Company during the year:

**Holding Company/Companies :** Mahindra & Mahindra Limited\*

Mahindra & Mahindra Financial Services Limited

**Fellow subsidiary Companies :** Mahindra Insurance Brokers Limited

Mahindra Business & Consulting Services Pvt. Ltd.

Mahindra First Choice Services Ltd.

NBS International Ltd.

**Key Management Personnel :** Mr. Anuj Mehra (Managing Director)

\* Mahindra Rural Housing Finance Limited is a Subsidiary of Mahindra & Mahindra Financial Services Limited, which in turn is a Subsidiary of Mahindra & Mahindra Limited.

# Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

Related Parties transactions are as under			(Rs. in Lacs)		
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
<b>1</b>	<b>Income</b>				
	Interest	Mahindra & Mahindra	-	-	-
		Financial Services Limited	(3.04)	-	-
<b>2</b>	<b>Expenses</b>				
	Interest	Mahindra & Mahindra	366.01	-	-
		Financial Services Limited	(808.71)	-	-
		Mahindra Insurance Brokers Limited	-	381.65	-
			-	(279.75)	-
	Other Expenses	Mahindra & Mahindra Limited	12.72	-	-
			(7.00)	-	-
		Mahindra & Mahindra	442.47	-	-
		Financial Services Limited	(449.84)	-	-
		Mahindra Business & Consulting Services Private Limited	-	1,674.88	-
			-	(1,015.41)	-
		Mahindra First Choice Services Limited	-	1.22	-
			-	-	-
		NBS International Limited	-	0.06	-
			-	-	-
	Employee Cost	Mahindra & Mahindra	21.57	-	-
		Financial Services Limited	(29.44)	-	-
		Mr. Anuj Mehra	-	-	120.64
			-	-	(80.70)
<b>3</b>	<b>Issue of equity shares (Call money including Premium recd)</b>	Mahindra & Mahindra	2,190.00	-	-
		Financial Services Limited	-	-	-
<b>4</b>	<b>Finance</b>				
	Unsecured Subordinate Debts placed (incl int accd)	Mahindra & Mahindra	700.76	-	-
		Financial Services Limited	(700.76)	-	-
	Dividend paid – for previous year (FY12-13)	Mahindra & Mahindra	400.00	-	-
		Financial Services Limited	(280.00)	-	-
	Proposed Dividend for the current year	Mahindra & Mahindra	536.36	-	-
		Financial Services Limited	(400.00)	-	-
	Inter Corporate Deposits outstanding (including interest accrued but not due)	Mahindra & Mahindra	552.83	-	-
		Financial Services Limited	(38.55)	-	-
		Mahindra Insurance Brokers Limited	-	4,847.97	-
			-	(2,188.66)	-
<b>5</b>	<b>Purchase of Fixed Assets (including CWIP &amp; Capital Advance)</b>	Mahindra & Mahindra Limited	103.48	-	-
			(39.64)	-	-
		NBS International Limited	-	3.66	-
			-	-	-

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

### Related Parties transactions are as under

(Rs. in Lacs)

Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
<b>6</b>	<b>Sale of Fixed Assets</b>	Mahindra & Mahindra Financial Services Limited	- (3.29)	- -	- -
<b>7</b>	<b>Outstandings</b>				
	Payables	Mahindra & Mahindra Limited	4.97 (1.48)	- -	- -
		Mahindra & Mahindra Financial Services Limited	35.78 (30.01)	- -	- -
		Mahindra Insurance Brokers Limited	- -	22.66 (30.53)	- -
		Mahindra Business & Consulting Services Private Limited	- -	64.21 (107.18)	- -
		Mahindra First Choice Services Limited	- -	0.15 -	- -

2.16 The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid/ payable by the company during/for the year to these 'suppliers'. The above information takes into account only those suppliers who have submitted their registration details or has responded to the inquiries made by the company for this purpose.

2.17 Previous year's figures have been regrouped/reclassified wherever necessary to conform to current year's classification.

Signatures to Notes 1 to 25

For **B. K. Khare and Co.**  
Chartered Accountants  
FRN:105102W

**Devdatta Mainkar**  
Partner  
Membership No. 109795

Mumbai : 15th April, 2014

**Ramesh Iyer**  
Chairman

**Anuj Mehra**  
Managing Director

**Uday Y. Phadke**  
Director

**V. Ravi**  
Director

**Dharmesh Vakharia**  
Chief Financial Officer

**V. Rajan**  
Director

**K. Chandrasekar**  
Director

**Harshada Pathak**  
Company Secretary

## Disclosure in the Balance Sheet

(as on: 31st March 2014)

### I. Capital to Risk Assets Ratio (CRAR)

Items	Current Year	Previous Year
i) CRAR (%)	16.0%	16.0%
ii) CRAR – Tier I Capital (%)	14.7%	14.0%
iii) CRAR – Tier II Capital (%)	1.4%	2.0%

### II. Exposure to Real Estate Sector

Category	(Rs. in Lacs)	
	Current Year	Previous Year
<b>a) Direct exposure</b>		
<b>(i) Residential Mortgages</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	135,496.76	87,946.58
Of the above Individual housing loan upto Rs. 15 lakh	134,993.57	87,854.12
<b>(ii) Commercial Real Estate</b>		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures</b>		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

### III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

	(Rs. in Lacs)										
	1 day to 30-31 days (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 year	Total
<b>Liabilities</b>											
Borrowings from banks	3,735	0	382	3,216	6,249	25,832	60,520	3,580	0	0	103,514
Market Borrowings	1,525	0	275	375	2,824	150	700	0	0	0	5,849
<b>Assets</b>											
Advances	3,281	2,131	2,216	7,691	14,946	53,140	37,615	10,639	1,734	2,333	135,725
Investments	0	0	0	0	0	0	0	0	0	0	0

## Directors' Report to the Shareholders

Your Directors present their Sixth Report together with the audited accounts of your Company for the Financial Year ended 31st March, 2014.

