

ADITYA BIRLA



MONEY

Good things come to those who *innovate.*  
To those who weather the storm,  
who challenge the norms,  
who stay true to their vision, values and beliefs.

To those who follow their *passion,*  
stick to their commitments and keep  
their heads up high in times of difficulty.

As we continue on our path to growth & success  
we will tackle setbacks and difficulties with the same focus,

*persistence*  
*strength*  
that we believe in.

ANNUAL REPORT | 2012 - 2013

ADITYA BIRLA MONEY LIMITED

## LETTER FROM THE MANAGING DIRECTOR

Dear Shareholders,

The last Financial Year saw divergent signals emerging from macro-economic data and liquidity. Most of the economic indicators were weak throughout the year, be GDP growth rate, current account deficit & fiscal deficit, incremental capital expenditure or industrial production. Few economic indicators like inflation and falling interest rates helped in improving sentiments.

On the other hand, the global liquidity and 'risk-on' had a significant impact on the Indian equities market and the global commodities markets too. This favorable liquidity environment along with announcements of few economic reform measures helped in sustaining some momentum in equity markets which rose by 7.3% Y-o-Y in FY13. However, speculative and derivative volumes were the order of the day with retail investors continuing to move out from the market every month.

Given these difficult conditions, your Company focused on three areas to consolidate the business. Progressive rationalization of costs, enhanced efforts at new client acquisition and sprucing up research based advice to cater to the needs of specific client segments. The commodities and currency businesses received special attention and efforts are on to build those businesses into self sustaining units through appropriate research based trading strategies. The accent on dealer productivity and selective acquisition of quality business partners also helped your Company consolidate the business more effectively. On product, risk and technology front, your Company developed and implemented robust technology based central monitoring of trades and surveillance initiatives to enhance control in the fast moving derivatives transactions.

These efforts paid dividends as your Company's market share increased in FY13. The cash equity retail market share moved up from 1.16 per cent in FY12 to 1.50 per cent in FY13, the derivatives retail market share increased from 0.73 per cent in FY12 to 0.94 per cent in FY13 and the commodities market share increased from 0.38 per cent in FY12 to 0.48 per cent in FY13. Reflecting the difficult business conditions and the falling retail volumes, your Company posted income from operations to the tune of Rs.84.08 Crores in FY13 as against Rs.88.28 Crores in FY12, on a consolidated basis.

Your Company will continue to work towards creating enduring value for its stakeholders and customers by converting the difficult and disruptive times into business opportunities.

Given the underlying potential of Indian markets in the long run, we are hopeful that the turbulent times would wither away and the markets will once again see the return of retail investors and improved performance of the industry in the medium term.

Yours Sincerely,



Sudhakar Ramasubramanian

# ADITYA BIRLA MONEY LIMITED

## BOARD OF DIRECTORS

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

## KEY EXECUTIVES

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

## COMPANY SECRETARY

Mr. S. Balaji

## AUDITORS

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

## BANKERS

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

## REGISTERED OFFICE

Indian Rayon Compound  
Veraval - 362 266, Gujarat.

## CORPORATE OFFICE

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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### MACRO ECONOMIC SCENARIO

#### THE INDIAN ECONOMY & MARKETS

During the Financial Year 12-13 [FY13], India's Gross Domestic Product [GDP] growth slowed down further from a level of 6.2% in FY12 to around 5% in FY13. The Index of Industrial Production also continued to show a declining trend in the whole of FY13. The reduction in government spending in the first half of FY13 also impacted the growth to a certain extent. Current Account Deficit [CAD] remained above 5.5% of GDP on account of high oil imports and slowdown in exports. Inflationary pressures continued to remain high with Consumer Price Index [CPI] touching double digits and the Wholesale Price Index [WPI] remained above 7% levels for most part of the year. Capacity expansion and corporate earnings also remained subdued.

Despite weak macro-economic indicators, the equity markets were up 7.3% YoY in FY13. The silver lining on the otherwise overcast skies was the positive capital inflows into the equity and bond markets which kept the markets afloat while domestic investors and institutions largely remained sellers. India attracted \$25bn of equity flows in FY13 and the overall capital inflows continued to be strong. A favourable global liquidity environment and economic reform measures like liberalization of FDI in retail and aviation, decontrol of fuel prices to contain subsidies and the attractive valuations of equities after the sharp fall in 2011 also helped in creating momentum in equities market. However, the equity markets came under pressure in the last quarter of FY13.

Domestic inflation seems to be easing, with March 2013 WPI falling to less than 6% for the first time in 40 months. Oil and gold prices have corrected 11% and 15% Year to date [YTD] respectively, which could ease worries on the CAD front. While the external environment and the domestic investor sentiment seems to be improving, the key driver for the Indian economy and markets in FY14 would be the Government's proactive actions on getting the domestic real investment cycle going and on the speedy implementation of more economic reforms.

#### GLOBAL SCENARIO

Developments in the Euro-zone, US Federal Reserve's quantitative easing and firm oil prices were the important factors on the global economic front which hogged the limelight. The European Central Bank's [ECB] announcement of the Outright Monetary Transactions [OMT] bond buying program induced confidence in investors to buy up sovereign bonds, resulting in lower bond yields for large peripheral European economies like Spain and Italy. The bailout of Greece reduced tail risks of a Euro-zone exit.

World Economic growth is likely to remain subdued this year as China's economy levels-off and European recession deepens. Bank of Japan announced multi-year stimulus with the intention of arresting the deflation in Japan. European Central Bank and Bank of England are expected to keep a low interest rate regime for an extended period, pumping the financial system with liquidity to promote economic growth. With growth slowing down in China and rest of the world, we are witnessing the Commodity super cycle probably coming to an end. Commodity prices including precious metals are expected to remain benign during the course of the year. And the fall in commodities bodes well for high commodity importing countries like India.

#### INDUSTRY STRUCTURE AND DEVELOPMENTS

During FY 13, the capital markets saw some turbulence and retail investor participation continued to drop significantly. The product mix in equities market continued to favour low yielding derivative segment. The share of derivatives in FY13 stood around 90%. The daily cash volumes in FY13 declined to Rs.13,235 crores, a fall by 6.4% compared to FY12 of Rs. 14,152 crores and with a much lower participation from traders and investors. As a result, the daily volumes in the cash segment stood at merely 9.36% of the total market volume in FY 13, which was down from 9.98% in FY12. This continuing trend also indicates speculative activities taking precedence over investment led activities in the capital market. The structural shift (from high yield cash delivery to low yield derivatives market) is resulting in prolonged earnings

## MANAGEMENT'S DISCUSSION AND ANALYSIS

pressure on the broking industry. The cyclical factors further accentuates this pressure and only strong players with service orientation, clear value added research focus and strong distribution network, have been able to sustain and grow market share.

### Market Volumes Data

| Period          | Average Daily Turnover in Rs. Crores (Cash) | Average Daily Turnover in Rs. Crores (Derivatives) | Average Daily Turnover in Rs. Crores |
|-----------------|---|--|--------------------------------------|
| Apr'12 - Jun'12 | 12,026                                      | 121,720  | 133,746                              |
| Apr'11 - Jun'11 | 14,082                                      | 120,478  | 134,560                              |
| Jul'12 - Sep'12 | 12,767                                      | 121,032  | 133,799                              |
| Jul'11 - Sep'11 | 13,724                                      | 132,760  | 146,484                              |
| Oct'12 - Dec'12 | 14,136                                      | 130,594  | 144,730                              |
| Oct'11 - Dec'11 | 12,121                                      | 130,198  | 142,319                              |
| Jan'13 - Mar'13 | 14,009                                      | 140,553  | 154,562                              |
| Jan'12 - Mar'12 | 16,584                                      | 129,115  | 145,699                              |

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

The subdued primary market activities and muted retail participation also resulted in slow down in the new demat account openings and only 10 lakhs new demat accounts were added during FY13.

The commodity markets saw decrease in volume by 2.61% over last financial year, quite in line with the trends of global commodity markets. The average daily volumes on commodity exchanges went down from Rs.69,644 crores in FY12 to Rs.67,841 Crores in FY13. The currency futures market did show improvement. However, the overall volumes are low compared to the equity and commodity markets.

### FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS

During these turbulent times, your Company continued to focus on cost reduction, quality research and improvement in market share. The Company's market share in FY13 grew to 1.50% from 1.16% in retail equities and 0.48% from 0.38% in commodities. Specific focus on the derivatives market opportunities last year helped in expanding Company's presence in this segment.

Your Company recorded an Income from Operations of Rs.84.08 Crores for the year under review, on a consolidated basis. The total consolidated income for the year under review stood at Rs.93.84 Crores, as compared to the previous year of Rs.97.24 Crores reflecting slowdown in capital market activity. The Consolidated Net Loss for the year stood at Rs.15.31 Crores as compared to Rs.17.83 Crores in the previous year.

Revenues from equity broking during the year increased marginally by 0.44% Y-o-Y to Rs.51.92 Crores. Commodities business however recorded de-growth for the year under review, with revenues from commodity brokerage at Rs.17.21 Crores, which was lower than the previous year's revenues of Rs.19.87 Crores. This was mainly due to fall in yields and lower participation of clients.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### ECONOMY

With the onset of monsoon being good and projection of near normal monsoon throughout the country well ahead of schedule, the prospects of bumper crop has gone up. This should aid both agri-inflation and the rural purchasing power. Indirect stimulus in form of election year is also expected to aid the overall economy. However, slower reform progress as the political environment becomes complex, will delay recovery to the full potential.

Equity markets seem to be stabilizing and are expected to show an upward trends in the first quarter of FY14. Domestic inflation seems to be easing, with WPI falling to less than 5% - within the Reserve Bank of India [RBI] comfort zone. Commodity super cycle is easing which will ease worry on CAD front.

Global environment also seems to be favorable for India in terms of foreign capital inflows and lower commodity prices. Low global interest rates, ample global liquidity and not so robust growth prospects in Europe augurs well for the Emerging Markets including India. Thus the confluence of Government reform measures, domestic monetary easing, robust Foreign Institutional Investor [FII] flows and reasonable market valuations could compound to give a boost to the equities markets. However, there will be a high degree of market volatility during the course of the year. Growth challenges and Rupee depreciation will remain a risk to the markets.

### INDUSTRY

For the Broking industry the structural challenge remains. SEBI capped brokerage commission fees at 12 bps for cash and 5 bps for futures segment for the Mutual fund industry. This along with increased penetration of Direct Market Access [DMAs] is expected to have an impact on Institutional broking. Broad based retail participation in the equity markets has been absent. This is reflected from the dip in number of transactions in the cash segment. On the contrary there is an increase in number of trades and trading size for the derivatives. Yield on Options and Commodity has been on a decline and would continue to remain in pressure due to competitive pressures and constrained margins.

The overall growth in the market size in short to medium term will be dependent on the direction of the market and confidence in equities as an asset class. This in turn is partially going to be dependant on global factors and partially on corporate earnings. The overall business performance will be largely dependent on the revival of primary market and retail participation.

The Currency market is growing at a steady pace and has a long way to go. While for commodities, introduction of Commodities Transaction Tax [CTT] on non agricultural commodities future will have marginally negative impact on the overall volume. The Spot market volumes are beginning to see buoyancy and a better shape. Institutional participation and trading in commodities options awaits parliamentary approval. As and when approved, the commodities market will stand to benefit from increased depth and wider participation.

The market outlook will be more dependent on the quantum of foreign portfolio flows which in turn are dependent on the global liquidity and the continuation of "Risk Off". On the positive front, the industry brokerage revenue pool has been stabilizing. Commodities and currencies have emerged as a dependable sources of diversification. Industry has re-aligned it's business model to contain costs. Thus in a nutshell, while the industry will continue to face various volatile times, the industry has to optimise costs and increase operational efficiency, to remain competitive and sustain performance.

### OPPORTUNITIES AND THREAT

After China, India is the only country to register reasonable growth Y-o-Y, albeit at a slow pace compared to the mid 2000s. The under penetrated Indian securities market provides ample opportunity for growth in the long run.

The subdued participation in equities and the increased cost of operation poses challenges, which the Industry as a whole is going through and your company is also not immune to such shifts. Given the market conditions, change in product structure mix and reducing yield, your company also witnessed pressure on margins. This, combined with the rising infrastructure and operational costs, and changes in industry structure will continue to pose challenge in its growth

## MANAGEMENT'S DISCUSSION AND ANALYSIS

trajectory. Your Company is conscious of the same and it has plans to increase its overall market share by targeting select profitable segments and efficient use of technology to become a cost efficient player in the market.

Your Company will continue to drive client acquisition, increase its business partner network, cost rationalization and provide efficient trading tools and value added research advice to its clients. The overall strategic focus is to create product and service differentiators across all segments.

### RISK AND CONCERNS

The very nature of the Company's business makes it susceptible to various kinds of risks. The Company encounters market risk, credit risk and operational risks in its daily business operations. The Company has framed a comprehensive Risk Management Manual which inter-alia lays down detailed process and policies in the various facets of risk management function. The risk management review framework operates both at the Company as well as the Aditya Birla Group level thus providing complete oversight to various risk management practices and process. The framework and assessment remains dynamic and aligns with the continuing requirements and demands of the market condition. The Company has also implemented surveillance mechanism to deal with various trades related risks and adopted a surveillance policy in line with the regulatory requirements.

### INTERNAL CONTROL AND ADEQUACY

The Company has adequate internal control systems appropriate for the business process having regard to efficiency of operations - both systems, finance and for compliance with applicable laws. The controls are reviewed periodically and strengthened in view of changed processes, systems and regulations. In addition, the Company goes through periodic internal audits both through its internal team and external auditors, which includes branch and franchisee audits as well as all operations control. All the audit and inspection reports are placed at the Audit Committee meetings. Key issues are specifically brought to the attention of the Audit Committee and deliberated in detail along with the action plan for closure.

### HUMAN RESOURCES

One of the key pillars of the Company's business is its people. The Company's HR policies and practices are built on Aditya Birla Group [ABG] core values of *Integrity, Passion, Speed, Commitment and Seamlessness*. The Company's focus is on recruitment of good talent and retention of the talent pool. The Company is hopeful and confident of achieving the same to be able to deliver results and value for our shareholders. As on March 31, 2013, the total employees on the Company's rolls stood at 897.

### CAUTIONARY NOTE

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

## DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

Your Board of Directors present the 17th Annual Report, along with the audited annual standalone and consolidated accounts of Aditya Birla Money Limited ("the Company") for the year ended March 31, 2013.

### 1. Financial Performance Summary

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

(Rs. in Crore)

| Particulars                                       | Standalone                      |                                 | Consolidated                    |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   | Year ended<br>March 31,<br>2013 | Year ended<br>March 31,<br>2012 | Year ended<br>March 31,<br>2013 | Year ended<br>March 31,<br>2012 |
| Income from Operations                            | 65.89                           | 67.41                           | 84.08                           | 88.28                           |
| Other Income                                      | 5.68                            | 4.98                            | 9.76                            | 8.95                            |
| Less : Expenditure                                | 72.12                           | 77.46                           | 96.33                           | 102.61                          |
| Profit before Interest, Depreciation and Taxation | (0.55)                          | (5.07)                          | (2.49)                          | (5.38)                          |
| Less : Interest                                   | 4.57                            | 5.62                            | 4.71                            | 5.60                            |
| Profit before Depreciation and Taxation           | (5.12)                          | (10.69)                         | (7.20)                          | (10.98)                         |
| Less : Depreciation                               | 7.55                            | 7.80                            | 8.11                            | 8.28                            |
| Profit / (Loss) Before Taxation                   | (12.67)                         | (18.49)                         | (15.31)                         | (19.26)                         |
| Less : Provision for Tax including Deferred Tax   | —                               | (1.20)                          | —                               | (1.43)                          |
| Profit / (Loss) After Tax                         | (12.67)                         | (17.29)                         | (15.31)                         | (17.83)                         |
| Profit brought forward from previous year         | (4.66)                          | 12.63                           | (1.65)                          | 16.18                           |
| Balance carried to Balance Sheet                  | (17.33)                         | (4.66)                          | (16.96)                         | (1.65)                          |

### 2. Business Performance

On a Standalone basis, the Company's total Income stood at Rs.71.57 Crore compared to Rs.72.39 Crore during the previous year. The Income from Operations was Rs.65.89 Crore compared to Rs. 67.41 Crore during the previous year. The Company focussed on cost rationalisation, as a result the Loss before Depreciation and Taxation was reduced to Rs.5.12 Crore compared to Rs.10.69 Crore in the previous year. Interest Cost was Rs.4.57 Crore as compared to Rs.5.62 Crore in the previous year. The Company's Net Loss was also down to Rs.12.67 Crore as compared to Net Loss of Rs.17.29 Crore in the previous year.

On a Consolidated basis, the Company's consolidated Income from Operations was Rs.84.08 Crore, compared to Rs.88.28 Crore in the previous year. The Consolidated Net Loss was Rs.15.31 Crore compared to Rs.17.83 Crore in the previous year.

### 3. Reserves

Reserves & Surplus of the Company as on March 31, 2013 stood at Rs.21.97 Crore. During the year, no amount is proposed to be transferred to Reserves.

### 4. Dividend

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

### 5. Credit Rating

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

## DIRECTORS' REPORT TO THE MEMBERS

### 6. Share Capital

The Authorised Share Capital of the Company is Rs.25 Crore. The Paid up Capital, Issued and Subscribed Capital of the Company was Rs.13.54 Crore as on March 31, 2013 consisting of 55,400,000 Equity shares of Re.1/- each and 800,000 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs.100/- each. There was no capital infusion during the year under review.

### 7. Management Discussion and Analysis

The Management Discussion and Analysis Report on the operations of the Company is provided in a separate section and forms part of the Annual Report.

### 8. Corporate Governance

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

### 9. Subsidiary

The Company has a wholly owned subsidiary viz. Aditya Birla Commodities Broking Limited ("ABCBL"), which is engaged in the business of commodity broking. ABCBL continues to be a material non-listed subsidiary company on the basis of consolidated turnover for the accounting year ended March 31, 2013 pursuant to Clause 49 of the listing agreement. Relevant disclosure(s) in this regard also forms part of the Corporate Governance Report.

ABCBL posted total Income of Rs.22.34 Crore compared to Rs.24.97 Crore during previous year. The Net Loss was at Rs.2.65 Crore compared to Rs.0.54 Crore in the previous year. The increase in Net Loss was largely due to fall in yields and lower participation of clients.

The Consolidated financial statements pursuant to Clause 41 of the Listing Agreement and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accounts of India forms part of the Annual Report. In terms of general exemption granted by the Ministry of Corporate Affairs vide its Circular No.2/2011 dated February 8, 2011 and in compliance with the conditions enlisted therein, the reports and annual accounts of the subsidiary company for the financial year ended March 31, 2013 have not been attached to the Balance Sheet of the Company. As required under the circular, statutory information pertaining to the subsidiary company forms part of the Annual Report. Further, the annual accounts and other related information of the subsidiary company are available to you and the shareholders of subsidiary company at any point of time. Any shareholder / investor of the Holding Company or Subsidiary Company desirous of obtaining a copy of the said documents may send request in writing to the Company at the Registered Office. The annual accounts of subsidiary company shall also be kept for inspection at the Registered Office of the Company and of the Subsidiary Company.

### 10. Public Deposits

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

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

The information relating to the conservation of Energy and Technology Absorption required under Section 217(1)(e) of the Companies Act, 1956 ("the Act"), are not applicable to the Company due to the very nature of the industry in which it operates. During the year under review, there were no foreign exchange earnings (previous year Nil) and outgo (previous year Nil), respectively. In accordance with the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules 1975, the names and other particulars of employees are to be set out in the Directors' Report as an addendum thereto. However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and accounts, as therein set out, are being sent to all the members of the company excluding the information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company at the Registered Office of the Company.

## DIRECTORS' REPORT TO THE MEMBERS

### 12. Directors

As on March 31, 2013, your Board of Directors comprises of 5 Directors including 2 Independent Directors. In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956, Mr.G.Vijayaraghavan, retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment. The Company has received requisite disclosures and undertakings from all the Directors in compliance with the provisions of the Companies Act, 1956 and other applicable statutes.

### 13. Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable standards have been followed alongwith proper explanation relating to material departures, if any;
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the attached Statement of Accounts for the period ended March 31, 2013 have been prepared on a "going concern basis";
- proper systems are in place to ensure compliance of all laws applicable to the Company; and
- all related party transactions are disclosed in notes to accounts at Note 30 in terms of Accounting Standard 18.

### 14. Auditors and Auditors' Report

M/s. S.R. Batliboi & Co. LLP (previously M/s. S.R. Batliboi & Co.), Chartered Accountants, Mumbai, (Registration No. 301003E), hold office as the Statutory Auditors of the Company upto the ensuing AGM and have offered themselves for re-appointment. A certificate from them has been received to the effect that their re-appointment as Statutory Auditors of the Company, if made, would be within the limits prescribed under Section 224(1B) of the Act. The Auditors have further certified that they have subjected themselves for the peer review process of the Institute of Chartered Accountants of India (ICAI) and they hold a valid certificate issued by the "Peer Review Board" of ICAI. The Board proposes the re-appointment of M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, Mumbai as the Statutory Auditors of the Company, on the recommendation of the Audit Committee. The observations, if any, made by the Auditors of the Company in their report read with relevant notes to the Accounts are self-explanatory and, therefore do not call for any further comments. The observations reported under Emphasis of Matter by the Auditors of the Company in their report with relevant notes to the Accounts are self-explanatory and do not call for any further explanation / comments. In respect of observation/remark made at point (ix)(a) in the annexure to the Auditors' report, although the Company had deposited the professional tax payment cheques with the respective states, the delay was due to the calculation & dispatch of the cheques to respective branch offices from Head office. Now, management of your Company has taken suitable corrective measures and improved the corresponding controls to avoid any such instances in future.

### 15. Appreciation

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

For and on behalf of the Board

Place : Chennai  
Date : April 29, 2013

Pankaj Razdan  
Director

Sudhakar Ramasubramanian  
Managing Director

# CORPORATE GOVERNANCE REPORT

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

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

## 2. BOARD OF DIRECTORS

### Composition, Category, Size of the Board

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

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

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

| Name of the Director         | Category               | No. of Board Meetings |          | No. of Directorships held in other Companies# | No. of Committee Membership held in other Companies^ | Last AGM Attendance (Yes/No) |
|------------------------------|------------------------|-----------------------|----------|---|--|------------------------------|
|                              |                        | Held                  | Attended |   |  |                              |
| Mr. Pankaj Razdan            | Non-Executive Director | 4                     | 3        | 5   | —  | No                           |
| Mr. Manoj Kedia              | Non-Executive Director | 4                     | —        | 4   | —  | No                           |
| Mr. Sudhakar Ramasubramanian | Managing Director      | 4                     | 4        | 2   | —  | Yes                          |
| Mr. P. Sudhir Rao            | Independent Director   | 4                     | 4        | 6   | 1  | Yes                          |
| Mr. G. Vijayaraghavan        | Independent Director   | 4                     | 4        | —   | —  | No                           |

^ includes Membership of Audit Committees and Shareholders' Grievance Committee as per Clause 49 of the Listing Agreement (as on March 31, 2013).

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

### Number of Board Meetings

The Board of Directors met four times during the year ended March 31, 2013 i.e. on May 03, 2012, July 27, 2012, October 26, 2012 and February 01, 2013. The maximum gap between the two Board Meetings was not more than four months.

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

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

## CORPORATE GOVERNANCE REPORT

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

### **Code of Conduct**

The Board of Directors of the Company has laid Code of Conduct for the Directors and Senior Management Personnel of the Company. The Code has been posted on the Company's website [www.adityabirlamoney.com](http://www.adityabirlamoney.com). All the Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as on March 31, 2013. A declaration to this effect signed by the Managing Director forms part of this report.

### **Compliance Structure**

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

## **3. BOARD COMMITTEES**

### **A. AUDIT COMMITTEE**

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

### **Composition**

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

## CORPORATE GOVERNANCE REPORT

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

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

### Terms of Reference

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

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

## CORPORATE GOVERNANCE REPORT

11. Review the functioning of the Whistle Blower mechanism.
12. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. To review risk management system of the Company.
14. To review Compliance certificates received from Departments.
15. To review CEO/CFO certifications.
16. To review Fraud and Suspicious Transaction Reports.

### Meetings and Attendance

During the year under review, the Audit Committee met four times i.e. on May 03, 2012, July 27, 2012, October 26, 2012 and February 01, 2013. The details of the attendance of the Committee members are as follows:

| Sl. No. | Name of the Member    | Category / Status      | No. of Meetings Held | No. of Meetings Attended |
|---------|-----------------------|------------------------|----------------------|--------------------------|
| 1.      | Mr. P. Sudhir Rao     | Chairman – Independent | 4                    | 4                        |
| 2.      | Mr. G. Vijayaraghavan | Member – Independent   | 4                    | 4                        |
| 3.      | Mr. Manoj Kedia       | Member – Non Executive | 4                    | —                        |

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

## B. REMUNERATION COMMITTEE

### Composition

The Company has a Remuneration Committee consisting of following three non-executive Directors, two third of whom are Independent Directors, including the Chairman.

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

### Terms of Reference

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

1. To determine and approve the remuneration package payable to the Executive Director / Whole-time Director, Directors, other Managerial Persons and such other members of the management including salary, bonuses, incentive payments, share options, stock options, pension rights, terms of employment and various other components of the compensation payable in this regard;

## CORPORATE GOVERNANCE REPORT

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

### Remuneration to Directors

The Independent Directors are paid sitting fees of Rs.20,000/- for each meeting of the Board and the Committee thereof. No sitting fee is paid to the Managing Director and other Non-Executive Directors. The details of sitting fees paid to the Independent Directors during financial year 2012-13 are as under:

| Name of Director      | Category             | Sitting Fees Paid |
|-----------------------|----------------------|-------------------|
| Mr. P. Sudhir Rao     | Independent Director | Rs.2,00,000/-     |
| Mr. G. Vijayaraghavan | Independent Director | Rs.1,60,000/-     |

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

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

The Company has a specific Committee to consider matters relating to Shareholders' / Investors' grievances.

#### Composition

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

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

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

#### Roles & Responsibilities

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

## CORPORATE GOVERNANCE REPORT

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

### **Meetings and Attendance**

The Shareholders and Customers Grievance Redressal Committee shall have meetings periodically. In case the Committee is not be able to meet specifically, the respective items like Complaints / Litigation update etc. are placed before the Board. During the year under review, Shareholders' and Customers Grievance Redressal Committee met once on October 26, 2012.

## **D. FINANCE COMMITTEE**

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

### **Composition**

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

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

### **Meetings and Attendance**

The Chairman of the Committee is elected by the members amongst themselves from time to time and any two members shall form the quorum of the Committee Meeting. The Committee met two times during the year ended March 31, 2013 i.e. on May 16, 2012 & February 01, 2013 which were attended by Mr. Pankaj Razdan and Mr. Sudhakar Ramasubramanian.

## CORPORATE GOVERNANCE REPORT

### E. RISK GOVERNANCE COMMITTEE

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

#### Composition

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

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

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

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

#### Meetings and Attendance

During the year under review, Risk Governance Committee met once on July 27, 2012. All the members of the Committee were present in this meeting.

### F. PREFERENCE SHARES ALLOTMENT COMMITTEE

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

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

### 4. CEO / CFO CERTIFICATION

As required under the provisions of the Clause 49 of the Listing Agreement, the Managing Director & Chief Finance Officer of the Company have provided necessary certification to the Board regarding the financial statements of the Company. The said certificate was placed before each board meeting approving the financial results which was taken on record by the Board of Directors of the Company. The CEO / CFO certification for the annual financial results for the year ended March 31, 2013 was also placed before the Board of Directors at its meeting held on April 29, 2013.

### 5. SUBSIDIARY COMPANY

The Company has a wholly owned subsidiary company - Aditya Birla Commodities Broking Limited ("ABCBL") which is a material non-listed subsidiary company on the basis of consolidated turnover for the accounting year ended March 31, 2013. The Audit Committee reviews the financial statements of ABCBL as part of the process of approval of annual financial statements of the Company. The minutes of the Board meeting of ABCBL as well as

## CORPORATE GOVERNANCE REPORT

statements of all significant transactions and arrangements of the unlisted subsidiary companies are placed in the Board meeting.

### 6. DISCLOSURES

- i. The details of Related party transactions during the year have been disclosed in Note No.30 of the Notes forming part of Annual Accounts as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India. There were no materially significant related party transactions with Directors / Promoters / Management, which has a potential conflict with the interest of public at large.
- ii. The Company has implemented a whistle blower policy and every employee including ex-employee of the Company has the right to report to the Grievances Redressal Committee (GRC) unethical behaviours, malpractices, wrongful conduct, fraud, violation of the Company's policies & values, violation of law without any fear of retaliation. The GRC submits periodic report to the Audit Committee of the Board of Directors on the issues reported to it, if any, from time to time for its review & perusal.
- iii. The Company is engaged in the business of Equity Broking and Depository Services. No penalties / strictures were imposed on the company by Stock Exchange or SEBI or any statutory authority relating to Capital Markets, except penalties aggregating to Rs.185,450/- which were paid in respect of the observations made during the course of regular inspections and internal audit reports relating to routine broking and depositories operations, during the last three financial years, as a trading member and depository participant.
- iv. The Company has complied with mandatory requirements of Clause 49.
- v. The Company has also complied with the following non mandatory requirements as prescribed in Annexure 1D to Clause 49 of the Listing Agreement.
  - a. Constitution of the Remuneration Committee.
  - b. There were no qualifications on the financial statements of the Company during the period under review.
  - c. The quarterly results of the Company are published in one English and one Gujarati newspaper having wide circulation. The results are also posted on the website of the Company. In view of the above, the half-yearly declaration of financial performance are not sent to the shareholders individually.

### DISCLOSURE OF ACCOUNTING TREATMENT

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

### MANAGEMENT DISCUSSION AND ANALYSIS

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

### RISK MANAGEMENT FRAMEWORK

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

## CORPORATE GOVERNANCE REPORT

### MCA Voluntary Guidelines - 2009

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

### SHAREHOLDERS - Re-appointment of Director

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

## 7. GENERAL BODY MEETINGS

### Details of General Meetings

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

| Year                     | AGM / EGM | Day & Date               | Venue  | Time       |
|--------------------------|-----------|--------------------------|--|------------|
| 2009 – 2010              | AGM       | Monday,<br>June 28, 2010 | 'P. Obul Reddy Hall,'<br>C/o. Vani Mahal,<br>No.103, G.N. Chetty Road,<br>T. Nagar, Chennai - 600 017. | 3.00 P.M.  |
| 2010 – 2011 <sup>#</sup> | AGM       | Friday,<br>Sept 23, 2011 | Indian Rayon Compound,<br>Veraval - 362 266,<br>Gujarat.   | 11.30 A.M. |
| 2011 – 2012              | AGM       | Friday,<br>Aug 03, 2012  | Indian Rayon Compound,<br>Veraval - 362 266,<br>Gujarat.   | 10.30 A.M. |

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

### COMPLIANCE

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

### MEANS OF COMMUNICATION

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

## CORPORATE GOVERNANCE REPORT

### 8. GENERAL SHAREHOLDERS' INFORMATION

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

Financial Calendar

|   |                          |
|---|--------------------------|
| Financial reporting for the quarter ending June 30, 2013      | July / August, 2013      |
| Financial reporting for the quarter ending September 30, 2013 | October / November, 2013 |
| Financial reporting for the quarter ending December 31, 2013  | January / February, 2014 |
| Financial reporting for the quarter ending March 31, 2014     | April / May, 2014        |

Date of Book Closure : Refer Notice to the AGM

Dividend Payment Date : N.A.

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

Website : www.adityabirlamoney.com

#### Listing on Stock Exchanges

|   |   |
|---|---|
| National Stock Exchange of India Limited (NSE)<br>"Exchange Plaza", C-1, Block G, Bandra -<br>Kurla Complex, Bandra (E), Mumbai - 400 051 | Bombay Stock Exchange Limited (BSE)<br>Phiroze Jeejeebhoy Towers, Dalal Street,<br>Mumbai - 400 001 |
| Tel. No.: (022) 26598100  | Tel. No.: (022) 22721233 / 4  |
| Fax No.: (022) 26598120   | Fax No.: (022) 22721919   |
| Stock Code - BIRLAMONEY   | Stock Code - 532974 / ABML  |

The Equity Shares of the Company has been voluntarily delisted from Madras Stock Exchange Ltd under SEBI (Delisting of Equity Shares) Regulations, 2009 with effect from 21st June, 2012.

ISIN for Equity Shares (NSDL & CDSL) - INE865C01022

**Note** : Listing fees for the year 2013-14 have been paid to NSE & BSE.

**Stock Price Data : Monthly High & Low during FY 2012-13 in BSE & NSE**

(Rs.)

| Month          | BSE        |           | NSE        |           |
|----------------|------------|-----------|------------|-----------|
|                | High Price | Low Price | High Price | Low Price |
| April 2012     | 16.10      | 13.95     | 16.50      | 13.65     |
| May 2012       | 15.32      | 11.00     | 14.85      | 11.20     |
| June 2012      | 14.30      | 12.00     | 16.00      | 12.30     |
| July 2012      | 16.00      | 12.90     | 15.50      | 12.20     |
| August 2012    | 14.85      | 11.60     | 14.00      | 11.50     |
| September 2012 | 14.90      | 10.75     | 14.50      | 10.55     |
| October 2012   | 28.10      | 13.75     | 28.00      | 12.65     |
| November 2012  | 21.00      | 17.25     | 20.15      | 17.30     |
| December 2012  | 22.50      | 18.60     | 22.50      | 18.10     |
| January 2013   | 23.95      | 18.35     | 24.20      | 18.10     |
| February 2013  | 22.80      | 15.75     | 22.70      | 15.05     |
| March 2013     | 21.25      | 15.50     | 20.90      | 15.25     |

## CORPORATE GOVERNANCE REPORT

### Registrar and Share Transfer Agent

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

### Share Transfer System

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

### Investor Services

Details of Shareholders queries / complaints and other correspondence received and replied during 2012 - 2013:

| Nature of Queries   | No. of Queries |
|---|----------------|
| Pending Queries as on 01.04.2012  | Nil            |
| Queries received during the year relating to issue of duplicate share certificate / new share certificate / bonus share certificate / change of address / transmission of shares etc. | 14             |
| Queries redressed   | 14             |
| Pending Queries as on 31.03.2013  | Nil            |

No complaint was received during the year 2012-13.