### Financial Results

	(Rs. in lacs)	
	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Income	16842.60	14198.38
Profit/(Loss) before Interest and Taxation	552.72	429.21
Interest	114.54	174.26
Profit/(Loss) before Taxation	438.18	254.96
Provision for Taxation for the year		
– Current Tax	147.56	95.46
– Deferred Tax	9.06	(14.30)
Profit/(Loss) for the year after Taxation	281.56	173.80
Balance of Profit/(Loss) from earlier years	248.30	74.62
Amount available for Appropriation	529.86	248.41
Proposed Dividend on Equity Shares	–	0.10
Income-tax on proposed dividend	–	0.02
Surplus carried to Balance Sheet	529.86	248.30

### Operations

Your Company provides staffing services mainly for Mahindra & Mahindra Financial Services Limited, the parent company, Mahindra Insurance Brokers Limited and Mahindra Rural Housing Finance Limited, subsidiaries of the parent company and Mahindra & Mahindra Limited, the ultimate parent company. As at 31st March, 2014, your Company had on rolls 4,532 employees who were deputed to these companies to provide services under ongoing contracts. The Company earns its income in the form of fees towards staffing services. The Company registered a Profit after Tax of Rs. 281.56 Lacs for the year ended 31st March, 2014 as compared to Rs. 173.80 Lacs in the previous year.

### Dividend

With a view to conserve the cash resources of the Company, your Directors deem it prudent not to recommend a dividend for the year.

### Directors

Mr. Vinay Deshpande, Mr. Rajnish Agarwal and Mr. Rajesh Vasudevan retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

### Directors' Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

## Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting ('AGM') and have given their consent for re-appointment. As per Section 139(1) of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to appoint the Auditors for a period of 5 (five) years to hold office from the conclusion of this AGM till the conclusion of eleventh AGM of the Company to be held in the year 2019, subject to ratification of their appointment by members at every AGM and fix their remuneration.

As required under the provisions of section 224(1B) of the Companies Act, 1956 and sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from Messrs. B. K. Khare & Co., Chartered Accountants, proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the criteria specified in the said sections.

## Public Deposits and Loans/Advances

The Company has not accepted any deposits from the public or its employees during the year under review. The Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent Company – Mahindra & Mahindra Financial Services Limited and the ultimate parent company – Mahindra & Mahindra Limited, with the Stock Exchanges.

## Code of Conduct for Corporate Governance

The Company had adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the

underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members and the Employees of the Company affirming compliance with the respective Codes.

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure to this Report.

## Particulars of Employees as Required under Section 217(2A) of the Companies Act, 1956 and Rules Framed thereunder

The Company had no employee, who was employed throughout the Financial Year and was in receipt of remuneration of not less than Rs. 60,00,000 per annum during the year ended 31st March, 2014 or was employed for a part of the Financial Year and was in receipt of remuneration of not less than Rs. 5,00,000 per month during any part of the year.

For and on behalf of the Board

**Ramesh Iyer**  
Chairman

Mumbai, 14th April, 2014

## Annexure to the Directors' Report for the Financial Year ended 31st March, 2014

Particulars as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2014.

### A. Conservation of Energy

- a. Energy Conservation measures taken : The operations of your Company are not energy-intensive. However, adequate measures have been initiated to reduce energy consumption.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy : Nil
- c. Impact of the measures taken/to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : These measures are expected to reduce the energy consumption.
- d. Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule : Not Applicable

### B. Technology Absorption

#### Research & Development (R & D)

1. Areas in which R & D is carried out : None
2. Benefits derived as a result of the above efforts : Not applicable
3. Future plan of action : None
4. Expenditure on R & D : Nil
5. Technology absorption, adaptation and innovation : None
6. Imported Technology for the last 5 years : None

### C. Foreign Exchange Earnings and Outgo

There were no foreign exchange earnings or outgo during the year under review.

For and on behalf of the Board

**Ramesh Iyer**  
Chairman

Mumbai, 14th April, 2014

# Independent Auditor's Report

To the Members of

## MAHINDRA BUSINESS & CONSULTING SERVICES PRIVATE LIMITED

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Mahindra Business & Consulting Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
  - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) 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;
  - (c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - (e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No. 105102W

**Devdatta Mainkar**  
Partner  
Membership No. 109795

Mumbai : 14th April 2014

## Annexure referred to in para 7 of our report of even date

1. The company does not have any fixed assets and therefore clause 4(i) is not applicable to the company.
2. The company is not engaged in any manufacturing activity and therefore Clause 4(ii) of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
3. In our opinion and according to the information and explanations provided to us, during the period, Company has not granted any loans to parties covered under section 301 of the Companies Act, 1956.

During the year, Company has taken unsecured loans from the parties covered in the register maintained under section 301 of the Companies Act, 1956, the terms of which are, prima facie, not prejudicial to the company.

4. In our opinion and according to the information and explanations given to us the company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the company do not involve purchase of inventory and sale of goods. No major weaknesses in internal control system were noticed in the course of our audit.
5. In our opinion and according to the information and explanations given to us all the particulars of contracts and arrangements referred in section 301 of the Act have been entered in the register required to be maintained under that section.

In our opinion and according to the information and explanations given to us each of these transactions in respect of any such parties during the financial year have been made at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, provisions of sections 58A, 58AA and any other relevant provisions of the Act and the rules framed there under, in respect of deposits accepted from the public are not applicable to the company as the company has not accepted any deposits from the public.
7. In our opinion and according to the information and explanations provided to us the company has an internal audit system, which is commensurate with its

size and nature of its business.

8. In respect of the activities of the company, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
9. On the basis of our examination of books of accounts and according to the information and explanations given to us the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income- tax, Sales-tax, Wealth Tax and Service Tax, cess and other applicable statutory dues with the appropriate authorities. There are no disputed tax dues remaining to be deposited with the relevant authority.
10. The Company does not have accumulated losses at the end of the current year. The Company has not incurred cash losses in such financial year and in the immediately preceding financial year.
11. On the basis of our examination of books of accounts and documents and according to the information and explanations given to us the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. From the examination of books of accounts and according to the information and explanations provided to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a Chit fund, nidhi, mutual benefit fund or a society.
14. The company is not dealing or trading in shares, securities, debentures or any other investments.
15. In our opinion and 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, the terms and conditions whereof are prejudicial to the interest of the company.
16. In our opinion and according to the information and explanations given to us, during the year, the Company has not taken any term loans.

17. On the basis of overall examination of the financial statements and other financial information furnished, we report that the company has not used short-term funds for long-term investments.
18. During the year, no preferential allotment of shares was made to any of the entities covered in the register maintained under section 301 of the Companies Act, 1956.
19. Company has not issued any secured debentures.
20. During the year, the Company has not made any public issue of its equity shares.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company were noticed or reported during the year.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration No. 105102W

**Devdatta Mankar**  
Partner  
Membership No. 109795

Mumbai : 14th April 2014

## Balance Sheet

as at March 31, 2014

(Amount in Rs.)

Particulars	Note	March 2014	March 2013
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>1) Shareholders' funds</b>			
a) Share Capital	1	100000	100000
b) Reserves and Surplus	2	52986017	24829717
		53086017	24929717
<b>2) Non-current liabilities</b>			
a) Long-term borrowings	3	24126766	99672745
		24126766	99672745
<b>3) Current liabilities</b>			
a) Trade payables	4	19539143	51331318
b) Other current liabilities	5	72568093	95591344
c) Short term provisions	6	14433553	29979325
		106540789	176901987
<b>Total</b>		<b>183753572</b>	<b>301504449</b>
<b>II. ASSETS</b>			
<b>1) Non-current assets</b>			
a) Deferred tax assets (Net)	7	4770939	5676806
b) Long-term loans and advances	8	2886622	181154
		7657561	5857960
<b>2) Current assets</b>			
a) Trade receivables	9	28032561	63654704
b) Cash and bank balance	10	4569559	14206278
c) Short-term loans and advances	11	143493891	217785507
		176096011	295646489
<b>Total</b>		<b>183753572</b>	<b>301504449</b>
<b>Summary of significant accounting policies and notes to the financial statements</b>	<b>I &amp; II</b>		

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

This is the Balance Sheet referred in our report of even date.

For **B K Khare and Co.**  
Chartered Accountants  
FRN:105102W

**Ramesh Iyer**  
Chairman

**V Ravi**  
Director

**Vinay Deshpande**  
Director

**Rajesh Vasudevan**  
Director

**Devdatta Mainkar**  
Partner  
Membership No. 109795

**Anuj Mehra**  
Director

**Dr. Jaideep Devare**  
Director

**R Balaji**  
Director

**Rajnish Agarwal**  
Director

Mumbai : 14th April, 2014

# Statement of Profit and Loss

for the period ended March 31, 2014

Particulars	Note No.	(Amount in Rs.)	
		March 2014	March 2013
I. Revenue from operations	12	1676402650	1415079575
II. Other income	13	7856955	4758553
<b>III. Total Revenue (I + II)</b>		<b>1684259605</b>	<b>1419838128</b>
<b>IV. Expenses:</b>			
Employee benefits expense	14	1316319575	1089532646
Finance costs	15	11454423	17425538
Other expenses	16	312667671	287384025
<b>Total expenses</b>		<b>1640441669</b>	<b>1394342209</b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		43817936	25495919
VI. Exceptional items		0	0
VII. Profit before extraordinary items and tax (V - VI)		43817936	25495919
VIII. Extraordinary Items		0	0
IX. Profit before tax (VII - VIII)		43817936	25495919
X. Tax expense:			
(1) Current tax		14755769	9545833
(2) Deferred tax		905867	(1429565)
<b>XI. Profit/(Loss) for the period from continuing operations (IX - X)</b>		<b>28156300</b>	<b>17379651</b>
XII. Profit/(loss) from discontinuing operations		0	0
XIII. Tax expense of discontinuing operations		0	0
<b>XIV. Profit/(loss) from Discontinuing operations (after tax) (XII - XIII)</b>		<b>0</b>	<b>0</b>
<b>XV. Profit/(Loss) for the period (XI + XIV)</b>		<b>28156300</b>	<b>17379651</b>
XVI. Earnings per equity share (Rupees):			
(1) Basic	19	2815.63	1737.97
(2) Diluted	19	2815.63	1737.97
<b>Summary of significant accounting policies and notes to the financial statements</b>	<b>I &amp; II</b>		

The notes referred to above form an integral part of the Statement of Profit and Loss.

This is the Statement of Profit and Loss referred in our report of even date.

For **B K Khare and Co.**  
Chartered Accountants  
FRN:105102W

**Ramesh Iyer**  
Chairman

**V Ravi**  
Director

**Vinay Deshpande**  
Director

**Rajesh Vasudevan**  
Director

**Devdatta Mainkar**  
Partner  
Membership No. 109795

**Anuj Mehra**  
Director

**Dr. Jaideep Devare**  
Director

**R Balaji**  
Director

**Rajnish Agarwal**  
Director

Mumbai : 14th April, 2014

## Cash Flow Statement

as at March 31, 2014

(Amount in Rs.)

		March 2014	March 2013
<b>A. Cash flow from operating activities</b>			
Profit before taxes and contingencies		43817936	25495919
Add: Items considered separately:			
Interest expense		11454423	17425538
		11454423	17425538
Operating profit before working capital changes	(I)	55272359	42921457
Add/Less:			
(Increase)/Decrease in Trade receivables		35622143	(19333840)
(Increase)/Decrease in Loans & Advances		(4673312)	(826540)
		30948831	(20160380)
Add: Increase/(Decrease) in Current Liabilities		(56306993)	43766753
	(II)	(25358162)	23606373
Cash generated from operations	(I+II)	29914197	66527830
Advance taxes paid		61503691	(52503245)
<b>Net Cash from Operating Activities (A)</b>		<b>91417888</b>	<b>14024585</b>
<b>B. Cash flows from investing activities</b>			
<b>Net cash from investing activities (B)</b>		0	0
<b>C. Cash flows from financing activities</b>			
Increase/(Decrease) in Long Term Borrowings (net)		(86040253)	11598030
Interest paid		(15002654)	(15018370)
Dividend paid		(11700)	0
<b>Net cash from financing activities (C)</b>		<b>(101054607)</b>	<b>(3420340)</b>
<b>Net increase/(decrease) in cash and cash equivalent (A+B+C)</b>		<b>(9636719)</b>	<b>10604245</b>
<b>Cash and cash equivalents as at:</b>			
Beginning of the year		14206278	3602033
End of the year		4569559	14206278

Examined and found correct.