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

| Date of Allotment       | No. of Shares          | Face Value (Rs.) | Cumulative No. of Shares |
|-------------------------|------------------------|------------------|--------------------------|
| 04-07-1995              | 700                    | 10/-             | 700                      |
| 07-08-1995              | 1,009,300              | 10/-             | 1,010,000                |
| 30-11-2000              | 1,260,000              | 10/-             | 2,270,000                |
| 03-06-2001              | 500,000                | 10/-             | 2,770,000                |
| 26-07-2006              | 2,770,000 <sup>@</sup> | 10/-             | 5,540,000                |
| 18-07-2008 <sup>#</sup> | —                      | 1/-              | 55,400,000               |

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

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

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

| Date of Allotment | No. of Shares         | Face Value (Rs.) |
|-------------------|-----------------------|------------------|
| 28-03-2005        | 200,000*              | 100/-            |
| 31-03-2011        | 800,000 <sup>++</sup> | 100/-            |

\* Preference Shares were redeemed on 26.07.2006.

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

## CORPORATE GOVERNANCE REPORT

### Distribution of Shareholdings as on March 31, 2013

| Equity Shares      | Shares            |             |                   |              | Shareholders |               |              |               |
|--------------------|-------------------|-------------|-------------------|--------------|--------------|---------------|--------------|---------------|
|                    | Physical          |             | Electronic        |              | Physical     |               | Electronic   |               |
|                    | Nos.              | %           | Nos.              | %            | Nos.         | %             | Nos.         | %             |
| 1 – 5000           | 832,140           | 1.50        | 3,481,433         | 6.28         | 1,349        | 98.83         | 7,662        | 97.74         |
| 5001 – 10000       | 70,460            | 0.13        | 798,193           | 1.44         | 9            | 0.66          | 105          | 1.34          |
| 10001 – 20000      | 86,904            | 0.16        | 426,572           | 0.77         | 6            | 0.44          | 29           | 0.37          |
| 20001 – 30000      | 22,800            | 0.04        | 391,955           | 0.71         | 1            | 0.07          | 16           | 0.20          |
| 30001 – 40000      | —                 | —           | 246,392           | 0.44         | —            | —             | 7            | 0.09          |
| 40001 – 50000      | —                 | —           | 90,655            | 0.16         | —            | —             | 2            | 0.03          |
| 50001 – 100000     | —                 | —           | 585,830           | 1.06         | —            | —             | 9            | 0.11          |
| 100001 & above     | —                 | —           | 48,366,666        | 87.30        | —            | —             | 9            | 0.11          |
| <b>Total</b>       | <b>1,012,304</b>  | <b>1.83</b> | <b>54,387,696</b> | <b>98.17</b> | <b>1,365</b> | <b>100.00</b> | <b>7,839</b> | <b>100.00</b> |
| <b>Grand Total</b> | <b>55,400,000</b> |             |                   |              | <b>9,204</b> |               |              |               |

The Shareholding Pattern of the Company as on March 31, 2013 was as follows :

| Category                                  | No. of Shares     | %               |
|---|-------------------|-----------------|
| Promoter / Promoter Group                 | 41,550,000        | 75.00 %         |
| Bodies Corporate                          | 4,472,446         | 8.07 %          |
| Individuals - holding up to Rs.1 Lakh     | 5,753,195         | 10.38 %         |
| Individuals - holding excess of Rs.1 Lakh | 3,173,959         | 5.73 %          |
| Clearing Members                          | 26,995            | 0.05 %          |
| HUF                                       | 166,508           | 0.30 %          |
| NRI's and OCB                             | 256,897           | 0.47 %          |
| <b>TOTAL</b>                              | <b>55,400,000</b> | <b>100.00 %</b> |

### Dematerialization of Shares and Liquidity

As on March 31, 2013, 98.17% of the Company's Paid-up Equity Share Capital was held in dematerialized form. The shares of the Company are frequently traded on BSE / NSE.

### Useful Information for Shareholders

#### Unclaimed Dividend

- Pursuant to Section 205A & 205C of the Companies Act, 1956 dividend upto the financial year 2005-2006 (Interim Dividend) has been transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. No claim by the shareholders shall lie against the IEPF or the Company in respect of the said unclaimed amount.
- Unclaimed dividend for the financial year 2005-2006 (Final Dividend) onwards, wherever declared, and which remains unclaimed over a period of 7 years, is required to be statutorily transferred to the IEPF. Shareholders who have not claimed / encashed their dividend warrants are requested to lodge their request / claim with the Company / RTA for revalidation / issue of duplicate dividend warrants. Unclaimed dividend for the year 2005-2006 (Final Dividend) is due for transfer to IEPF in July, 2013. Once the unclaimed dividend is transferred to IEPF, no claim by the shareholders shall lie thereof against IEPF or the Company.

# CORPORATE GOVERNANCE REPORT

## Other General Information

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

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

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

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

- Shareholders holding shares in physical form are requested to notify to the Company, change in their address / PIN Code Number and Bank Account details promptly by written request under the signature of sole / first joint holder.
- Beneficial owner of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney etc., directly to their DP.
- For expeditious transfer of share, shareholders should fill in complete and correct particulars in the transfer deed. Further, please note that SEBI vide its circular no.MRD/DoP/Cir-05/2009 dated 20.05.2009 has made it mandatory for transferee(s) to furnish a copy of PAN card to the Company / RTAs for registration of physical transfer of shares. All the intended transferee(s) are, therefore, requested to furnish a self attested copy of PAN Card at the time of sending the request for physical transfer of share certificate.
- Section 109A of the Companies Act, 1956 extends the nomination facility to individuals holding shares in the physical mode. Shareholders, in particular, those holding shares in single name may avail the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form, which can be obtained from the Company / RTA by sending a written request.

#### Address for Correspondence

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

#### Registered Office

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

## DECLARATION ON CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchange(s), I hereby declare that the Board Members and Senior Management have affirmed compliance with the Code of Conduct for the year ended March 31, 2013.

Place : Chennai  
Date : April 29, 2013

Sudhakar Ramasubramanian  
Managing Director

## CORPORATE GOVERNANCE REPORT

### PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To: The Members of Aditya Birla Money Limited

We have examined the compliance of conditions of Corporate Governance by Aditya Birla Money Limited, for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai  
Date : April 29, 2013

B CHANDRA  
PRACTISING COMPANY SECRETARY  
Membership No. 7859

# INDEPENDENT AUDITORS' REPORT

To :

**The Members of Aditya Birla Money Limited**

Report on the Financial Statements : We have audited the accompanying financial statements of Aditya Birla Money Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements : 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 accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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 : 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.

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. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion : In our opinion 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 March 31, 2013;
- (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.

Emphasis of Matter : We draw attention to Note 21 to the financial statements with regard to the recoverability of assets in the nature of trade receivables, advances, other assets etc. aggregating to Rs. 145,799,681 grouped under Advances recoverable in cash or kind in the Balance Sheet. These assets are subject matter of claim under a share purchase agreement entered into between the Company's ultimate parent company and its Erstwhile Promoters, which is currently under arbitration. The Company's ultimate parent company has committed to transfer any funds received on settlement of the claim to the Company. Based on legal opinion received in the previous year, management is of the opinion that the claims made are tenable and expect a favourable outcome in this matter. Pending the final disposition of the matter no adjustments have been made to the financial statements in respect of these assets.

Report on Other Legal and Regulatory Requirements :

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Chartered Accountants

ICAI Firm Registration Number : 301003E

**per Shrawan Jalan**

Partner

Membership No. : 102102

Place of Signature : Chennai

Date : April 29, 2013

## INDEPENDENT AUDITORS' REPORT

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

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

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

## INDEPENDENT AUDITORS' REPORT

protection fund, cess and other statutory dues which were outstanding, at the year-end for a period of more than six months from the date they became payable.

As more fully discussed in note 22 to the financial statements, stamp duties collected by the Company in respect of States wherein the manner of payment has not been notified from July 2011 onwards and remaining unpaid as of March 31, 2013 is Rs 45.6 Lakhs. As the manner of payment of the same has not been notified, we are not in a position to comment if any portion of the stamp duties collected has become due and outstanding for more than six months as at the Balance Sheet date.

- (c) According to the records of the Company, there are no dues outstanding of excise duty, wealth-tax, customs duty, income-tax and cess on account of any dispute. Dues outstanding in respect of sales-tax and service tax on account of any dispute are as follows:

| Name of the statute   | Nature of dues | Amount (Rs.) | Period to which the amount relates | Forum where the dispute is pending             |
|---|----------------|--------------|------------------------------------|--|
| Finance Act, 1994   | Service tax    | 7,283,390    | April 2004 - June 2008             | Commissioner of Service tax                    |
| Finance Act, 1994   | Service tax    | 376,714      | October 2004 - March 2009          | Commissioner of Service tax                    |
| Finance Act, 1994   | Service tax    | 1,116,339*   | December 2008 - November 2009      | Commissioner of Service tax                    |
| Finance Act, 1994   | Service tax    | 21,821       | November 2009 - March 2010         | Commissioner of Service tax                    |
| Finance Act, 1994   | Service tax    | 26,966       | April 2010 to September 2010       | Commissioner of Service tax                    |
| Karnataka Stamp Act, 1957                                       | Stamp Duty     | 9,060,000    | 2003 - 2008                        | Chief Revenue Controlling Authority, Karnataka |
| Employees' Provident Funds & Miscellaneous Provisions Act, 1952 | Provident Fund | 14,036,578*  | April 2009 to May 2011             | Regional Provident Fund Commissioner, Chennai  |
| Income Tax Act 1961   | Income Tax     | 8,773,360    | April 2010 - Mar 2011              | Commissioner of Income tax (Appeals), Chennai  |

\* Includes payment of Rs.46,25,484 under protest.

## INDEPENDENT AUDITORS' REPORT

- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth but *it has incurred cash losses in the current and immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. There are no do dues to a financial institution or to debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing / trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues and accordingly, the provisions of Clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xxi) *We have been informed of fraud on the Company involving certain employees of the Company by way of misappropriation in certain client accounts which has resulted in a net loss of Rs.6.25 Lakhs (net of expected insurance claim of Rs.33.7 Lakhs). The Company has filed a police complaint on the matter and taken suitable action against the identified employees.*

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

**per Shrawan Jalan**  
Partner  
Membership No.: 102102

Place : Chennai  
Date : April 29, 2013

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

(All amounts are in Indian Rupees unless otherwise stated)

|                                     | Note No.           | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|-------------------------------------|--------------------|-------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>       |                    |                         |                         |
| <b>(A) Shareholders' Funds</b>      |                    |                         |                         |
| Share Capital                       | 3                  |                         |                         |
| Equity Preference                   |                    | 55,400,000              | 55,400,000              |
| Reserves and Surplus                | 4                  | 80,000,000              | 80,000,000              |
|                                     |                    | 219,682,910             | 346,338,814             |
|                                     | Sub-Total - (A)    | 355,082,910             | 481,738,814             |
| <b>(B) Non-Current Liabilities</b>  |                    |                         |                         |
| Other Long-term Liabilities         | 5A                 | 5,305,327               | 6,420,482               |
|                                     | Sub-Total - (B)    | 5,305,327               | 6,420,482               |
| <b>(C) Current Liabilities</b>      |                    |                         |                         |
| Short-term Borrowings               | 6                  | 508,356,123             | 503,698,285             |
| Trade Payables                      | 7                  | 129,006,587             | 203,761,411             |
| Other Current Liabilities           | 5B                 | 556,228,993             | 623,356,665             |
| Short-term Provisions               | 8                  | 8,883,323               | 8,718,666               |
|                                     | Sub-Total - (C)    | 1,202,475,026           | 1,339,535,026           |
| <b>TOTAL</b>                        | <b>(A)+(B)+(C)</b> | <b>1,562,863,263</b>    | <b>1,827,694,323</b>    |
| <b>ASSETS</b>                       |                    |                         |                         |
| <b>(D) Non-Current Assets</b>       |                    |                         |                         |
| <b>Fixed Assets</b>                 |                    |                         |                         |
| Tangible Assets                     | 9A                 | 212,457,821             | 264,409,452             |
| Intangible Assets                   | 9B                 | 58,243,958              | 83,667,628              |
| Intangible Assets under Development |                    | 2,145,000               | 1,239,499               |
|                                     |                    | 272,846,779             | 349,316,579             |
| Non-Current Investments             | 10                 | 20,066,000              | 20,066,000              |
| Long - Term Loans and Advances      | 11A                | 58,713,070              | 81,495,789              |
|                                     | Sub-Total - (D)    | 351,625,849             | 450,878,368             |
| <b>(E) Current Assets</b>           |                    |                         |                         |
| Trade Receivables                   | 12                 | 506,275,699             | 696,369,762             |
| Cash & Bank Balances                | 13                 | 492,927,232             | 374,553,313             |
| Short-term Loans and Advances       | 11B                | 176,583,433             | 284,195,820             |
| Other Current Assets                | 14                 | 35,451,050              | 21,697,060              |
|                                     | Sub-Total - (E)    | 1,211,237,414           | 1,376,815,955           |
| <b>TOTAL</b>                        | <b>(D)+(E)</b>     | <b>1,562,863,263</b>    | <b>1,827,694,323</b>    |

Summary of Significant Accounting Policies 2

The accompanying Notes are an integral part of the Financial Statements.

As per our report of even date

For and on behalf of Board of Directors

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

Sudhakar Ramasubramanian  
Managing Director

Pankaj Razdan  
Director

per Shrawan Jalan

Partner

Membership No.: 102102

Manoj Kumar Gandhi  
Chief Financial Officer

S Balaji  
Company Secretary

Date : April 29, 2013

Place : Chennai

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

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

|   | <u>Note No.</u> | <u>As at<br/>March 31, 2013</u> | <u>As at<br/>March 31, 2012</u> |
|---|-----------------|---------------------------------|---------------------------------|
| <b>Revenue</b>  |                 |                                 |                                 |
| Revenue From Operations   | 15              | 658,896,820                     | 674,064,997                     |
| Other Income  | 16              | 56,848,501                      | 49,763,822                      |
| <b>Total Revenue</b>  |                 | <b>715,745,321</b>              | <b>723,828,819</b>              |
| <b>Expenses</b>   |                 |                                 |                                 |
| Employee Benefits Expenses  | 17              | 299,987,927                     | 293,883,915                     |
| Finance Cost  | 18              | 45,731,611                      | 56,224,481                      |
| Depreciation and Amortization Expenses  | 19              | 75,440,300                      | 77,963,795                      |
| Business Partners Payout  |                 | 180,194,495                     | 182,421,924                     |
| Other Expenses  | 20              | 241,046,892                     | 298,243,320                     |
| <b>Total Expenses</b>   |                 | <b>842,401,225</b>              | <b>908,737,435</b>              |
| <b>Profit / (Loss) Before Tax</b>   |                 | <b>(126,655,904)</b>            | <b>(184,908,616)</b>            |
| Tax Expenses  |                 |                                 |                                 |
| - Deferred Tax  |                 | —                               | (11,999,316)                    |
| <b>Profit / (Loss) for the Year</b>   |                 | <b>(126,655,904)</b>            | <b>(172,909,300)</b>            |
| Earnings / (Loss) Per Share (Basic and Diluted) }<br>(Face Value of Re. 1/- each) | 27              | (2.29)                          | (3.12)                          |
| Significant Accounting Policies   | 2               |                                 |                                 |

The accompanying Notes are an integral part of the Financial Statements.

As per our report of even date

For and on behalf of Board of Directors

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

Sudhakar Ramasubramanian  
Managing Director

Pankaj Razdan  
Director

per Shrawan Jalan

Partner

Membership No.: 102102

Manoj Kumar Gandhi  
Chief Financial Officer

S Balaji  
Company Secretary

Date : April 29, 2013

Place : Chennai

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

## 1. Basis of preparation

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

## 2. Statement of Significant Accounting Policies

### a) Use of estimates

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

### b) Tangible and Intangible Assets and Capital Work-in-Progress

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

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

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

Intangible assets are recorded at the consideration paid for acquisition. The computer software costs are capitalized and recognized as intangible assets in terms of Accounting Standard 26 - Intangible Assets based on materiality, accounting prudence and significant economic benefit expected there from to flow over a period longer than one year. Capitalized costs include direct costs of implementation and expenses directly attributable to the development of the software. All other expenses on existing intangible assets, including day-to-day maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

### c) Depreciation

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

| Nature of asset                                 | Rate of depreciation followed  |
|---|--|
| Batteries (included under Office Equipment)     | 25% (rates are higher than XIV)  |
| Furniture and Fixtures (fitted to the premises) | Rate based on the lease period, taking into account the secondary lease period |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

The company has entered into lease/license agreements in respect of immovable properties with different parties with average lease period of 4 years to 5 years.

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

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

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

### **d) Impairment**

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

### **e) Leases**

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

### **f) Investments**

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

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

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

### **g) Revenues**

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

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

### **h) Employee Benefits**

- i. Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.
- ii. Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have unconditional right to defer its settlement for 12 months after the reporting date.
- iv. Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

### **i) Income Tax**

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### **j) Earnings Per Share**

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

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

### **k) Contingent Liability and Provisions**

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

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

### **l) Segment Reporting**

The Company is principally engaged in the business of Broking and related activities. The operations are entirely in India. There is only one business segment and one geographical segment and hence segment information is not required to be disclosed as per explanation to para 38 of AS 17.