For **B K Khare and Co.**  
Chartered Accountants  
FRN:105102W

**Devdatta Mainkar**  
Partner  
Membership No. 109795

**Ramesh Iyer**  
Chairman

**Anuj Mehra**  
Director

**V Ravi**  
Director

**Dr. Jaideep Devare**  
Director

**Vinay Deshpande**  
Director

**R Balaji**  
Director

**Rajesh Vasudevan**  
Director

**Rajnish Agarwal**  
Director

Mumbai : 14th April, 2014

# Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

## I. Summary of significant accounting policies:

### 1) Basis of preparation of accounts

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under section 133 of the Companies Act, 2013.

All assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets & liabilities.

### 2) Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### 3) Revenue recognition

The Company adopts the accrual method for recognizing all income and expenses.

Dividend from investments is accounted for as income when the right to receive dividend is established.

### 4) Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

### 5) Miscellaneous expenditure

#### a) Share issue expenses:

Expenses incurred in connection with fresh issue of share capital are charged to the Profit & Loss Account in the year in which they are incurred.

### 6) Employee benefits

#### a) Contribution to provident fund:

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

#### b) Gratuity:

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

#### c) Leave Encashment/Compensated absences:

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

### 7) Provisions and contingent liabilities

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required

to settle the obligation and there is a reliable estimate of the amount of the obligation.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

## II. Notes to the financial statements:

(Amount in Rs.)

Particulars	March 2014		March 2013	
	Number of shares	Rupees	Number of shares	Rupees
<b>Note 1</b>				
<b>Share capital</b>				
<b>Authorised Capital:</b>				
1,00,000 Equity shares of Rs. 10/- each (March 2013 : 1,00,000 shares)		1000000		1000000
<b>Issued Capital:</b>				
10,000 Equity shares of Rs. 10/- each (March 2013 : 10,000 shares)		100000		100000
<b>Subscribed and Paid-up Capital:</b>				
10,000 Equity shares of Rs. 10/- each (March 2013 : 10,000 shares)		100000		100000
<b>Total</b>		<b>100000</b>		<b>100000</b>

Particulars	March 2014		March 2013	
	Number of shares	Rupees	Number of shares	Rupees
<b>a) Reconciliation of the number of shares</b>				
Balance at the beginning of the year	10000	100000	10000	100000
Add: Fresh allotment of shares during the year:	0	0	0	0
	10000	100000	10000	100000
Less: Shares bought back during the year	0	0	0	0
<b>Balance at the end of the year</b>	<b>10000</b>	<b>100000</b>	<b>10000</b>	<b>100000</b>
<b>b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates -</b>				
Holding company : Mahindra & Mahindra Financial Services Limited (Equity shares of Rs. 10/- each)	10000	100000	10000	100000
Percentage of holding (%)	100.00	100.00	100.00	100.00
<b>c) Shareholders holding more than 5 percent shares:</b>				
Mahindra & Mahindra Financial Services Limited	10000	100000	10000	100000

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 2 Reserves &amp; Surplus</b>		
<b>Surplus in the Statement of profit and loss :</b>		
Balance as at the beginning of the year	24829717	7461766
Add : Profit for the current year transferred from Statement of Profit & Loss	28156300	17379651
	52986017	24841417
Less : Allocations & Appropriations :		
Proposed Dividend On Equity Shares	0	10000
Corporate Dividend Tax on Equity Shares	0	1700
	0	11700
Balance as at the end of the year	<b>52986017</b>	<b>24829717</b>
<b>Total</b>	<b>52986017</b>	<b>24829717</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 3 Long-term Borrowings</b>		
<b>Unsecured</b>		
Inter Corporate Deposits	24126766	99672745
<b>Total</b>	<b>24126766</b>	<b>99672745</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 4 Trade Payables</b>		
Trade payables for expenses	19539143	51331318
<b>Total</b>	<b>19539143</b>	<b>51331318</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 5 Other Current Liabilities</b>		
Current maturities of long-term debt		
- Intercompany Deposits	59645582	70139856
Interest accrued but not due on borrowings	4660963	8209194
Other Current Liabilities	8261548	17242294
<b>Total</b>	<b>72568093</b>	<b>95591344</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 6 Short-term provisions</b>		
Provision for employee benefits	14433553	29967625
Proposed Dividend	0	10000
Corporate Dividend Tax	0	1700
<b>Total</b>	<b>14433553</b>	<b>29979325</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Leave Benefits</b>		
<b>I. Expense recognised in the Statement of Profit &amp; Loss for the year ended 31st March</b>		
1. Current service cost	30156442	31413883
2. Interest cost	1582035	1180369
3. Expected return on plan assets	0	0
4. Actuarial (Gains)/Losses	(43038161)	(27356654)
5. Total expense	<b>(11299684)</b>	<b>5237598</b>
<b>II. Net asset/(liability) recognised in the Balance Sheet as at 31st March</b>		
1. Present Value of Defined Benefit obligation as at 31st March	5693994	17496705
2. Fair value of plan assets as at 31st March	0	0
3. Funded status (surplus/(deficit))	(5693994)	(17496705)
4. Net asset/(liability) as at 31st March	<b>(5693994)</b>	<b>(17496705)</b>
<b>III. Change in the obligations during the year ended 31st March</b>		
1. Present Value of Defined Benefit obligation at the beginning of the year	17496705	13090588
2. Current service cost	30156442	31413883
3. Interest cost	1582035	1180369
4. Actuarial (Gains)/Losses	(43038161)	(27356654)
5. Benefits paid	(503027)	(831481)
6. Present Value of Defined Benefit obligation at the end of the year	<b>5693994</b>	<b>17496705</b>
<b>IV. Change in the fair value of plan assets during the year ended 31st March</b>		
1. Fair value of plan assets at the beginning of the year	0	0
2. Expected return on plan assets	0	0
3. Contributions by employer	0	0
4. Actuarial (Gains)/Losses	0	0
5. Actual Benefits paid	0	0
6. Fair value of plan assets at the end of the year	0	0
<b>V. Major category of plan assets as a percentage of total plan</b>		
Funded with LIC	-	-
Others	-	-
<b>VI. Actuarial Assumptions</b>		
1. Discount Rate	8% p.a.	8% p.a.
2. Rate of Salary increase	5% p.a.	5% p.a.
3. In-service Mortality	Indian Assured lives Mortality (2006-08) Ultimate	Indian Assured lives Mortality (2006-08) Ultimate