### **m) Cash and Cash Equivalents**

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

### **n) Sharing of Costs**

The Company shares certain costs / service charges with other companies in the Group. These costs have been allocated on a reasonable and consistent basis between the Companies as mutually agreed to.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

|  | <u>As at<br/>March 31, 2013</u> | <u>As at<br/>March 31, 2012</u> |
|--|---------------------------------|---------------------------------|
| <b>NOTE: 3</b>   |                                 |                                 |
| <b>SHARE CAPITAL</b>   |                                 |                                 |
| <b>Authorised:</b>   |                                 |                                 |
| 150,000,000 (Previous year - 150,000,000) Equity Shares of Re.1/-each  | 150,000,000                     | 150,000,000                     |
| 1,000,000 (Previous Year - 1,000,000) 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs.100/- each        | 100,000,000                     | 100,000,000                     |
|  | <u>250,000,000</u>              | <u>250,000,000</u>              |
| <b>Issued, Subscribed &amp; Paid-up:</b>   |                                 |                                 |
| <b>EQUITY SHARE CAPITAL</b>  |                                 |                                 |
| 55,400,000 (Previous Year - 55,400,000) Equity Shares of Re.1/-each Fully paid   | 55,400,000                      | 55,400,000                      |
|  | <u>55,400,000</u>               | <u>55,400,000</u>               |
| <b>PREFERENCE SHARE CAPITAL</b>  |                                 |                                 |
| 800,000 (Previous Year - 800,000) 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs.100/- each Fully paid | 80,000,000                      | 80,000,000                      |
|  | <u>80,000,000</u>               | <u>80,000,000</u>               |

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

|        |                                    | As at March 31, 2013 |            | As at March 31, 2012 |            |
|--------|------------------------------------|----------------------|------------|----------------------|------------|
| Sl.No. | Description                        | No. of Shares        | Amount     | No. of Shares        | Amount     |
| 1      | At the beginning of the year       | 55,400,000           | 55,400,000 | 55,400,000           | 55,400,000 |
| 2      | Issued during the year             | —                    | —          | —                    | —          |
| 3      | Outstanding at the end of the year | 55,400,000           | 55,400,000 | 55,400,000           | 55,400,000 |

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

|        |                                    | As at March 31, 2013 |            | As at March 31, 2012 |            |
|--------|------------------------------------|----------------------|------------|----------------------|------------|
| Sl.No. | Description                        | No. of Shares        | Amount     | No. of Shares        | Amount     |
| 1      | At the beginning of the year       | 800,000              | 80,000,000 | 800,000              | 80,000,000 |
| 2      | Issued during the year             | —                    | —          | —                    | —          |
| 3      | Outstanding at the end of the year | 800,000              | 80,000,000 | 800,000              | 80,000,000 |

### 2 Term/right attached to equity shares

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

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

### 3 Term of Redemption of Preference Shares

In the year ended 31st March, 2011, the Company had allotted 800,000 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs.100/- each, fully paid up at a premium of Rs.150/- per share to Aditya Birla Financial Services Private Limited, the holding Company. These Preference Shares are redeemable at the end of 5 years from the date of issue at a price of Rs.320/- per share.

### 4 Shares held by Holding Company

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

- 5 Shares in the Company held by each shareholder holding more than 5 percent shares and the number of shares held are as under :

i) Equity Shares Capital

| Sl. No. | Name of Share Holder                            | As at March 31, 2013 |   | As at March 31, 2012 |   |
|---------|---|----------------------|---|----------------------|---|
|         |   | No. of Shares held   | % of total paid-up equity share capital | No. of Shares held   | % of total paid-up equity share capital |
| 1       | Aditya Birla Financial Services Private Limited | 41,550,000           | 75.00                                   | 41,550,000           | 75.00                                   |
| 2       | PCR Investments Ltd                             | 3,385,320            | 6.11                                    | 3,385,320            | 6.11                                    |

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

ii) Preference Share Capital

| Sl. No. | Name of Share Holder                            | As at March 31, 2013 |   | As at March 31, 2012 |   |
|---------|---|----------------------|---|----------------------|---|
|         |   | No. of Shares held   | % of total paid-up preference share capital | No. of Shares held   | % of total paid-up preference share capital |
| 1       | Aditya Birla Financial Services Private Limited | 800,000              | 100   | 800,000              | 100   |

As at  
March 31, 2013      As at  
March 31, 2012

**NOTE: 4**

**RESERVES & SURPLUS**

**1) Capital Reserves**

|   |            |            |
|---|------------|------------|
| Balance as per last audited Financial Statement | 11,538,863 | 11,538,863 |
|   | 11,538,863 | 11,538,863 |

**2) Securities Premium Account**

|   |             |             |
|---|-------------|-------------|
| Balance as per last audited Financial Statement | 120,000,000 | 120,000,000 |
|   | 120,000,000 | 120,000,000 |

**3) General Reserve**

|   |             |             |
|---|-------------|-------------|
| Balance as per last audited Financial Statement | 261,376,777 | 261,376,777 |
|   | 261,376,777 | 261,376,777 |

**4) Surplus / (Deficit) in the Statement of Profit and Loss**

|   |               |               |
|---|---------------|---------------|
| Balance as per last audited Financial Statement | (46,576,826)  | 126,332,474   |
| Addition:                                       |               |               |
| Profit / (Loss) of the Year                     | (126,655,904) | (172,909,300) |
|   | (173,232,730) | (46,576,826)  |
|   | 219,682,910   | 346,338,814   |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

|                                    | <u>As at<br/>March 31, 2013</u> | <u>As at<br/>March 31, 2012</u> |
|------------------------------------|---------------------------------|---------------------------------|
| <b>NOTE: 5A</b>                    |                                 |                                 |
| <b>OTHER LONG-TERM LIABILITIES</b> |                                 |                                 |
| Rent Equalization Liabilities      | 5,305,327                       | 6,420,482                       |
|                                    | <u>5,305,327</u>                | <u>6,420,482</u>                |

**NOTE: 5B**

**OTHER CURRENT LIABILITIES**

|   |                    |                    |
|---|--------------------|--------------------|
| Interest Accrued but not due on Borrowings                              | 369,732            | 925,683            |
| Income Received in Advance  | 533,357            | 1,419,488          |
| Investors' Education and Protection Fund to be credited as and when due |                    |                    |
| Unpaid Dividend   | 594,141            | 697,489            |
| Unpaid Matured Deposits and Interest Accrued thereon                    | 185,182            | 185,650            |
| Other Payables  |                    |                    |
| Payable to customers  | 497,451,291        | 575,893,201        |
| Book Overdraft  | 10,402,506         | —                  |
| Statutory Dues  | 12,698,494         | 13,243,340         |
| Deposits  | 33,635,401         | 30,462,676         |
| Rent Equalization Liabilities   | 358,889            | 529,138            |
|   | <u>556,228,993</u> | <u>623,356,665</u> |

**NOTE: 6**

**SHORT-TERM BORROWINGS**

**SECURED**

|                          |                   |                    |
|--------------------------|-------------------|--------------------|
| Loan Repayable on Demand |                   |                    |
| Banks #                  | 17,500,000        | 100,000,000        |
|                          | <u>17,500,000</u> | <u>100,000,000</u> |

**UNSECURED**

|                               |                    |                    |
|-------------------------------|--------------------|--------------------|
| Commercial Papers*^           | 490,856,123        | 203,698,285        |
| Loans from Related Parties \$ | —                  | 200,000,000        |
|                               | <u>490,856,123</u> | <u>403,698,285</u> |
|                               | <u>508,356,123</u> | <u>503,698,285</u> |

|   |             |             |
|---|-------------|-------------|
| * Maximum balance outstanding during the year | 500,000,000 | 500,000,000 |
|---|-------------|-------------|

# The bank borrowing is secured against pledge of fixed deposits. The borrowing carries an interest of 10.60% per annum (Previous year : 10.25%)

^ Repayable in 60 to 90 days from the date of draw down. The interest on this loan ranges from 9.8% to 10.2%

\$ Nil (Previous year : 14%) borrowed from related party.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

|  | <u>As at<br/>March 31, 2013</u> | <u>As at<br/>March 31, 2012</u> |
|--|---------------------------------|---------------------------------|
| <b>NOTE: 6A</b>  |                                 |                                 |
| <b>DEFERRED TAX LIABILITY (NET)</b>  |                                 |                                 |
| Deferred Tax Liabilities at the year end comprise timing differences on account of:  |                                 |                                 |
| Differences in depreciation and other differences in block of fixed assets as per tax books and financial books                          | 41,981,273                      | 62,325,457                      |
| Effect of expenditure/ provisions debited to profit and loss account in the current year but allowed for tax purposes in following years | (26,679,859)                    | (23,363,727)                    |
| Tax Losses / Unabsorbed Depreciation   | (15,301,414)                    | (38,961,730)                    |
|  | —                               | —                               |
|  | —                               | —                               |

### NOTE: 7

#### TRADE PAYABLES

|  |             |             |
|--|-------------|-------------|
| Salaries, wages, bonus and other employee benefits payable | 17,596,850  | 9,088,864   |
| Trade Payables (Others)                                    | 111,409,737 | 194,672,547 |
|  | 129,006,587 | 203,761,411 |
|  | 129,006,587 | 203,761,411 |

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

### NOTE: 8

#### SHORT-TERM PROVISIONS

Provisions for Employee Benefits:

|   |           |           |
|---|-----------|-----------|
| Leave Encashment  | 5,970,380 | 5,805,723 |
| Others  |           |           |
| Taxation [Net of Advance Tax Rs.41,400,000 (Previous Year Rs.41,400,000)] | 2,912,943 | 2,912,943 |
|   | 8,883,323 | 8,718,666 |
|   | 8,883,323 | 8,718,666 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

| NOTE: 9A - Tangible Assets      | NOTE: 9B - Intangible Assets |                      |                  |            |             |           |                   |             |
|---------------------------------|------------------------------|----------------------|------------------|------------|-------------|-----------|-------------------|-------------|
| Freehold Land *                 | V SAT Equipments             | Furniture & Fixtures | Office Equipment | Computers  | Vehicles    | TOTAL     | Computer Software |             |
| <b>Gross Block</b>              |                              |                      |                  |            |             |           |                   |             |
| As at 1 April 2011              | 1,500,000                    | 96,614,151           | 112,766,465      | 87,276,799 | 209,928,888 | 2,052,137 | 510,138,440       | 191,277,533 |
| Additions                       | —                            | 8,353,629            | 7,296,071        | 11,081,518 | 193,673     | —         | 26,924,891        | 8,630,535   |
| Deletions                       | —                            | 1,169,124            | 15,697,218       | 17,441,181 | 5,901,907   | —         | 40,209,430        | —           |
| As at 31 March 2012             | 1,500,000                    | 95,445,027           | 105,422,876      | 77,131,689 | 215,108,499 | 2,245,810 | 496,853,901       | 199,908,068 |
| <b>Cost</b>                     |                              |                      |                  |            |             |           |                   |             |
| At 1 April 2012                 | 1,500,000                    | 95,445,027           | 105,422,876      | 77,131,689 | 215,108,499 | 2,245,810 | 496,853,901       | 199,908,068 |
| Additions                       | —                            | 1,333,086            | 819,372          | 3,837,507  | —           | —         | 5,989,965         | 3,758,510   |
| Deletions                       | —                            | —                    | 17,742,079       | 4,169,025  | 5,437,546   | —         | 27,348,650        | 496,126     |
| As at 31 March 2013             | 1,500,000                    | 95,445,027           | 89,013,883       | 73,782,036 | 213,508,460 | 2,245,810 | 475,495,216       | 203,170,452 |
| <b>Accumulated Depreciation</b> |                              |                      |                  |            |             |           |                   |             |
| As at 1 April 2011              | —                            | 33,955,445           | 35,199,532       | 24,952,783 | 101,748,783 | 224,252   | 196,080,795       | 92,110,229  |
| For the year                    | —                            | 5,357,700            | 13,550,578       | 6,545,823  | 28,168,443  | 211,040   | 53,833,584        | 24,130,211  |
| Deletions                       | —                            | 1,169,124            | 5,505,151        | 6,087,143  | 4,708,512   | —         | 17,469,930        | —           |
| As at 31 March 2012             | —                            | 38,144,021           | 43,244,959       | 25,411,463 | 125,208,714 | 435,292   | 232,444,449       | 116,240,440 |
| <b>Depreciation</b>             |                              |                      |                  |            |             |           |                   |             |
| At 1 April 2012                 | —                            | 38,144,021           | 43,244,959       | 25,411,463 | 125,208,714 | 435,292   | 232,444,449       | 116,240,440 |
| For the year                    | —                            | 4,266,870            | 8,945,954        | 5,472,680  | 27,764,676  | 213,352   | 46,663,532        | 28,776,769  |
| Deletions                       | —                            | —                    | 9,345,827        | 1,927,976  | 4,796,784   | —         | 16,070,586        | 90,715      |
| As at 31 March 2013             | —                            | 42,410,891           | 42,845,086       | 28,956,167 | 148,176,606 | 648,644   | 263,037,395       | 144,926,494 |
| Net block as at 31 March 2012   | 1,500,000                    | 57,301,006           | 62,177,917       | 51,720,226 | 89,899,785  | 1,810,518 | 264,409,452       | 83,667,628  |
| Net block as at 31 March 2013   | 1,500,000                    | 53,034,136           | 46,168,797       | 44,825,868 | 65,331,854  | 1,597,166 | 212,457,821       | 58,243,958  |

\* The company is in the process of getting the lands registered in its name which is currently under dispute but management expects a favorable outcome in this matter.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

|  | <u>As at<br/>March 31, 2013</u> | <u>As at<br/>March 31, 2012</u> |
|--|---------------------------------|---------------------------------|
| <b>NOTE: 10</b>  |                                 |                                 |
| <b>INVESTMENTS : NON-CURRENT</b>   |                                 |                                 |
| <b>Non Trade Investments (Unquoted, as valued at cost less provision)</b>  |                                 |                                 |
| Investments in Equity Shares   |                                 |                                 |
| 6,600 (Previous year 6,600) Equity Share of Rs.10/-each fully paid in Apollo Sindhoori Hotels Limited.                                 | 184,523                         | 184,523                         |
| Less: Provision for diminution in value of investment  | (118,523)                       | (118,523)                       |
| <b>In Subsidiary Company (Unquoted, at cost)</b>   |                                 |                                 |
| 2,000,000 (Previous year - 2,000,000) equity shares of Re.10/- each fully paid in subsidiary -Aditya Birla Commodities Broking Limited | 20,000,000                      | 20,000,000                      |
|  | <u>20,066,000</u>               | <u>20,066,000</u>               |
| <b>Note :</b>  |                                 |                                 |
| 1. Aggregate amount of unquoted investments  | 20,066,000                      | 20,066,000                      |
| 2. Aggregate amount of diminution in value of investment   | 118,523                         | 118,523                         |
| <b>NOTE: 11A</b>   |                                 |                                 |
| <b>LONG-TERM LOANS &amp; ADVANCES</b>  |                                 |                                 |
| (Unsecured, Considered Good, except otherwise stated)  |                                 |                                 |
| Capital Advance  | —                               | 44,052                          |
| Security Deposits  | 28,435,993                      | 32,501,069                      |
| Margins with Exchange  | 19,980,066                      | 29,500,000                      |
| Other Loans and Advances   |                                 |                                 |
| Advance Tax (Net of Provision Rs. Nil )  | 9,876,529                       | 18,231,374                      |
| Prepaid Expenses   | 420,482                         | 1,219,294                       |
|  | <u>58,713,070</u>               | <u>81,495,789</u>               |
| <b>NOTE: 11B</b>   |                                 |                                 |
| <b>SHORT-TERM LOANS &amp; ADVANCES</b>   |                                 |                                 |
| (Unsecured, Considered Good, except otherwise stated)  |                                 |                                 |
| Advances recoverable in cash or in kind or for value to be received (Refer Note 21)  |                                 |                                 |
| Considered Good  | 111,085,114                     | 134,727,662                     |
| Considered Doubtful  | 44,139,735                      | 37,282,431                      |
|  | <u>155,224,849</u>              | <u>172,010,093</u>              |
| Less : Provision for doubtful  | (44,139,735)                    | (37,282,431)                    |
|  | <u>111,085,114</u>              | <u>134,727,662</u>              |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

|                                 | <u>As at<br/>March 31, 2013</u> | <u>As at<br/>March 31, 2012</u> |
|---------------------------------|---------------------------------|---------------------------------|
| Security Deposits               | 2,128,330                       | 3,147,237                       |
| Gratuity Receivable             | 4,435,705                       | 5,006,652                       |
| Margins with Exchange           | 12,619,936                      | 115,048,396                     |
| Advances to Related Parties # ^ | 16,422,947                      | 2,121,015                       |
| Balances with Govt. Authorities | 6,530,049                       | 615,138                         |
| Advances to Suppliers           | 276,600                         | 517,040                         |
| Prepaid Expenses                | 21,009,343                      | 20,406,004                      |
| Advances to Employees           | 2,075,409                       | 2,606,676                       |
|                                 | <u>176,583,433</u>              | <u>284,195,820</u>              |

# Also, refer note 30

^ Rs.16,000,000 given to ABCBL towards inter-corporate loan and Rs.422,947 receivable from Aditya Birla Finance Limited towards recovery of expenses.

### NOTE: 12

#### TRADE RECEIVABLES

Outstanding for a period exceeding 6 months from the date they are due for payment

|                                |                    |                    |
|--------------------------------|--------------------|--------------------|
| Secured, Considered Good       | 64,892,018         | 18,524,546         |
| Unsecured, Considered Doubtful | 24,678,615         | 24,385,579         |
| Less: Provision for doubtful   | (24,678,615)       | (24,385,579)       |
| Others                         |                    |                    |
| Secured, Considered Good       | 403,322,744        | 677,845,216        |
| Unsecured, Considered Good     | 38,060,937         | —                  |
| Unsecured, Considered Doubtful | —                  | 1,535,822          |
| Less: Provision for doubtful   | —                  | (1,535,822)        |
|                                | <u>506,275,699</u> | <u>696,369,762</u> |

### NOTE: 13

#### CASH AND BANK BALANCES

##### Cash & Cash Equivalents

Balances with Banks

|                            |                   |                    |
|----------------------------|-------------------|--------------------|
| Current Accounts           | 41,638,282        | 130,245,319        |
| Unpaid Dividend            | 594,141           | 724,561            |
| Unclaimed Matured Deposits | 185,182           | 185,650            |
| Cash on Hand               | 20,608            | 19,464             |
|                            | <u>42,438,213</u> | <u>131,174,994</u> |

(A)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

|  | <u>As at<br/>March 31, 2013</u> | <u>As at<br/>March 31, 2012</u> |
|--|---------------------------------|---------------------------------|
| <b>Other Bank Balance</b>                                      |                                 |                                 |
| Deposit Accounts ( with original maturity more than 3 months)* | 450,489,019                     | 243,378,319                     |
| (B)  | <u>450,489,019</u>              | <u>243,378,319</u>              |
| (A) + (B)  | <u><u>492,927,232</u></u>       | <u><u>374,553,313</u></u>       |

\* Fixed deposits have been placed under lien towards bank guarantees (Rs.146,333,832) for margins (Rs.12,336,000) with exchanges / loans (Rs.291,819,186) received.

### NOTE: 14

#### OTHER CURRENT ASSET

(Unsecured, Considered Good except otherwise stated)

|   |                          |                          |
|---|--------------------------|--------------------------|
| Accrued Income (from operations)            | 2,993,352                | 4,006,428                |
| Interest Accrued on Deposits with Exchanges | 198,515                  | —                        |
| Interest Accrued on Fixed Deposits          | 22,846,811               | 17,690,632               |
| Insurance Claim Receivables *               |                          |                          |
| Considered Good                             | 9,412,372                | —                        |
| Considered Doubtful                         | 969,419                  | —                        |
|   | <u>10,381,791</u>        | <u>—</u>                 |
| Less: Provision for Doubtful                | (969,419)                | —                        |
|   | <u>9,412,372</u>         | <u>—</u>                 |
|   | <u><u>35,451,050</u></u> | <u><u>21,697,060</u></u> |

\* Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

### NOTE: 15

#### REVENUE FROM OPERATIONS

##### A. Income from services

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Brokerage income                | 519,231,376        | 516,924,959        |
| Income from transaction charges | 535,652            | 10,695,304         |
| Account opening charges         | 3,245,456          | 4,647,498          |
| Income from depository services | 44,907,277         | 42,389,298         |
|                                 | <u>567,919,761</u> | <u>574,657,059</u> |

##### B. Other operating income

|                              |                           |                           |
|------------------------------|---------------------------|---------------------------|
| V-sat rent / other charges   | 1,931,594                 | 4,241,781                 |
| Interest and finance charges | 89,045,465                | 95,166,157                |
|                              | <u>90,977,059</u>         | <u>99,407,938</u>         |
|                              | <u><u>658,896,820</u></u> | <u><u>674,064,997</u></u> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

|   | <u>Year Ended<br/>March 31, 2013</u> | <u>Year Ended<br/>March 31, 2012</u> |
|---|--------------------------------------|--------------------------------------|
| <b>NOTE : 16</b>  |                                      |                                      |
| <b>OTHER INCOME</b>                                     |                                      |                                      |
| <b>Interest Income</b>                                  |                                      |                                      |
| Interest on bank deposits                               | 42,224,544                           | 34,832,081                           |
| Other interest income                                   | 3,485,535                            | 6,621,191                            |
| <b>Dividends Income on Investments</b>                  |                                      |                                      |
| Current   | —                                    | 1,274,875                            |
| Long-term   | 16,500                               | 16,500                               |
| Net Gain on Sale of Investments                         | 8,242,240                            | 4,751,805                            |
| Miscellaneous Income                                    | 2,879,682                            | 2,267,370                            |
|   | <u>56,848,501</u>                    | <u>49,763,822</u>                    |
|   | <u>56,848,501</u>                    | <u>49,763,822</u>                    |
| <b>NOTE : 17</b>  |                                      |                                      |
| <b>EMPLOYEE BENEFITS EXPENSES</b>                       |                                      |                                      |
| Salaries, Wages and Bonus                               | 274,878,243                          | 265,952,795                          |
| Contribution to Provident & Other Funds (Refer Note 29) | 18,161,699                           | 17,401,678                           |
| Staff Welfare Expenses                                  | 6,947,985                            | 10,529,442                           |
|   | <u>299,987,927</u>                   | <u>293,883,915</u>                   |
|   | <u>299,987,927</u>                   | <u>293,883,915</u>                   |
| <b>NOTE : 18</b>  |                                      |                                      |
| <b>FINANCE COST</b>                                     |                                      |                                      |
| Interest Expenses                                       | 45,680,558                           | 56,103,411                           |
| Other Borrowing Costs                                   | 51,053                               | 121,070                              |
|   | <u>45,731,611</u>                    | <u>56,224,481</u>                    |
|   | <u>45,731,611</u>                    | <u>56,224,481</u>                    |
| <b>NOTE : 19</b>  |                                      |                                      |
| <b>DEPRECIATION AND AMORTIZATION EXPENSES</b>           |                                      |                                      |
| Depreciation of Tangible Assets                         | 46,663,532                           | 53,833,584                           |
| Amortisation of Intangible Assets                       | 28,776,768                           | 24,130,211                           |
|   | <u>75,440,300</u>                    | <u>77,963,795</u>                    |
|   | <u>75,440,300</u>                    | <u>77,963,795</u>                    |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

|  | <u>Year Ended</u><br><u>March 31, 2013</u> | <u>Year Ended</u><br><u>March 31, 2012</u> |
|--|--|--|
| <b>NOTE : 20</b>                             |  |  |
| <b>OTHER EXPENSES</b>                        |  |  |
| Rent (Refer Note 28)                         | 40,585,141                                 | 49,017,553                                 |
| Repairs & Maintenance of:                    |  |  |
| Buildings                                    | 809,918                                    | 117,813                                    |
| Plant & Machinery                            | 435,487                                    | 912,716                                    |
| Others                                       | 25,076,546                                 | 23,016,180                                 |
| Insurance                                    | 9,463,390                                  | 10,095,049                                 |
| Rates & Taxes                                | 4,574,075                                  | 6,212,607                                  |
| Outsourcing Charges                          | 2,527,965                                  | 1,874,451                                  |
| Bandwidth Charges                            | 21,495,949                                 | 31,287,337                                 |
| Advertisement                                | 3,067,622                                  | 3,914,420                                  |
| Legal & Profession Expenses                  | 15,903,748                                 | 20,292,893                                 |
| Provision for Doubtful Debts                 | 156,366                                    | 4,687,731                                  |
| Provision for Doubtful Deposits and Advances | 7,884,616                                  | 8,725,000                                  |
| Printing and Stationery                      | 6,939,980                                  | 9,626,933                                  |
| Travelling & Conveyance                      | 20,109,714                                 | 24,918,100                                 |
| Telephone Expenses                           | 17,572,219                                 | 18,894,356                                 |
| Loss on Sale / Discard of Fixed Assets (Net) | 11,140,513                                 | 19,615,905                                 |
| Bank Charges                                 | 1,810,270                                  | 2,522,617                                  |
| Auditors' Remuneration *                     | 1,972,808                                  | 2,044,842                                  |
| Directors' Fees                              | 360,000                                    | 380,000                                    |
| Postage Expenses                             | 3,685,696                                  | 14,161,041                                 |
| Electricity Charges                          | 12,975,847                                 | 13,771,869                                 |
| Infrastructure and Software Expenses         | 26,469,046                                 | 28,045,554                                 |
| Miscellaneous Expenses                       | 6,029,976                                  | 4,108,353                                  |
|  | 241,046,892                                | 298,243,320                                |

\* Auditors' Remuneration includes payments to auditors as under:

As auditor:

|                           |           |           |
|---------------------------|-----------|-----------|
| Audit fee                 | 800,000   | 800,000   |
| Limited Reviews           | 800,000   | 600,000   |
| Tax audit fee             | 100,000   | 75,000    |
| Certification fees        | 30,525    | 25,000    |
| Reimbursement of expenses | 242,283   | 544,842   |
|                           | 1,972,808 | 2,044,842 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

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

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

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

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

Pending the final outcome of the arbitration proceedings, the Company has identified all such receivables, assets etc which are have not been recovered and other items which are the subject matter of the claim to the extent they are in the books of accounts of the Company as at March 31, 2013 aggregating Rs.145,779,681 (previous year: Rs.147,092,501) and disclosed the same in Short Term Loans & Advances under Note 11B of the Balance Sheet, as these amounts would be paid directly to the Company by the Erstwhile Promoters at the direction of ABNL as and when the settlement happens.

Both parties have completed filing of documents and draft issues have been submitted and approved. On 04th July 2012, a hearing was held and M/s. Deloitte Haskins & Sells were asked to act as auditors by the Arbitrators with a mandate to submit a report on whether from an accounting perspective, including the accounting treatment that has been given to the items set out in the Statement of Claim, the amounts as claimed are correct as per accounting practice.

The arbitral tribunal had directed the Claimants and Respondents to file their objections if any to the audit report submitted by M/s. Deloitte Haskins & Sells and had also directed the Respondent to file their list of witnesses (if any) by the end of April 2013 and has posted the next hearing to 06th June 2013. The Respondents filed their objections to the audit report and ABNL had also filed its reply to the said objections.

Based on legal opinion received and internal assessment, ABNL is confident of recovering the entire dues through the arbitration process and passing the benefit thereof to the Company against which these loss assets can be set-off in the future. Accordingly, the Company is of strong view that these amounts are recoverable.

### 22) Stamp duty

Hitherto, the Company had been collecting and remitting stamp duties with respect to states wherein the manner of payment of the same has been prescribed by the respective State Governments. From July 2011, the Company had started collecting stamp duty on contract notes for all states, including the states wherein the manner of payment has not yet been notified. The Company is evaluating various options of remitting the same, including remitting those amounts in the State of Tamil Nadu, as all the contract notes are executed at Tamil Nadu. Pending, the final determination of the manner of remittance, amount of Rs.4,560,042 (Previous year - Rs.4,738,697) collected till March 31, 2013 has been disclosed under Statutory Dues under Other Current Liabilities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

### 23) Capital and other commitment

- a) Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for is Rs 2,709,050 (Previous year - Rs 745,801).
- b) For commitments relating to lease arrangements, please refer note 28.

### 24) Contingent liabilities

| Particulars   | March 31, 2013 | March 31, 2012 |
|---|----------------|----------------|
| <b>Disputed Tax and other Statutory Liabilities not provided for:</b>   |                |                |
| (a) Income Tax & Interest Tax - for various assessment years in respect of which Company has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.   | 45,158,745     | 36,666,168     |
| (b) Service Tax - for various assessment years in respect of which Company has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.   | 7,957,873      | 7,957,873      |
| (c) Provident Fund - for the period from March 2009 to May 2011 for non inclusion of certain components like allowances etc. while computing and remitting the employer and employees' contribution to provident fund. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities. | 14,036,578     | 14,036,578     |
| (d) Karnataka Stamp Duty for the period from 2003 - 2008. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.  | 9,060,000      | 9,060,000      |
| <b>Contingent Liability not provided for on account of:</b>   |                |                |
| (a) Disputed claim of SEBI towards turnover fees contested by the Company at Hon'ble Supreme Court. The Company has been advised by its legal counsel that it is possible, but not probable, the action will succeed and accordingly no provision for any liability has been made in these financial statements.                        | 27,656,667     | 27,656,667     |
| (b) Claims against the Company not acknowledged as debts*   | 35,883,562     | 45,710,102     |

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

### 25) Managerial Remuneration

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

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

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

### 26) Loans and Advances include:

| Amounts Receivable from:                 | Balance as at March 31, 2013 | Balance as at March 31, 2012 | Maximum amount outstanding at any time during the year ended March 31, 2013 | Maximum amount outstanding at any time during the year ended March 31, 2012 |
|--|------------------------------|------------------------------|---|---|
| <b>Subsidiary</b>                        |                              |                              |   |   |
| Aditya Birla Commodities Broking Limited | 27,487,756                   | 2,121,015                    | 27,487,756  | 77,568,850  |

### 27) Earnings Per Share

| Particulars   |            | March 31, 2013       | March 31, 2012 |
|---|------------|----------------------|----------------|
| Net Profit / (Loss) as per Profit and Loss Account              | <b>A</b>   | <b>(126,655,904)</b> | (172,909,300)  |
| Weighted average number of Equity Shares<br>- Basic and Diluted | <b>B</b>   | 55,400,000           | 55,400,000     |
| Earnings / (Loss) Per Share<br>- Basic and Diluted              | <b>A/B</b> | <b>(2.29)</b>        | (3.12)         |
| Nominal Value of Equity Share (in Rs.)                          |            | Re.1/-               | Re.1/-         |

### 28) Lease Disclosures

#### Operating Leases for Premises:

Lease rentals in respect of premises taken on operating lease during the year ended March 31, 2013 amounts to Rs.35,606,663 (Previous Year - Rs.46,569,848).

Future obligations towards lease rentals under non-cancellable lease agreements as on March 31, 2013 amounts to Rs.182,036,682 (Previous Year - Rs. 115,442,089). Details of Lease Rentals payable within one year and thereafter are as under:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

| Particulars                                       | March 31, 2013 | March 31, 2012 |
|---|----------------|----------------|
| Within one year                                   | 41,866,877     | 43,861,441     |
| Later than one year and not later than five years | 109,719,176    | 58,785,832     |
| Later than five years                             | 30,450,629     | 12,794,816     |

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

### Operating Leases for Computers:

The company has entered into commercial leases on computer desktops. These leases have an average life of three years with renewal option included in the contracts.

Lease rentals in respect of computers taken on operating lease during the year ended March 31, 2013 amounts to Rs.4,559,985 (Previous Year - Rs.2,447,705).

Future obligations towards lease rentals under non-cancellable lease agreements as on March 31, 2013 amounts to Rs.6,672,265. Details of Lease Rentals payable within one year and / thereafter are as under:

| Particulars                                       | March 31, 2013 | March 31, 2012 |
|---|----------------|----------------|
| Within one year                                   | 4,559,985      | 4,559,985      |
| Later than one year and not later than five years | 2,112,280      | 7,284,599      |
| Later than five years                             | —              | —              |

### 29) Employment Benefit Disclosures

The amounts charged to the Statement of profit and loss during the year for Provident fund contribution aggregates to Rs.13,497,945 (Previous Year - Rs.15,537,797) and employees' state insurance contribution aggregates to Rs.2,511,222 (Previous Year - Rs.2,584,475).

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

The following tables summaries the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

#### Amounts recognised in the Balance Sheet in respect of Gratuity

| Particulars  | March 31, 2013     | March 31, 2012     |
|--|--------------------|--------------------|
| Present Value of defined benefit obligation                | 12,471,889         | 10,150,627         |
| Fair Value of plan assets                                  | 16,907,594         | 15,157,278         |
| <b>Liability / (Asset) recognized in the Balance Sheet</b> | <b>(4,435,705)</b> | <b>(5,006,651)</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

### Amounts recognised in the Statement of Profit and Loss in respect of Gratuity

|  | March 31, 2013   | March 31, 2012   |
|--|------------------|------------------|
| Current service cost                               | 3,059,526        | 2,607,208        |
| Interest cost on benefit obligation                | 862,803          | 940,969          |
| Expected return on plan assets                     | (1,108,634)      | (1,213,898)      |
| Net actuarial (gain) / loss recognized in the year | (661,163)        | (3,086,772)      |
| Past service costs - vested benefits               | -                | -                |
| <b>Net gratuity cost</b>                           | <b>2,152,532</b> | <b>(752,493)</b> |

### Actual Return on Plan Assets:

|   | March 31, 2013   | March 31, 2012   |
|---|------------------|------------------|
| Expected return on plan assets            | 1,108,634        | 1,213,898        |
| Actuarial gains / (losses) on plan assets | 641,682          | 901,824          |
| <b>Actual return on plan assets</b>       | <b>1,750,316</b> | <b>2,115,722</b> |

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

|   | March 31, 2013    | March 31, 2012    |
|---|-------------------|-------------------|
| Opening defined benefit obligation                                    | 10,150,627        | 12,646,962        |
| Less: Gratuity Liability in respect of Employees transferred to ABCBL | -                 | (2,619,970)       |
| Interest Cost   | 862,803           | 940,969           |
| Current Service Cost  | 3,059,526         | 2,607,208         |
| Actuarial (gains) / losses on obligation                              | (19,481)          | (2,184,948)       |
| Past service costs - vested benefits                                  | -                 | -                 |
| Benefits paid   | (1,581,586)       | (1,239,594)       |
| <b>Closing defined benefit obligation</b>                             | <b>12,471,889</b> | <b>10,150,627</b> |

### Change in Fair Value of plan assets

|   | March 31, 2013    | March 31, 2012    |
|---|-------------------|-------------------|
| Opening fair value of plan assets         | 15,157,278        | 14,281,150        |
| Expected return                           | 1,108,634         | 1,213,898         |
| Actuarial (gains) / losses on plan assets | 641,682           | 901,824           |
| Contributions by employer                 | 1,581,586         | -                 |
| Benefits paid                             | (1,581,586)       | (1,239,594)       |
| <b>Closing Fair Value of plan assets</b>  | <b>16,907,594</b> | <b>15,157,278</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