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 7</b> <b>Deferred tax assets (net)</b>		
<b>Deferred Tax Assets</b>		
Employee Benefits	4770939	5676806
<b>Net deferred tax assets</b>	<b>4770939</b>	<b>5676806</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 8</b> <b>Long-term Loans &amp; advances</b>		
<b>Other Loans &amp; Advances</b>		
- Gratuity plan assets (net)	2886622	181154
<b>Total</b>	<b>2886622</b>	<b>181154</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Gratuity (Funded)</b>		
<b>I. Expense recognised in the Statement of Profit &amp; Loss Account for the year ended 31st March</b>		
1. Current service cost	16345040	14127717
2. Interest cost	813116	492684
3. Expected return on plan assets	(715857)	(526761)
4. Actuarial (Gains)/Losses	(21610118)	(10555524)
5. Fund amount to be transferred to MMFSL gratuity fund	6426795	0
6. Adjustment due to change in opening balance of Plan assets	(675410)	0
7. Total expense	<b>583566</b>	<b>3538116</b>
<b>II. Net asset/(liability) recognised in the Balance Sheet as at 31st March</b>		
1. Present Value of Defined Benefit obligation as at 31st March	3430397	8598216
2. Fair value of plan assets as at 31st March	6317019	8779370
3. Funded status (surplus/(deficit))	2886622	181154
4. Net asset/(liability) as at 31st March	<b>2886622</b>	<b>181154</b>
<b>III. Change in the obligations during the year ended 31st March</b>		
1. Present Value of Defined Benefit obligation at the beginning of the year	8598216	5089355
2. Current service cost	16345040	14127717
3. Interest cost	813116	492684
4. Actuarial (Gains)/Losses	(22325975)	(11111540)
5. Benefits paid	0	0
6. Present Value of Defined Benefit obligation at the end of the year	<b>3430397</b>	<b>8598216</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Gratuity (Funded) (Contd.)</b>		
<b>IV. Change in the fair value of plan assets during the year ended 31st March</b>		
1. Fair value of plan assets at the beginning of the year	8779370	0
2. Expected return on plan assets	715857	526761
3. Contributions by employer	3289034	8779370
4. Actuarial (Gains)/Losses	(715857)	(526761)
5. Fund amount to be transferred to MMFSL gratuity fund	(6426795)	0
6. Adjustment due to change in opening balance of Plan assets	675410	0
7. Actual Benefits paid	0	0
8. Fair value of plan assets at the end of the year	6317019	8779370
<b>V. Major category of plan assets as a percentage of total plan</b>		
Funded with LIC	100%	100%
<b>VI. Actuarial Assumptions</b>		
1. Discount Rate	8% p.a.	8% p.a.
2. Rate of Salary increase	5% p.a.	5% p.a.
3. In-service Mortality	Indian Assured lives Mortality (2006-08) Ultimate	Indian Assured lives Mortality (2006-08) Ultimate

Particulars	(Amount in Rs.)		
	31/3/2012	31/3/2013	31/3/2014
<b>Experience Adjustments</b>			
1. Defined Benefit obligation at end of the period	5089355	8598216	3430497
2. Plan assets at the end of period	-	8779370	6317019
3. Funded Status Surplus/ (Deficit)	(5089355)	181154	2886622
4. Experience adjustments on plan liabilities (gain)/loss	(2631717)	(3275416)	(11427682)
5. Experience adjustments on plan assets gain/(loss)	-	(175587)	(189096)

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 9 Trade Receivables</b>		
<b>Sundry Debtors</b>		
a) Debts Outstanding for a period exceeding six months	0	0
b) Other Debts	28032561	63654704
<b>Total</b>	<b>28032561</b>	<b>63654704</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 10 Cash and bank balance</b>		
Balance with Scheduled Banks in Current Accounts	4569559	14206278
<b>Total</b>	<b>4569559</b>	<b>14206278</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 11 Short-term loans and advances</b>		
Other Loans & Advances		
- Employees	5615544	3640902
- Service tax credit available	6180	0
Advance payment of tax (net of provisions)	137872167	214131627
<b>Total</b>	<b>143493891</b>	<b>217785507</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 12 Revenue from operations</b>		
a) Income from Sale of services	1631561050	1375596575
b) Income from Service charges	44841600	39483000
<b>Total</b>	<b>1676402650</b>	<b>1415079575</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 13 Other Income</b>		
Interest Income	7856955	4758553
<b>Total</b>	<b>7856955</b>	<b>4758553</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 14 Employee benefits expense</b>		
Salary, Bonus & Incentives	1227437400	1008258794
Company's Contribution to Provident Funds & other funds	88812647	81214819
Staff Welfare Expenses	69528	59033
<b>Total</b>	<b>1316319575</b>	<b>1089532646</b>

Particulars	(Amount in Rs.)	
	March 2014	March 2013
<b>Note 15 Finance Costs</b>		
Interest on		
- Inter Corporate Deposits	11454423	17425538
<b>Total</b>	<b>11454423</b>	<b>17425538</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

(Amount in Rs.)

Particulars	March 2014	March 2013
<b>Note 16 Other Expenses</b>		
Insurance	11375052	6612546
Rates & Taxes, excluding taxes on income	374873	708548
Legal & Professional Charges	1495660	147775
Conveyance	268577822	250636205
Travelling Expenses	18498752	17462864
Bank Charges	19282	22043
Payments to the auditor –		
(a) as auditor	50000	50000
(b) for other services	55000	55000
General & Administrative Expenses	12221230	11689044
<b>Total</b>	<b>312667671</b>	<b>287384025</b>

### Note 17

In the opinion of the Board, Current assets, Loans & Advances are approximately of the value stated, if realized, in the ordinary course of business.

### Note 18

The company has only one reportable segment of business viz. Manpower Supply business for the purpose of AS 17 Segment Reporting and all other activities revolve around the main business of Manpower Supply.

### Note 19

In Accordance with the Accounting Standard on "Earning Per Share" (AS 20) issued by the Institute of Chartered Accountants of India, the EPS are as follows:

Particulars	March 2014	March 2013
Net Profit/ (Loss) attributable to Equity Share Holders	28156300	17379651
Weighted Average Numbers of Shares	10000	10000
EPS – (Basic)	2815.63	1737.97
EPS – (Diluted)	2815.63	1737.97

### Note 20

There are no dues payable to Small Scale industrial undertakings in view of the nature of the business of the Company.

### Note 21

Suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 have not furnished the information regarding filing of necessary memorandum with appointed authority. In view of this and legal opinion obtained by the Company, information required under Schedule VI of the Companies Act, 1956 to that extent is not given.

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

### Note 22 Related Party Disclosure as per Accounting Standard 18

#### A) List of the related parties and nature of relationship which have transactions with our Company during the year:

**Holding Company/Companies :** Mahindra & Mahindra Limited  
Mahindra & Mahindra Financial Services Limited

**Fellow subsidiary Companies :** Mahindra Insurance Brokers Limited  
Mahindra Rural Housing Finance Ltd.  
Mahindra Trucks and Buses Ltd.

#### B) Related party transactions are as under:

Sr. No.	Nature of transactions	(Amount in Rs.)	
		Holding Companies	Fellow Subsidiary Companies
<b>1.</b>	<b>Income</b>		
	Manpower supply	1698470812 (1470262246)	185135206 (119721165)
<b>2.</b>	<b>Expenses</b>		
	Interest	11454423 (17425538)	- -
	Other Expenses	1348320 (1348320)	- -
<b>3.</b>	<b>Finance</b>		
	Inter Corporate Deposits outstanding (including interest accrued but not due)	88433311 (178021795)	- -
<b>4.</b>	<b>Outstandings</b>		
	Receivables	21184416 (49767020)	6848145 (13887684)

### Note 23

The results for the year have been impacted on account of transfer of 5122 employees from the Company to the holding or other group companies.

### Note 24

Previous year figures have been regrouped wherever found necessary.

#### Signatures to Significant accounting policies and Notes to the financial statements - I and II

For **B K Khare and Co.**  
Chartered Accountants  
FRN:105102W

**Ramesh Iyer**  
Chairman

**V Ravi**  
Director

**Vinay Deshpande**  
Director

**Rajesh Vasudevan**  
Director

**Devdatta Mainkar**  
Partner  
Membership No. 109795

**Anuj Mehra**  
Director

**Dr. Jaideep Devare**  
Director

**R Balaji**  
Director

**Rajnish Agarwal**  
Director

Mumbai : 14th April, 2014

## Directors' Report to the Shareholders

Your Directors present their First Report together with the Audited Accounts of your Company for the period ended 31st March, 2014.

### The Company

Your Company was incorporated as a subsidiary of Mahindra & Mahindra Financial Services Limited on 20th June, 2013. The Company's ultimate holding company is Mahindra & Mahindra Limited.

### Financial Results

	(Rs.in lacs)
	<b>For the year ended 31st March, 2014</b>
Income	0.00
Profit before Interest and Taxation	(0.49)
Less : Interest	0.00
Profit / (Loss) before Taxation (PBT)	(0.49)
Less : Provision for Taxation	0.00
Profit / (Loss) after Tax for the year	(0.49)
Balance carried forward to Balance Sheet	(0.49)

### Operations

Your Company will be engaged as an investment manager to the proposed Mahindra Mutual Fund, currently awaiting regulatory approval from Securities and Exchange Board of India (SEBI). During the period under review, the Company has not commenced any business activities.

### Dividend

In view of losses incurred by the Company, your Directors do not recommend any dividend for the period under review.

### Directors

Mr. Ramesh G. Iyer and Mr. V. Ravi were named in the Articles of Association as the First Directors of the Company. Mr. Gautam R. Divan was appointed as an Additional Director at the Board Meeting of the Company held on 17th July, 2013.

Mr. Ramesh G. Iyer, Mr. V. Ravi and Mr. Gautam R. Divan hold office up to the date of first Annual General Meeting and, being eligible, offer themselves for re-appointment.

The Company has received notices from its member(s), signifying the intention to propose Mr. Ramesh G. Iyer, Mr. V. Ravi and Mr. Gautam R. Divan as candidates for the office of Director at the forthcoming Annual General Meeting of the Company.

### Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:-

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) They have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the loss of the Company for the year ended on that date;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis.

## Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting ('AGM') and have given their consent for re-appointment. As per Section 139(1) of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to appoint the Auditors for a period of 5 (five) years to hold office from the conclusion of this AGM till the conclusion of Sixth AGM of the Company to be held in the year 2019, subject to ratification of their appointment by members at every AGM and fix their remuneration.

As required under the provisions of Section 224(1B) of the Companies Act, 1956 and Sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from Messrs. B. K. Khare & Co., Chartered Accountants, proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the criteria specified in the said sections.

## Public Deposits and Loans/Advances

The Company has not accepted deposits from the public or its employees during the period under review. The Company has not made any loans/advances of the nature which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent company – Mahindra & Mahindra Financial Services Limited and the ultimate parent company – Mahindra & Mahindra Limited, with the Stock Exchanges.

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure I to this Report.

## Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 and Rules framed thereunder

The Company had no employee who was in receipt of remuneration of not less than Rs. 60,00,000 per annum during the period ended 31st March, 2014 or was employed for a part of the Financial Year and was in receipt of remuneration of not less than Rs. 5,00,000 per month during any part of the year.

For and on behalf of the Board

**Ramesh Iyer**  
Chairman

Place: Mumbai

Date: 17th April, 2014

## ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the Period Ended 31st March, 2014

### A. Conservation of Energy

- a. Energy Conservation measures taken:

The operations of your Company are not energy-intensive. However, adequate measures have been initiated to reduce energy consumption.

- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Nil
- c. Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: These measures are expected to reduce energy consumption.
- d. Total energy consumption and energy consumption per unit of production as per Form-A to the Annexure to the Rules in respect of Industries specified in the Schedule: Not Applicable.