### Details of plan assets

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

|                                | March 31, 2013 | March 31, 2012 |
|--------------------------------|----------------|----------------|
| Government of India Securities | 22%            | 25%            |
| Corporate Bonds                | 1%             | 1%             |
| Insurer Managed Funds          | 58%            | 60%            |
| Deposit Scheme                 | 4%             | 2%             |
| Others                         | 15%            | 12%            |
|                                | 100%           | 100%           |

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

### Experience adjustments

|                                      | March 31, 2013 | March 31, 2012 |
|--------------------------------------|----------------|----------------|
| Experience adjustments (loss) / gain | 641,862        | 2,584,420      |

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

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

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

|                                   | March 31, 2013 | March 31, 2012 |
|-----------------------------------|----------------|----------------|
| Discount rate                     | 8.25%          | 8.5%           |
| Expected rate of return on assets | 8.25%          | 8.5%           |

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

### 30) Related party transactions

#### List of related parties

|                          |   |
|--------------------------|---|
| Ultimate holding Company | Aditya Birla Nuvo Limited                       |
| Holding Company          | Aditya Birla Financial Services Private Limited |
| Subsidiary Company       | Aditya Birla Commodities Broking Limited        |

#### Related parties with whom transactions have taken place during the year

|                   |  |
|-------------------|--|
| Fellow Subsidiary | Aditya Birla Finance Limited                   |
|                   | Aditya Birla Money Mart Limited                |
|                   | Aditya Birla Financial Shared Services Limited |
|                   | Birla Sun Life Insurance Company Limited       |
|                   | Aditya Birla Customer Services Pvt. Limited    |

| Sl. No. | Particulars                                       | Closing Balance As on 31.03.2013 | Transactions 2012-2013 | Closing Balance As on 31.03.2012 | Transactions 2011-2012 |
|---------|---|----------------------------------|------------------------|----------------------------------|------------------------|
| 1.      | <b>Aditya Birla Nuvo Ltd</b>                      |                                  |                        |                                  |                        |
|         | - Other Expense                                   | -                                | -                      | -                                | 3,000                  |
| 2.      | <b>Aditya Birla Finance Ltd</b>                   |                                  |                        |                                  |                        |
|         | - Inter Corporate Loan taken                      | -                                | -                      | (200,000,000)                    | 450,000,000            |
|         | - Inter Corporate Loan repaid                     | -                                | 200,000,000            | -                                | 350,000,000            |
|         | - Inter Corporate Loan given                      | -                                | -                      | -                                | 100,000,000            |
|         | - Inter Corporate Loan receipt                    | -                                | -                      | -                                | 100,000,000            |
|         | - Interest on Inter Corporate Loan payable (Paid) | -                                | 1,687,671              | (690,411)                        | 5,572,055              |
|         | - Interest on Inter Corporate Loan receivable     | -                                | -                      | -                                | 191,781                |
|         | - Syndication fee payable (Paid)                  | -                                | 14,647                 | -                                | 121,070                |
|         | - Reimbursement of Cost - Expenses receivable     | 422,197                          | 446,221                | -                                | 125,168                |
|         | - Assets transfers                                | -                                | -                      | -                                | 400,000                |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

| Sl. No.   | Particulars                                       | Closing Balance As on 31.03.2013 | Transactions 2011-2013 | Closing Balance As on 31.03.2012 | Transactions 2011-2012 |
|-----------|---|----------------------------------|------------------------|----------------------------------|------------------------|
| <b>3.</b> | <b>Aditya Birla Money Mart Limited</b>            |                                  |                        |                                  |                        |
|           | Management Fees                                   | -                                | 57,296,408             | -                                | 43,078,786             |
|           | Reimbursement of Cost - Expenses receivable       | -                                | 12,940,582             | -                                | 25,878,176             |
|           | Other payable                                     | -                                | -                      | -                                | 60,000                 |
|           | Inter corporate Loan given                        | -                                | -                      | -                                | 50,000,000             |
|           | Inter corporate Loan receipt                      | -                                | -                      | -                                | 50,000,000             |
|           | Interest on Inter corporate Loan                  | -                                | -                      | -                                | 724,658                |
|           | Total outstanding balance Payable                 | (7,597,477)                      | -                      | -                                | (719,273)              |
| <b>4.</b> | <b>Aditya Birla Financial Shared Services Ltd</b> |                                  |                        |                                  |                        |
|           | - Reimbursement of Expenses payable               | (1,478,348)                      | 10,098,688             | (757,925)                        | 6,734,373              |
| <b>5.</b> | <b>Aditya Birla Financial Services Pvt. Ltd</b>   |                                  |                        |                                  |                        |
|           | - Reimbursement of Expenses payable               | -                                | -                      | (49,278)                         | 49,278                 |
| <b>6.</b> | <b>Birla Sunlife Insurance Co. Ltd</b>            |                                  |                        |                                  |                        |
|           | - Brokerage earned                                | -                                | 10,627,419             | 21,185                           | 8,368,252              |
|           | - Reimbursement of Expenses payable               | (10,637)                         | 11,819                 | -                                | 43,484                 |
| <b>7.</b> | <b>Aditya Birla Customer Services Pvt. Ltd</b>    |                                  |                        |                                  |                        |
|           | - Reimbursement of Expenses payable               | -                                | -                      | -                                | 419,736                |
| <b>8.</b> | <b>Aditya Birla Commodity Broking Ltd</b>         |                                  |                        |                                  |                        |
|           | - Inter Corporate Loan taken                      | -                                | 30,000,000             | -                                | 67,500,000             |
|           | - Inter Corporate Loan repaid                     | -                                | 30,000,000             | -                                | 67,500,000             |
|           | - Inter Corporate Loan given                      | -                                | 218,000,000            | -                                | 35,000,000             |
|           | - Inter Corporate Loan receipt                    | 16,000,000                       | 202,000,000            | -                                | 35,000,000             |
|           | - Interest on Inter Corporate Loan payable        | -                                | 19,726                 | -                                | 53,424                 |
|           | - Interest on Inter Corporate Loan receivable     | -                                | 234,795                | -                                | 41,712                 |
|           | - Interest receivable on running account          | -                                | 792,850                | -                                | 905,286                |
|           | - Interest payable on running account             | -                                | -                      | -                                | 151,542                |
|           | - Rental advances transfer to ABCBL               | -                                | 696,640                | -                                | 4,201,953              |
|           | - Provisions transfer to ABCBL                    | -                                | -                      | -                                | 3,313,020              |
|           | - Reimbursement of Cost - Expenses receivable     | -                                | 81,072,588             | -                                | 107,196,055            |
|           | Total outstanding balance receivable              | 2,74,87,756                      | -                      | -                                | 2,121,015              |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

### 31) Foreign Currency Transactions

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

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

### 33) Previous Year Figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For and on behalf of Board of Directors

#### For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

Sudhakar Ramasubramanian  
Managing Director

Pankaj Razdan  
Director

#### per Shrawan Jalan

Partner

Membership No.: 102102

Manoj Kumar Gandhi  
Chief Financial Officer

S Balaji  
Company Secretary

Date : April 29, 2013

Place : Chennai

## CASH FLOW STATEMENT AS AT MARCH 31, 2013

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

|   | <u>March 31, 2013</u> | <u>March 31, 2012</u> |
|---|-----------------------|-----------------------|
| <b>Cash Flow from Operating Activities</b>  |                       |                       |
| Profit before tax from continuing operations  | (126,655,904)         | (184,908,616)         |
| Profit before tax from discontinuing operations   | —                     | —                     |
| <b>Profit / (Loss) Before tax</b>   | <b>(126,655,904)</b>  | <b>(184,908,616)</b>  |
| Non-cash adjustment to reconcile profit before tax to net cash flows                                |                       |                       |
| Depreciation/ amortization  | 75,440,300            | 77,963,795            |
| Loss / (profit) on sale of fixed assets   | 10,648,880            | 19,615,905            |
| Provision for doubtful debts  | 156,366               | 4,687,731             |
| Provision for deposits and advances   | 7,884,616             | 8,725,000             |
| Net (gain) / loss on sale of current investments  | (8,242,240)           | (4,751,805)           |
| Interest expense  | 45,731,611            | 56,224,481            |
| Interest (income)   | (45,710,079)          | (41,453,272)          |
| Dividend (income)   | (16,500)              | (1,291,375)           |
| <b>Operating Profit Before Working Capital Changes</b>  | <b>(40,762,950)</b>   | <b>(65,188,156)</b>   |
| Movements in Working Capital :  |                       |                       |
| Increase / (Decrease) in Trade Payables   | (74,754,824)          | 44,198,886            |
| Increase / (Decrease) in Short-Term Provisions  | 164,657               | 3,626,407             |
| Increase / (Decrease) in Other Current Liabilities  | (67,127,672)          | (4,027,308)           |
| Increase / (Decrease) in Other Long-Term Liabilities  | (1,115,155)           | 2,060,575             |
| Decrease / (Increase) in Trade Receivables  | 189,937,697           | (339,890,396)         |
| Decrease / (Increase) in Long-Term Loans and Advances   | 22,782,719            | (3,983,302)           |
| Decrease / (Increase) in Short-Term Loans and Advances  | 99,727,771            | 113,263,566           |
| Decrease / (Increase) in Other Bank Current Account Balance   | (40,219,461)          | —                     |
| Decrease / (Increase) in Other Current Assets   | (13,753,990)          | 514,534               |
| <b>Cash Generated from / (used in) Operations</b>   | <b>74,878,793</b>     | <b>(249,425,194)</b>  |
| <b>Direct Taxes paid (net of refunds)</b>   | <b>—</b>              | <b>—</b>              |
| <b>Cash Flow before exceptional items</b>   | <b>74,878,793</b>     | <b>(249,425,194)</b>  |
| Exceptional Item  | —                     | —                     |
| <b>Net Cash from / (used in) Operating Activities (A)</b>   | <b>74,878,793</b>     | <b>(249,425,194)</b>  |
| <b>Cash Flows from Investing Activities</b>   |                       |                       |
| Purchase of fixed assets, including CWIP and capital advances                                       | (10,653,974)          | (36,794,925)          |
| Proceeds from sale of fixed assets  | 1,034,593             | 3,123,929             |
| Purchase of Mutual Fund   | —                     | (12,680,576,066)      |
| Proceeds from Sale of Mutual Fund   | —                     | 12,780,576,066        |
| Proceeds from Sale of Investments   | 8,242,240             | 4,751,805             |
| Investments in bank deposits (having original maturity of more than three months) and lien deposits | (207,110,700)         | (926,648,204)         |
| Maturity of bank deposits (having original maturity of more than three months) and lien deposits    | —                     | 819,094,153           |

## CASH FLOW STATEMENT AS AT MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

|   | <u>March 31, 2013</u> | <u>March 31, 2012</u> |
|---|-----------------------|-----------------------|
| Interest Received   | 45,710,079            | 28,976,512            |
| Dividends Received  | 16,500                | 1,291,375             |
| <b>Net Cash Flow from / (used in) Investing Activities (B)</b>      | <b>(162,761,262)</b>  | <b>(6,205,355)</b>    |
| <b>Cash Flows from Financing Activities</b>                         |                       |                       |
| Proceeds from Short-term borrowings                                 | (82,500,000)          | 100,000,000           |
| Proceeds from Inter Corporate Deposits                              | —                     | 707,188,621           |
| Repayment of Inter Corporate Deposits                               | (200,000,000)         | (607,188,621)         |
| Proceeds from Issue of Commercial Paper                             | 287,157,838           | 1,694,430,178         |
| Repayment of Commercial Paper                                       | —                     | (1,640,000,000)       |
| Interest paid   | (45,731,611)          | (55,610,373)          |
| <b>Net Cash Flow from / (Used in) in Financing Activities (C)</b>   | <b>(41,073,773)</b>   | <b>198,819,805</b>    |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b> | <b>(128,956,242)</b>  | <b>(56,810,744)</b>   |
| <b>Cash and Cash Equivalents at the beginning of the Year</b>       | <b>131,174,994</b>    | <b>187,985,738</b>    |
| <b>Cash and Cash Equivalents at the Year ended</b>                  | <b>2,218,752</b>      | <b>131,174,994</b>    |
| <b>Components of Cash and Cash Equivalents</b>                      |                       |                       |
| Cash on Hand  | 20,608                | 19,464                |
| With Banks - on Current Account                                     | 1,418,821             | 130,245,319           |
| - on Deposit Account  | —                     | —                     |
| - Unpaid Dividend Accounts*   | 594,141               | 724,561               |
| - Unpaid Matured Deposits*  | 185,182               | 185,650               |
| <b>Total Cash and Cash Equivalents (Note 15)</b>                    | <b>2,218,752</b>      | <b>131,174,994</b>    |

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

As per our report of even date

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

per Shrawan Jalan  
Partner  
Membership No.: 102102

Date : April 29, 2013  
Place : Chennai

For and on behalf of Board of Directors

Sudhakar Ramasubramanian  
Managing Director

Manoj Kumar Gandhi  
Chief Financial Officer

Pankaj Razdan  
Director

S Balaji  
Company Secretary

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

Particulars of Subsidiary Company as required under General Circular No: 2/2011 dated 08/02/2011 of Ministry of Corporate Affairs, Government of India, issued under Section 212(8) of the Companies Act, 1956 for the financial year ended 31st March 2013.

### Aditya Birla Commodities Broking Limited

| Particulars |                                 | 31-03-2013   | 31-03-2012   |
|-------------|---------------------------------|--------------|--------------|
|             |                                 | Amount (Rs.) | Amount (Rs.) |
| a.          | Capital                         | 20,000,000   | 20,000,000   |
| b.          | Reserves                        | 3,575,931    | 30,044,619   |
| c.          | Total Assets                    | 472,611,604  | 560,707,297  |
| d.          | Total Liabilities               | 472,611,604  | 560,707,297  |
| e.          | Investments                     | NIL          | NIL          |
| f.          | Total Income                    | 223,401,485  | 249,679,399  |
| g.          | Profit / (Loss) Before Taxation | (26,468,688) | (7,704,166)  |
| h.          | Provision for Taxation          | NIL          | (2,275,690)  |
| i.          | Profit / (Loss) After Taxation  | (26,468,688) | (5,428,476)  |
| j.          | Proposed Dividend               | NIL          | NIL          |

## CONSOLIDATED FINANCIAL STATEMENTS

## INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

### To the Board of Directors of Aditya Birla Money Limited

We have audited the accompanying consolidated financial statements of Aditya Birla Money Limited including its subsidiary Aditya Birla Commodities Broking Limited ("Aditya Birla Money Limited") which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to Note 21 to the financial statements with regard to the recoverability of assets in the nature of trade receivables, advances, other assets etc. aggregating to Rs.149,009,581 grouped under advances recoverable in cash or kind. These assets are subject matter of claim under a share purchase agreement entered into between the Company's ultimate parent company and its Erstwhile Promoters, which is currently under arbitration. The Company's ultimate parent company has committed to transfer any funds received on settlement of the claim to the Company. Based on legal opinion received in the previous year, management is of the opinion that the claims made are tenable and expect a favourable outcome in this matter. Pending the final disposition of the matter no adjustments have been made to the financial statements in respect of these assets.