### B. Technology Absorption Research & Development (R & D)

- |  |                  |
|--|------------------|
| 1. Areas in which R & D is carried out               | : None           |
| 2. Benefits derived as a result of the above efforts | : Not applicable |
| 3. Future plan of action                             | : None           |
| 4. Expenditure on R & D                              | : Nil            |
| 5. Technology absorption, adaptation and innovation  | : None           |
| 6. Imported Technology for the last 5 years          | : None           |

### C. Foreign Exchange Earnings and Outgo

There were no foreign exchange earnings or outgo during the period under review

For and on behalf of the Board

**Ramesh Iyer**  
Chairman

Mumbai, 17th April, 2014

# Independent Auditor's Report

To The Members of

## Mahindra Asset Management Company Private Ltd

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Mahindra Asset Management Company Private Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (b) in the case of the Statement of Profit and Loss, of the [loss] for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. 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 ;
  - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account ;
  - d. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No. 44784

Mumbai : 17th April 2014

## Annexure to the Auditor's Report

(Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Mahindra Asset Management Company Private Limited)

- i. The Company does not have fixed assets and therefore the provisions of clause 4(i) of the Order are not applicable to the Company.
- ii. Clause 4(ii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, and accordingly clause 4 (iii) (b), (c), (d), (f) and (g) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to its rendering of services. On the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any major weakness in internal control system.
- v. According to the information and explanation given to us, there are no transactions with parties that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, and therefore the provisions of clause 4(vi)(b) of the Order are not applicable to the Company.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under and therefore provision of clause 4(vi) of the Order is not applicable to the Company.
- vii. In our opinion and according to the information and explanations provided to us the Company has an internal audit system, which is commensurate with its size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of subsection (1) Of Section 209 of the Companies Act, 1956. Therefore the provisions of clause 4(viii) of the Order are not applicable to the Company.
- ix. (a) According to the information and explanations given to us and according to the books and records produced and examined by us, in our opinion the Company has generally been regular in depositing undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, cess and other applicable statutory dues with the appropriate authorities.  
(b) As at 31 March 2014, according to information and explanation given to us, there are no outstanding dues on account of Income Tax and Service Tax that have not been deposited on account of any dispute.
- x. The company has been registered for a period of less than five years and hence we are not required to

- comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi. The Company has not taken any loans from the financial institution or banks and therefore the provisions of clause 4(xi) are not applicable to the Company.
- xii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
- xiii. The provisions of any applicable statute to Chit Fund, Nidhi or Mutual Benefit Fund / Society are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments therefore provision of the clause 4(xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The Company has not taken any loans from the financial institution or banks and therefore the provisions of clause 4(xvi) are not applicable to the Company.
- xvii. The Company has not raised any funds during the year and therefore the provisions of clause 4(xvii) are not applicable to the Company.
- 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 has not issued any debentures during the year and therefore the provision of clause 4(xix) of the Order is not applicable to the Company.
- xx. The Company has not made any public issue of its shares during the year.
- xxi. Based on the audit procedures performed and 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 **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Padmini Khare Kaicker**  
Partner  
Membership No. 44784

Mumbai : 17th April 2014

## Balance Sheet

as at March 31, 2014

(Amount in Rs.)

Particulars	Note	March 2014
<b>I. Equity &amp; Liabilities</b>		
<b>1) Shareholders' funds</b>		
a) Share Capital	1	500,000.00
b) Reserves and Surplus	2	(49,218.00)
		450,782.00
<b>2) Current liabilities</b>		
a) Trade payables	3	16,854.00
		16,854.00
<b>Total</b>		<b>467,636.00</b>
<b>II. Assets</b>		
<b>1) Current assets</b>		
a) Cash and bank balance	4	465,782.00
b) Short-term loans and advances	5	1,854.00
		467,636.00
<b>Total</b>		<b>467,636.00</b>
<b>Summary of significant accounting policies and notes to the financial statements</b>	<b>I &amp; II</b>	

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

This is the Balance Sheet referred in our report of even date.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Regn No. 105102W

**Ramesh Iyer**  
Chairman

**Gautam Divan**  
Director

**Padmini Khare Kaicker**  
Partner  
Membership No. 44784

**Neeraj Verma**  
Company Secretary

**V. Ravi**  
Director

Place: Mumbai  
Date: 17 April, 2014

# Statement of Profit and Loss

for the period ended March 31, 2014

Particulars	Note No.	(Amount in Rs.)
		March 2014
I. Revenue from operations		-
II. Other income		-
<b>III. Total Revenue (I + II)</b>		-
<b>IV. Expenses:</b>		
Other expenses	6	49,218.00
<b>Total expenses</b>		<b>49,218.00</b>
V. Profit before tax (III - IV)		(49,218.00)
VI. Tax expense:		
(1) Current tax		-
(2) Deferred tax		-
<b>VII. Profit (Loss) for the year (V - VI)</b>		<b>(49,218.00)</b>
VIII. Earnings per equity share (Rupees):	7	
(1) Basic		(0.98)
(2) Diluted		(0.98)
<b>Summary of significant accounting policies and notes to the financial statements</b>	<b>I &amp; II</b>	

The notes referred to above form an integral part of the Statement of Profit & Loss

This is the Statement of Profit & Loss referred in our report of even date.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Regn No. 105102W

**Ramesh Iyer**  
Chairman

**Gautam Divan**  
Director

**Padmini Khare Kaicker**  
Partner  
Membership No. 44784

**Neeraj Verma**  
Company Secretary

**V. Ravi**  
Director

Place: Mumbai  
Date: 17 April, 2014

## Cash Flow Statement

as at March 31, 2014

		(Rs.in lacs)
		<b>March 2014</b>
<b>A. Cash Flow From Operating Activities</b>		
Profit before taxes and contingencies		(49,218)
Add: Items considered separately:		
<b>Interest expense</b>		-
Operating profit before working capital changes	(I)	(49,218)
Add/Less:		
(Increase)/Decrease in Loans & Advances		(1,854)
		(1,854)
Add: Increase in Current Liabilities & Provisions		16,854
	(II)	15,000
Cash generated from operations	(I+II)	(34,218)
Advance taxes paid		-
<b>Net cash from operating activities (A)</b>		(34,218)
<b>B. Cash flows from investing activities</b>		
<b>Net cash flows from investing activities (B)</b>		-
<b>C. Cash flows from financing activities</b>		
Issue of Equity Shares (net of issue expenses)		500,000
<b>Net cash from financing activities (C)</b>		500,000
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		465,782
<b>Cash and cash equivalents as at:</b>		
<b>Beginning of the year</b>		-
<b>End of the year</b>		465,782

Examined and found correct.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Regn No. 105102W

**Ramesh Iyer**  
Chairman

**Gautam Divan**  
Director

**Padmini Khare Kaicker**  
Partner  
Membership No. 44784

**Neeraj Verma**  
Company Secretary

**V. Ravi**  
Director

Place: Mumbai  
Date: 17 April, 2014

# Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

## I. Summary of significant accounting policies:

### 1) Basis of preparation of accounts

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and the Accounting Standards notified under section 133 of the Companies Act 2013.

All assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets & liabilities.

### 2) Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities as on the date of the financial statements and the reported income and expenses during the reporting period.

Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

### 3) Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination

of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

### 4) Provisions and contingent liabilities

Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more certain future events not wholly within the control of the company.

## II. Notes to the Financial Statements:

(Amount in Rs.)

March 2014

Note 1	Share capital	
<b>Authorised Capital:</b>		
	50,00,000 Equity shares of Rs. 10/- each (March 2013: NIL shares)	5,00,00,000
<b>Issued Capital:</b>		
	50,000 Equity shares of Rs. 10/- each (March 2013: NIL shares)	5,00,000
<b>Subscribed and Paid-up Capital:</b>		
	50,000 Equity shares of Rs. 10/- each (March 2013: NIL shares)	5,00,000
<b>Total</b>		<b>5,00,000</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

	March 2014	
	Number of shares	Rupees
<b>a) Reconciliation of the number of shares</b>		
Number of equity shares outstanding at the beginning of the year	-	-
Add: Fresh allotment of shares during the year:	50,000	5,00,000
	50,000	5,00,000
Less: Shares bought back during the year	-	-
Number of equity shares outstanding at the end of the year	50,000	5,00,000
<b>b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates -</b>		
Holding company: Mahindra & Mahindra Financial Services Limited (Equity shares of Rs. 10/- each)	49,998	4,99,980
Percentage of holding (%)	99.996	99.996
<b>c) Shareholders holding more than 5 percent shares:</b>		
Mahindra & Mahindra Financial Services Limited	49,998	4,99,980

(Amount in Rs.)

March 2014

Note 2	Reserves & Surplus	
	<b>Surplus:</b>	
	Balance Profit (for earlier years) as per last Balance Sheet	-
	Add: Profit for the current year transferred from Statement of Profit & Loss	(49,218)
	Balance Profit carried to Balance Sheet	(49,218)
	Less: Allocations & Appropriations:	-
	<b>Balance as at the end of the year</b>	<b>(49,218)</b>
	<b>Total</b>	<b>(49,218)</b>

(Amount in Rs.)

March 2014

Note 3	Trade Payables	
	Trade payables for expenses	16,854
	<b>Total</b>	<b>16,854</b>

(Amount in Rs.)

March 2014

Note 4	Cash and bank balance:	
	Balance with Scheduled Banks in Current Accounts	4,65,782
	<b>Total</b>	<b>4,65,782</b>

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

(Amount in Rs.)

March 2014

Note 5	Short-term loans and advances:	
<b>Other Loans &amp; Advances</b>		
	Service tax credit available	1,854
	<b>Total</b>	<b>1,854</b>

(Amount in Rs.)

March 2014

Note 6	Other Expenses:	
	Rates and Taxes	3,708
	Directors sitting fees	30,000
	Filing fees	510
	Payments to the auditor	-
	(a) as auditor	15,000
	<b>Total</b>	<b>49,218</b>

(Amount in Rs.)

FY 2013-14

Note 7	Earning Per Share (AS 20)	
	Net Profit/(Loss) attributable to Equity Share Holders	(49,218)
	Weighted Average Numbers of Shares	50,000
	EPS – (Basic)	(0.98)
	EPS – (Diluted)	(0.98)

### Note 8

The Company Mahindra Asset Management Company Private Limited ('the Company') was incorporated under the Companies Act, 1956 on June 20, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. This is the first year of operations of the Company. The company is incorporated to function as an investment manager to the proposed "Mahindra Mutual Fund". The company is in the process of applying for a license from SEBI. Consequently, during the period under audit the company has not started its operations.

## Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2014

### Note 9

Related Party Disclosure as per Accounting Standard 18:

**A) List of the related parties and nature of relationship which have transactions with our Company during the year:**

Holding Company: Mahindra & Mahindra Financial Services Limited

**B) Related party transactions are as under:**

		(Amount in Rs.)
Sr.	Nature of transactions	Holding Company
1	Issue of Share Capital	4,99,980

### Note 10

Being the first year of operations of the Company, previous year figures are not applicable.

**Signatures to Significant accounting policies and Notes to the financial statements – I and II**

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Regn No. 105102W

**Ramesh Iyer**  
Chairman

**Gautam Divan**  
Director

**Padmini Khare Kaicker**  
Partner  
Membership No. 44784

**Neeraj Verma**  
Company Secretary

**V. Ravi**  
Director

Place: Mumbai  
Date: 17 April, 2014





## Group Structure

**Mahindra &  
Mahindra Limited**



Mahindra & Mahindra Financial  
Services Limited **(51.2%)**



Mahindra Insurance Brokers Ltd.  
(85%)



Mahindra Rural Housing Finance  
Ltd. (87.5%)



Mahindra Finance USA LLC (49%  
Joint Venture with RaboBank Group  
Subsidiary)



Mahindra Business & Consulting  
Services Private Ltd. (100%)



Mahindra Asset Management  
Company Pvt. Ltd. (99.99%)



Mahindra Trustee Company Pvt.  
Ltd. (99.99%)

## **Mahindra** FINANCE

Mahindra & Mahindra Financial Services Limited  
Mahindra Towers, 4th Floor, Dr. G.M. Bhosale Marg,  
P. K. Kurne Chowk, Worli, Mumbai - 400 018

CIN: L65921MH1991PLC059642

[www.mahindrafinance.com](http://www.mahindrafinance.com)

*This Annual Report is printed on environment friendly paper.*