### For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Shrawan Jalan

Partner

Membership No. : 102102

Place of Signature : Chennai

Date : April 29, 2013

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

|                                     | <u>Note No.</u>    | <u>As at<br/>March 31, 2013</u> | <u>As at<br/>March 31, 2012</u> |
|-------------------------------------|--------------------|---------------------------------|---------------------------------|
| <b>EQUITY AND LIABILITIES</b>       |                    |                                 |                                 |
| <b>(A) Shareholders' Funds</b>      |                    |                                 |                                 |
| Share Capital                       | 3                  |                                 |                                 |
| Equity Preference                   |                    | 55,400,000                      | 55,400,000                      |
| Reserves and Surplus                | 4                  | 80,000,000                      | 80,000,000                      |
|                                     |                    | 223,258,842                     | 376,383,433                     |
|                                     | Sub total - (A)    | 358,658,842                     | 511,783,433                     |
| <b>(B) Non-Current Liabilities</b>  |                    |                                 |                                 |
| Other Long-term Liabilities         | 5A                 | 6,404,309                       | 7,014,350                       |
| Long-term Provisions                | 6A                 | 2,910,497                       | 2,541,804                       |
|                                     | Sub total - (B)    | 9,314,806                       | 9,556,154                       |
| <b>(C) Current Liabilities</b>      |                    |                                 |                                 |
| Short-term Borrowings               | 7                  | 544,356,123                     | 503,698,285                     |
| Trade Payables                      | 8                  | 174,900,277                     | 215,111,569                     |
| Other Current Liabilities           | 5B                 | 900,952,467                     | 1,114,986,710                   |
| Short-term Provisions               | 6B                 | 11,292,352                      | 11,144,454                      |
|                                     | Sub total - (C)    | 1,631,501,219                   | 1,844,941,018                   |
| <b>TOTAL</b>                        | <b>(A)+(B)+(C)</b> | 1,999,474,867                   | 2,366,280,605                   |
| <b>ASSETS</b>                       |                    |                                 |                                 |
| <b>(D) Non-Current Assets</b>       |                    |                                 |                                 |
| <b>Fixed Assets</b>                 |                    |                                 |                                 |
| Tangible Assets                     | 9A                 | 220,439,047                     | 273,660,493                     |
| Intangible Assets                   | 9B                 | 60,357,181                      | 90,199,486                      |
| Intangible Assets under Development |                    | 2,145,000                       | 1,239,499                       |
|                                     |                    | 282,941,228                     | 365,099,478                     |
| Non-Current Investments             | 10                 | 66,000                          | 66,000                          |
| Long-term Loans and Advances        | 11A                | 90,317,765                      | 111,128,443                     |
|                                     | Sub total - (D)    | 373,324,993                     | 476,293,921                     |
| <b>(E) Current Assets</b>           |                    |                                 |                                 |
| Trade Receivables                   | 12                 | 518,236,232                     | 696,983,154                     |
| Cash & Bank Balances                | 13                 | 878,712,690                     | 858,976,227                     |
| Short-term Loans and Advances       | 11B                | 171,093,619                     | 289,076,928                     |
| Other Current Assets                | 14                 | 58,107,333                      | 44,950,375                      |
|                                     | Sub total - (E)    | 1,626,149,874                   | 1,889,986,684                   |
| <b>TOTAL</b>                        | <b>(D) + (E)</b>   | 1,999,474,867                   | 2,366,280,605                   |

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

As per our report of even date

For and on behalf of Board of Directors

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

Sudhakar Ramasubramanian  
Managing Director

Pankaj Razdan  
Director

per Shrawan Jalan

Partner

Membership No.: 102102

Manoj Kumar Gandhi  
Chief Financial Officer

S Balaji  
Company Secretary

Date : April 29, 2013

Place : Chennai

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2013

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

|   | <u>Note No.</u> | <u>As at<br/>March 31, 2013</u> | <u>As at<br/>March 31, 2012</u> |
|---|-----------------|---------------------------------|---------------------------------|
| <b>Revenue</b>  |                 |                                 |                                 |
| Revenue from Operations   | 15              | 840,792,331                     | 882,814,266                     |
| Other Income  | 16              | 97,581,352                      | 89,541,988                      |
| <b>Total Revenue</b>  |                 | <b>938,373,683</b>              | <b>972,356,254</b>              |
| <b>Expenses</b>   |                 |                                 |                                 |
| Employee Benefits Expenses  | 17              | 406,561,230                     | 404,308,557                     |
| Finance Cost  | 18              | 47,053,000                      | 56,030,639                      |
| Depreciation and Amortisation Expenses  | 19              | 81,128,752                      | 82,764,111                      |
| Business Partners Payout  |                 | 249,287,168                     | 254,993,197                     |
| Other Expenses  | 20              | 307,468,124                     | 366,872,532                     |
| <b>Total Expenses</b>   |                 | <b>1,091,498,274</b>            | <b>1,164,969,036</b>            |
| <b>Profit / (Loss) Before Tax</b>   |                 | <b>(153,124,591)</b>            | <b>(192,612,782)</b>            |
| Tax Expenses  |                 |                                 |                                 |
| - Deferred tax  |                 | —                               | (14,275,006)                    |
| <b>Profit / (Loss) for the Year</b>   |                 | <b>(153,124,591)</b>            | <b>(178,337,776)</b>            |
| Earnings / (Loss) Per Share (Basic and Diluted) }<br>(Face Value of Re. 1/- each) | 29              | <b>(2.76)</b>                   | <b>(3.22)</b>                   |
| Significant Accounting Policies   | 2               |                                 |                                 |

The accompanying Notes are an integral part of the Financial Statements

As per our report of even date  
For S.R. BATLIBOI & CO. LLP  
Chartered Accountants  
ICAI Firm Registration Number : 301003E

per Shrawan Jalan  
Partner  
Membership No.: 102102

Date : April 29, 2013  
Place : Chennai

For and on behalf of Board of Directors

Sudhakar Ramasubramanian  
Managing Director

Manoj Kumar Gandhi  
Chief Financial Officer

Pankaj Razdan  
Director

S Balaji  
Company Secretary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

### 1) Principles of Consolidation

- i) The Consolidated Financial Statements ('CFS') relate to Aditya Birla Money Limited ('the Company') and its 100% (Previous year 100%) wholly owned subsidiary Aditya Birla Commodities Broking Limited ('ABCBL'). Aditya Birla Commodities Broking Limited is incorporated in India.
- ii) The financial statements of the subsidiary have been drawn for the same reporting period as that of the Company i.e. year ended March 31, 2013.
- iii) The financial statements of the Company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses and after eliminating intra-group balances, intra-group transactions and unrealized profits/losses.
- iv) There is no excess / shortage of cost to the Company of its investment in the subsidiary over its proportionate share in the equity of its as at the date of the investment. Accordingly no goodwill / capital reserve is recognized in the CFS.
- v) The CFS have been prepared using uniform accounting policies, except as stated otherwise, for like transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.

### 2) Statement of Significant Accounting Policies

#### a) Basis of Preparation

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

#### b) Use of Estimates

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

#### c) Fixed Assets, Intangible Assets and Capital Work-in-Progress

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

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

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

Intangible assets are recorded at the consideration paid for acquisition. The computer software costs are capitalized and recognized as intangible assets in terms of Accounting Standard 26 - Intangible Assets

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

based on materiality, accounting prudence and significant economic benefit expected there from to flow over a period longer than one year. Capitalized costs include direct costs of implementation and expenses directly attributable to the development of the software. All other expenses on existing intangible assets, including day-to-day maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

### d) Depreciation

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

| Nature of Asset                             | Rate of Depreciation Followed  |
|---|--|
| Batteries (included under Office Equipment) | 25% (rates are higher than XIV)  |
| Furniture and Fixtures (fitted to premises) | Rate based on the lease period, taking into account the secondary lease period |

The company has entered into lease/license agreements in respect of immovable properties with different parties with average lease period of 4 years to 5 years.

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

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

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

### e) Impairment

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

### f) Leases

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

### g) Investments

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

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

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

### **h) Revenues**

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

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

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

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

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

### **i) Employee Benefits**

i. Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

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

### **j) Income Tax**

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

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

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future

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

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

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

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

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

### **k) Earnings Per Share**

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

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

### **l) Contingent Liability and Provisions**

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

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

### **m) Segment Reporting**

The Company is principally engaged in the business of Broking and related activities. The operations are entirely in India. There is only one business segment and one geographical segment and hence segment information is not required to be disclosed as per explanation to para 38 of Accounting Standard 17.

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

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

### **o) Sharing of Costs**

The Company shares certain costs / service charges with other companies in the Group. These costs have been allocated on a reasonable and consistent basis between the Companies as mutually agreed to.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

|  | <u>As at<br/>March 31, 2013</u> | <u>As at<br/>March 31, 2012</u> |
|--|---------------------------------|---------------------------------|
| <b>NOTE: 3</b>   |                                 |                                 |
| <b>SHARE CAPITAL</b>   |                                 |                                 |
| <b>Authorised:</b>   |                                 |                                 |
| 150,000,000 (Previous year -150,000,000) Equity Shares of Re.1/-each   | 150,000,000                     | 150,000,000                     |
| 1,000,000 (Previous Year -1,000,000) 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs. 100/- each      | 100,000,000                     | 100,000,000                     |
|  | <u>250,000,000</u>              | <u>250,000,000</u>              |
| <b>Issued, Subscribed &amp; Paid-up:</b>   |                                 |                                 |
| <b>EQUITY SHARE CAPITAL</b>  |                                 |                                 |
| 55,400,000 (Previous Year - 55,400,000) Equity Shares of Re.1/-each fully paid   | 55,400,000                      | 55,400,000                      |
|  | <u>55,400,000</u>               | <u>55,400,000</u>               |
| <b>PREFERENCE SHARE CAPITAL</b>  |                                 |                                 |
| 800,000 (Previous Year 800,000) 8% Redeemable Non convertible non cumulative Preference Shares of Rs.100/- each fully paid | 80,000,000                      | 80,000,000                      |
|  | <u>80,000,000</u>               | <u>80,000,000</u>               |

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

| Sl.No. | Description                          | As at March 31, 2013 |            | As at March 31, 2012 |            |
|--------|--------------------------------------|----------------------|------------|----------------------|------------|
|        |                                      | No. of Shares        | Amount     | No. of Shares        | Amount     |
| 1      | At the beginning of the period       | 55,400,000           | 55,400,000 | 55,400,000           | 55,400,000 |
| 2      | Issued during the period             | —                    | —          | —                    | —          |
| 3      | Outstanding at the end of the period | 55,400,000           | 55,400,000 | 55,400,000           | 55,400,000 |

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

| Sl.No. | Description                          | As at March 31, 2013 |            | As at March 31, 2012 |            |
|--------|--------------------------------------|----------------------|------------|----------------------|------------|
|        |                                      | No. of Shares        | Amount     | No. of Shares        | Amount     |
| 1      | At the beginning of the period       | 800,000              | 80,000,000 | 800,000              | 80,000,000 |
| 2      | Issued during the period             | —                    | —          | —                    | —          |
| 3      | Outstanding at the end of the period | 800,000              | 80,000,000 | 800,000              | 80,000,000 |

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

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

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

### 3. Term of redemption of Preference Shares

In the year ended 31st March, 2011, the Company had allotted 800,000 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs.100/- each, fully paid up at a premium of Rs.150/- per share to Aditya Birla Financial Services Private Limited, the holding Company. These Preference Shares are redeemable at the end of 5 years from the date of issue at a price of Rs.320/- per share.

### 4. Shares held by Holding Company

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

5 Shares in the Company held by each shareholder holding more than 5 percent shares and the number of shares held are as under :-

i) Equity Shares Capital

| Sl. No. | Name of Share Holder                            | As at March 31, 2013 |   | As at March 31, 2012 |   |
|---------|---|----------------------|---|----------------------|---|
|         |   | No. of Shares held   | % of total paid-up equity share capital | No. of Shares held   | % of total paid-up equity share capital |
| 1       | Aditya Birla Financial Services Private Limited | 41,550,000           | 75.00                                   | 41,550,000           | 75.00                                   |
| 2       | PCR Investments Ltd                             | 3,385,320            | 6.11                                    | 3,385,320            | 6.11                                    |

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

ii) Preference Share Capital

| Sl. No. | Name of Share Holder                            | As at March 31, 2013 |   | As at March 31, 2012 |   |
|---------|---|----------------------|---|----------------------|---|
|         |   | No. of Shares held   | % of total paid-up preference share capital | No. of Shares held   | % of total paid-up preference share capital |
| 1       | Aditya Birla Financial Services Private Limited | 800,000              | 100.00                                      | 800,000              | 100.00                                      |

NOTE: 4

RESERVES & SURPLUS

1. Capital Reserves

|   |                   |                   |
|---|-------------------|-------------------|
| Balance as per last audited Financial Statement | 11,538,863        | 11,538,863        |
|   | <u>11,538,863</u> | <u>11,538,863</u> |

2. Securities Premium Account

|   |                    |                    |
|---|--------------------|--------------------|
| Balance as per last audited Financial Statement | 120,000,000        | 120,000,000        |
|   | <u>120,000,000</u> | <u>120,000,000</u> |

3. General Reserve

|   |                    |                    |
|---|--------------------|--------------------|
| Balance as per last audited Financial Statement | 261,376,777        | 261,376,777        |
|   | <u>261,376,777</u> | <u>261,376,777</u> |

4. Surplus / (Deficit) in the Statement of Profit and Loss

|   |                      |                     |
|---|----------------------|---------------------|
| Balance as per last audited Financial Statement | (16,532,207)         | 161,805,569         |
| Addition:                                       |                      |                     |
| Profit / (Loss) of the Year                     | (153,124,591)        | (178,337,776)       |
|   | <u>(169,656,798)</u> | <u>(16,532,207)</u> |
|   | <u>223,258,842</u>   | <u>376,383,433</u>  |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

|                                    | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|------------------------------------|-------------------------|-------------------------|
| <b>NOTE: 5A</b>                    |                         |                         |
| <b>OTHER LONG-TERM LIABILITIES</b> |                         |                         |
| Liability for Rent Straight Lining | 6,404,309               | 7,014,350               |
|                                    | <u>6,404,309</u>        | <u>7,014,350</u>        |

**NOTE: 5B**

**OTHER CURRENT LIABILITIES**

|   |                    |                      |
|---|--------------------|----------------------|
| Interest Accrued but not due on Borrowings                              | 999,304            | 925,683              |
| Income Received in Advance  | 533,357            | 1,419,488            |
| Investors' Education and Protection Fund to be credited as and when due |                    |                      |
| Unpaid Dividend   | 594,141            | 697,489              |
| Unpaid Matured Deposits and Interest Accrued thereon                    | 185,182            | 185,650              |
| Other Payables  |                    |                      |
| Payable to Customers  | 783,117,196        | 1,060,425,451        |
| Book Overdraft  | 66,383,756         | 3,661,751            |
| Statutory Dues  | 14,026,263         | 15,839,986           |
| Deposits  | 34,754,379         | 31,302,074           |
| Liability for Rent Straight Lining                                      | 358,889            | 529,138              |
|   | <u>900,952,467</u> | <u>1,114,986,710</u> |

**NOTE: 6A**

**LONG-TERM PROVISIONS**

Provisions for Employee Benefits:

|                     |                  |                  |
|---------------------|------------------|------------------|
| Gratuity (Unfunded) | 2,910,497        | 2,541,804        |
|                     | <u>2,910,497</u> | <u>2,541,804</u> |

**NOTE: 6B**

**SHORT-TERM PROVISIONS**

Provisions for Employee Benefits:

|   |                   |                   |
|---|-------------------|-------------------|
| Leave Encashment  | 7,487,824         | 7,345,627         |
| Gratuity (Unfunded)   | 51,695            | 45,994            |
| Others  |                   |                   |
| Taxation [Net of Advance Tax Rs.41,400,000 (Previous Year - Rs.41,400,000)] | 3,752,833         | 3,752,833         |
|   | <u>11,292,352</u> | <u>11,144,454</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

|   | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|---|-------------------------|-------------------------|
| <b>NOTE: 7</b>                                |                         |                         |
| <b>SHORT-TERM BORROWINGS</b>                  |                         |                         |
| <b>SECURED</b>                                |                         |                         |
| Loan Repayable on Demand                      |                         |                         |
| Banks #                                       | 53,500,000              | 100,000,000             |
|   | <u>53,500,000</u>       | <u>100,000,000</u>      |
| <b>UNSECURED</b>                              |                         |                         |
| Loan Repayable on Demand                      |                         |                         |
| Commercial Papers * ^                         | 490,856,123             | 203,698,285             |
| Inter Corporate deposit \$                    | —                       | 200,000,000             |
|   | <u>490,856,123</u>      | <u>403,698,285</u>      |
|   | <u>544,356,123</u>      | <u>503,698,285</u>      |
| * Maximum balance outstanding during the year | 500,000,000             | 500,000,000             |

# The bank borrowing is secured against pledge of fixed deposits.

The borrowing carries an interest of 10.60% per annum (Previous year : 10.25%)

^ Repayable in 60 to 90 days from the date of draw down. The interest on this loan ranges from 9.8% to 10.2%

\$ Nil (Previous year : 14%) borrowed from related party.

**NOTE: 8**

**TRADE PAYABLES**

|  |                    |                    |
|--|--------------------|--------------------|
| Salaries, wages, bonus and other employee benefits payable | 18,344,959         | 10,117,196         |
| Trade Payables (Others)                                    | 156,555,318        | 204,994,373        |
|  | <u>174,900,277</u> | <u>215,111,569</u> |

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

| NOTE: 9A - Tangible Assets           |                  | NOTE: 9B - Intangible Assets |                      |                   |                    |                  |                    |                                      |
|--------------------------------------|------------------|------------------------------|----------------------|-------------------|--------------------|------------------|--------------------|--------------------------------------|
|                                      | Freehold Land*   | V SAT Equipments             | Furniture & Fixtures | Office Equipment  | Computers          | Vehicles         | TOTAL              |                                      |
| <b>Gross Block</b>                   |                  |                              |                      |                   |                    |                  |                    | <b>Gross Block</b>                   |
| As at 1 April 2011                   | 1,500,000        | 96,898,133                   | 113,400,934          | 87,537,355        | 210,053,878        | 2,052,137        | 511,442,437        | As at 1 April 2011                   |
| Additions                            | —                | —                            | 18,210,800           | 7,558,151         | 11,081,518         | 193,673          | 37,044,142         | Additions                            |
| Deletions                            | —                | 1,169,124                    | 15,697,218           | 17,441,181        | 5,901,907          | —                | 40,209,430         | Deletions                            |
| <b>As at 31 March 2012</b>           | <b>1,500,000</b> | <b>95,729,009</b>            | <b>115,914,516</b>   | <b>77,654,325</b> | <b>215,233,489</b> | <b>2,245,810</b> | <b>508,277,149</b> | <b>As at 31 March 2012</b>           |
| <b>Cost</b>                          |                  |                              |                      |                   |                    |                  |                    | <b>Cost</b>                          |
| At 1 April 2012                      | 1,500,000        | 95,729,009                   | 115,914,516          | 77,654,325        | 215,233,489        | 2,245,810        | 508,277,149        | At 1 April 2012                      |
| Additions                            | —                | —                            | 1,333,086            | 819,372           | 3,837,507          | —                | 5,989,965          | Additions                            |
| Deletions                            | —                | —                            | 17,742,079           | 4,169,025         | 5,437,546          | —                | 27,348,650         | Deletions                            |
| <b>As at 31 March 2013</b>           | <b>1,500,000</b> | <b>95,729,009</b>            | <b>99,505,523</b>    | <b>74,304,672</b> | <b>213,633,450</b> | <b>2,245,810</b> | <b>486,918,464</b> | <b>As at 31 March 2013</b>           |
| <b>Accumulated Depreciation</b>      |                  |                              |                      |                   |                    |                  |                    | <b>Accumulated Amortization</b>      |
| As at 1 April 2011                   | —                | 34,067,454                   | 35,445,013           | 25,004,997        | 101,855,473        | 224,252          | 196,597,189        | As at 1 April 2011                   |
| For the year                         | —                | 5,371,189                    | 15,052,406           | 6,674,974         | 28,179,788         | 211,040          | 55,489,397         | For the year                         |
| Deletions                            | —                | 1,169,124                    | 5,505,151            | 6,087,143         | 4,708,512          | —                | 17,469,930         | Deletions                            |
| <b>As at 31 March 2012</b>           | <b>—</b>         | <b>38,269,519</b>            | <b>44,992,268</b>    | <b>25,592,828</b> | <b>125,326,749</b> | <b>435,292</b>   | <b>234,616,656</b> | <b>As at 31 March 2012</b>           |
| <b>Depreciation</b>                  |                  |                              |                      |                   |                    |                  |                    | <b>Depreciation</b>                  |
| At 1 April 2012                      | —                | 38,269,519                   | 44,992,268           | 25,592,828        | 125,326,749        | 435,292          | 234,616,656        | At 1 April 2012                      |
| For the year                         | —                | 4,280,360                    | 10,139,615           | 5,528,390         | 27,771,630         | 213,352          | 47,933,347         | For the year                         |
| Deletions                            | —                | —                            | 9,345,827            | 1,927,976         | 4,796,784          | —                | 16,070,586         | Deletions/Adjustment                 |
| <b>As at 31 March 2013</b>           | <b>—</b>         | <b>42,549,879</b>            | <b>45,786,056</b>    | <b>29,193,243</b> | <b>148,301,595</b> | <b>648,644</b>   | <b>266,479,417</b> | <b>As at 31 March 2013</b>           |
| Net block as at 31 March 2012        | 1,500,000        | 57,459,490                   | 70,922,248           | 52,061,497        | 89,906,740         | 1,810,518        | 273,660,493        | Net block as at 31 March 2012        |
| <b>Net block as at 31 March 2013</b> | <b>1,500,000</b> | <b>53,179,130</b>            | <b>53,719,467</b>    | <b>45,111,429</b> | <b>65,331,855</b>  | <b>1,597,166</b> | <b>220,439,047</b> | <b>Net block as at 31 March 2013</b> |

\* The company is in the process of getting the lands registered in its name which is currently under dispute but management expects a favorable outcome in this matter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

|   | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|---|-------------------------|-------------------------|
| <b>NOTE: 10</b>   |                         |                         |
| <b>INVESTMENTS : NON-CURRENT</b>  |                         |                         |
| <b>Unquoted</b>   |                         |                         |
| Non Trade Investments (Unquoted, as valued at cost less provision)                                    |                         |                         |
| Investments in Equity Shares  |                         |                         |
| 6,600 (Previous year 6,600) Equity Share of Rs.10/-each fully paid in Apollo Sindhoori Hotels Limited | 184,523                 | 184,523                 |
| Less: Provision for diminution in value of investment   | 118,523                 | 118,523                 |
|   | <u>66,000</u>           | <u>66,000</u>           |
| <b>Note :</b>   |                         |                         |
| 1. Aggregate amount of unquoted investments   | 66,000                  | 66,000                  |
| 2. Aggregate amount of diminution in value of investment  | 118,523                 | 118,523                 |
| <b>NOTE: 11A</b>  |                         |                         |
| <b>LONG-TERM LOANS AND ADVANCES</b>   |                         |                         |
| (Unsecured, Considered Good, except otherwise stated)   |                         |                         |
| Capital Advance   | —                       | 44,052                  |
| Security Deposits   | 36,121,936              | 39,650,372              |
| Margins with Exchange   | 36,158,911              | 46,553,845              |
| Other Loans and Advances  |                         |                         |
| Advance Tax (Net of Provision Rs. Nil )   | 17,616,436              | 23,660,880              |
| Prepaid Expenses  | 420,482                 | 1,219,294               |
|   | <u>90,317,765</u>       | <u>111,128,443</u>      |
| <b>NOTE: 11B</b>  |                         |                         |
| <b>SHORT-TERM LOANS AND ADVANCES</b>  |                         |                         |
| (Unsecured, Considered Good, except otherwise stated)   |                         |                         |
| Advances recoverable in cash or in kind or for value to be received (Refer Note 21)                   |                         |                         |
| Advances recoverable in cash or Kind  |                         |                         |
| Considered Good   | 115,230,797             | 137,772,651             |
| Considered Doubtful   | 45,079,457              | 37,930,005              |
|   | <u>160,310,254</u>      | <u>175,702,656</u>      |
| Less: Provision for Doubtful  | (45,079,457)            | (37,930,005)            |
|   | <u>115,230,797</u>      | <u>137,772,651</u>      |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

|                                 | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|---------------------------------|-------------------------|-------------------------|
| Security Deposits               | 2,523,830               | 3,297,237               |
| Gratuity Receivable             | 4,435,705               | 5,006,652               |
| Other Loans and Advances        |                         |                         |
| Advances to Related Parties ^   | 422,947                 | —                       |
| Margins with Exchange           | 12,619,936              | 115,048,396             |
| Balances with Govt. Authorities | 8,522,396               | 1,394,164               |
| Advances to Suppliers           | 871,931                 | 2,321,921               |
| Prepaid Expenses                | 24,312,243              | 21,625,312              |
| Advances to Employees           | 2,153,834               | 2,610,595               |
|                                 | <u>171,093,619</u>      | <u>289,076,928</u>      |

^ Rs.422,947 receivable from Aditya Birla Finance Limited towards recovery of expenses

**NOTE: 12**

**TRADE RECEIVABLES**

Outstanding for a period exceeding 6 months from the date they are due for payment

|                                |                     |                     |
|--------------------------------|---------------------|---------------------|
| Secured, Considered Good       | 65,456,646          | 18,524,546          |
| Unsecured, Considered Doubtful | 27,312,851          | 26,785,994          |
| Less: Provision for doubtful   | <u>(27,312,851)</u> | <u>(26,785,994)</u> |
|                                | <u>65,456,646</u>   | <u>18,524,546</u>   |

**Others**

|                                |                    |                    |
|--------------------------------|--------------------|--------------------|
| Secured, Considered Good       | 414,718,649        | 678,458,608        |
| Unsecured, Considered Good     | 38,060,937         | —                  |
| Unsecured, Considered Doubtful | —                  | 1,919,643          |
| Less: Provision for doubtful   | —                  | <u>(1,919,643)</u> |
|                                | <u>452,779,586</u> | <u>678,458,608</u> |
|                                | <u>518,236,232</u> | <u>696,983,154</u> |

**NOTE: 13**

**CASH AND BANK BALANCES**

**Cash & Cash Equivalents**

|                            |                   |                    |
|----------------------------|-------------------|--------------------|
| Balances with Banks        |                   |                    |
| Current Accounts           | 57,769,551        | 236,310,810        |
| Unpaid Dividend            | 594,141           | 724,561            |
| Unclaimed Matured Deposits | 185,182           | 185,650            |
| Cash on Hand               | 20,608            | 19,464             |
|                            | <u>58,569,482</u> | <u>237,240,485</u> |

(A)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

|   | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|---|-------------------------|-------------------------|
| <b>Other Bank Balances</b>  |                         |                         |
| Deposit Accounts (with original maturity more than three months)* | 820,143,208             | 621,735,742             |
| (B)   | 820,143,208             | 621,735,742             |
| (A) + (B)   | 878,712,690             | 858,976,227             |
|   | <u>878,712,690</u>      | <u>858,976,227</u>      |

\* This includes Fixed deposits placed under lien towards bank guarantees (Rs.182,963,021) & for margins (Rs.245,361,000) with exchanges.

**NOTE: 14**

**OTHER CURRENT ASSETS**

(Unsecured, Considered Good, except otherwise stated)

|   |                   |                   |
|---|-------------------|-------------------|
| Accrued Income (from operations)            | 3,223,348         | 4,153,102         |
| Interest Accrued on Deposits with Exchanges | 198,515           | —                 |
| Interest Accrued on Fixed Deposits          | 45,273,098        | 40,797,273        |
| Insurance Claim Receivables*                | 9,412,372         | —                 |
| Considered Doubtful                         | 969,419           | —                 |
|   | <u>10,381,791</u> | —                 |
| Less: Provision for Doubtful                | (969,419)         | —                 |
|   | <u>9,412,372</u>  | —                 |
|   | <u>58,107,333</u> | <u>44,950,375</u> |

\* Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

**NOTE: 15**

**REVENUE FROM OPERATIONS**

**A. Income from Services**

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Brokerage Income                | 691,298,422        | 715,689,258        |
| Income from Transaction charges | 8,699,224          | 20,721,054         |
| Account Opening charges         | 4,853,701          | 4,647,498          |
| Income from Depository Services | 44,907,277         | 42,389,298         |
|                                 | <u>749,758,624</u> | <u>783,447,108</u> |

**B. Other Operating Income**

|                              |                    |                    |
|------------------------------|--------------------|--------------------|
| V-Sat Rent                   | 1,988,242          | 4,201,001          |
| Interest and Finance Charges | 89,045,465         | 95,166,157         |
|                              | <u>91,033,707</u>  | <u>99,367,158</u>  |
|                              | <u>840,792,331</u> | <u>882,814,266</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

|   | Year Ended<br>March 31, 2013 | Year Ended<br>March 31, 2012 |
|---|------------------------------|------------------------------|
| <b>NOTE : 16</b>  |                              |                              |
| <b>OTHER INCOME</b>                                     |                              |                              |
| Interest Income   |                              |                              |
| Interest on Bank Deposits                               | 80,931,663                   | 69,222,591                   |
| Other Interest Income                                   | 2,732,138                    | 5,674,193                    |
| Dividends Income on Investments                         |                              |                              |
| Current   | —                            | 1,274,875                    |
| Long-term   | 16,500                       | 16,500                       |
| Net Gain on Sale of Investments                         | 10,871,369                   | 11,065,986                   |
| Miscellaneous Income (Net)                              | 3,029,682                    | 2,287,843                    |
|   | <u>97,581,352</u>            | <u>89,541,988</u>            |
| <b>NOTE : 17</b>  |                              |                              |
| <b>EMPLOYEE BENEFIT EXPENSES</b>                        |                              |                              |
| Salaries and Wages                                      | 375,884,351                  | 370,855,579                  |
| Contribution to Provident & Other Funds (Refer Note 31) | 22,213,465                   | 20,456,253                   |
| Staff Welfare Expenses                                  | 8,463,414                    | 12,996,725                   |
|   | <u>406,561,230</u>           | <u>404,308,557</u>           |
| <b>NOTE : 18</b>  |                              |                              |
| <b>FINANCE COST</b>                                     |                              |                              |
| Interest Expenses                                       | 47,001,947                   | 54,951,447                   |
| Other Borrowing Costs                                   | 51,053                       | 1,079,192                    |
|   | <u>47,053,000</u>            | <u>56,030,639</u>            |
| <b>NOTE : 19</b>  |                              |                              |
| <b>DEPRECIATION AND AMORTISATION EXPENSES</b>           |                              |                              |
| Depreciation of Tangible Assets                         | 47,933,347                   | 55,489,397                   |
| Amortisation of Intangible Assets                       | 33,195,405                   | 27,274,714                   |
|   | <u>81,128,752</u>            | <u>82,764,111</u>            |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

|  | Year Ended<br>March 31, 2013 | Year Ended<br>March 31, 2012 |
|--|------------------------------|------------------------------|
| <b>NOTE : 20</b>   |                              |                              |
| <b>OTHER EXPENSES</b>  |                              |                              |
| Rent (Refer Note 30)   | 55,786,258                   | 63,374,200                   |
| Repairs & Maintenance of:  |                              |                              |
| Buildings  | 809,918                      | 2,237,024                    |
| Plant & Machinery  | 435,487                      | 912,716                      |
| Others   | 27,320,835                   | 24,222,236                   |
| Insurance  | 13,932,649                   | 12,159,916                   |
| Rates & Taxes  | 4,748,670                    | 8,720,057                    |
| Outsourcing Charges  | 3,172,413                    | 3,040,451                    |
| Connectivity Charges   | 30,871,955                   | 41,553,826                   |
| Advertisement  | 3,844,165                    | 4,310,979                    |
| Legal & Profession Expenses                                      | 18,052,136                   | 22,544,876                   |
| Provision for Doubtful Debts                                     | 156,366                      | 6,400,697                    |
| Provision for Doubtful Deposits and Advances                     | 8,176,764                    | 9,022,000                    |
| Printing and Stationery  | 7,461,799                    | 11,919,467                   |
| Travelling & Conveyance  | 23,316,137                   | 27,603,697                   |
| Communication Expenses   | 20,356,317                   | 21,327,801                   |
| Loss on Sale / Discard of Fixed Assets (Net)                     | 11,140,513                   | 19,615,905                   |
| Bank Charges   | 2,451,907                    | 3,464,091                    |
| Auditors' Remuneration*  | 2,292,938                    | 2,269,842                    |
| Directors' Fees  | 390,000                      | 380,000                      |
| Postage Expenses   | 3,727,568                    | 15,205,684                   |
| Electricity Charges  | 15,037,670                   | 16,170,103                   |
| Information Technology Expenses                                  | 47,154,257                   | 45,777,593                   |
| Miscellaneous Expenses   | 6,831,402                    | 4,639,371                    |
|  | <u>307,468,124</u>           | <u>366,872,532</u>           |
| <br>   |                              |                              |
| * Auditors' Remuneration includes payments to auditors as under: |                              |                              |
| <b>As auditor:</b>   |                              |                              |
| Audit fee  | 1,100,000                    | 1,025,000                    |
| Limited Reviews  | 800,000                      | 600,000                      |
| Tax audit fee  | 100,000                      | 100,000                      |
| Certification fees   | 30,525                       | —                            |
| Reimbursement of expenses  | 262,413                      | 544,842                      |
|  | <u>2,292,938</u>             | <u>2,269,842</u>             |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

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

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

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

Subsequent to the completion of the above transaction, the Purchaser noted several breaches of representations and warranties including but not limited to non-recovery of debtors, irrecoverable advances, missing fixed assets etc. Accordingly, ABNL based on its internal assessment of the recoverability of receivables, fixed assets, other assets and matters relating to tax and other contingencies arrived at an amount of Rs.166,634,149 as Losses incurred on account of breach of representation warranties in the SPA. Further, ABNL vide its letter dated March 5, 2011 made a separate claim of Rs.5,169,379 for amounts becoming due and payable on accounts of various cases initiated by the customers of the Company. ABNL invoked the arbitration mechanism and filed their Statement of Claim on February 26, 2011 with the Arbitration Tribunal.

Pending the final outcome of the arbitration proceedings, the Company has identified all such receivables, assets etc which are have not been recovered and other items which are the subject matter of the claim to the extent they are in the books of accounts of the Company as at March 31, 2013 aggregating Rs 149,009,581 (previous year: Rs 150,322,401) and disclosed the same in Short Term Loans & Advances in Note No 11B of the Balance Sheet, as these amounts would be paid directly to the Company by the Erstwhile Promoters at the direction of ABNL as and when the settlement happens.

Both parties have completed filing of documents and draft issues have been submitted and approved. On 04th July 2012, a hearing was held and M/s. Deloitte Haskins & Sells were asked to act as auditors by the Arbitrators with a mandate to submit a report on whether from an accounting perspective, including the accounting treatment that has been given to the items set out in the Statement of Claim, the amounts as claimed are correct as per accounting practice.

The arbitral tribunal had directed the Claimants and Respondents to file their objections if any to the audit report submitted by M/s. Deloitte Haskins & Sells and had also directed the Respondent to file their list of witnesses (if any) by the end of April 2013 and has posted the next hearing to 06th June 2013. The Respondents filed their objections to the audit report and ABNL had also filed its reply to the said objections.

Based on legal opinion received and internal assessment, ABNL is confident of recovering the entire dues through the arbitration process and passing the benefit thereof to the Company against which these loss assets can be set-off in the future. Accordingly, the Company is of the view that these amounts are recoverable and hence not written off in the books of accounts of the Company.

### 22) Stamp duty

Hitherto, the Company had been collecting and remitting stamp duties with respect to states wherein the manner of payment of the same has been prescribed by the respective State Governments. From July 2011, the Company had started collecting stamp duty on contract notes for all states, including the states wherein the manner of payment has not yet been notified. The Company is evaluating various options of remitting the same, including remitting those amounts in the State of Tamil Nadu, as all the contract notes are executed at Tamil Nadu. Pending, the final determination of the manner of remittance, amount of Rs.4,560,042 (Previous Year - Rs.5,357,749) collected till March 31, 2013 has been disclosed under statutory dues in other current liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

### 23) Capital and Other Commitments

- a) Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for is Rs.2,709,050 (Previous Year - Rs.745,801).
- b) For commitments relating to lease arrangements, please refer Note 30.

### 24) Contingent Liabilities

| PARTICULARS   | March 31, 2013 | March 31, 2012 |
|---|----------------|----------------|
| <b>Disputed Tax and Other Statutory Liabilities not provided for:</b>   |                |                |
| (a) Income Tax & Interest Tax - for various assessment years in respect of which Company has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.   | 45,158,745     | 36,666,168     |
| (b) Service Tax - for various assessment years in respect of which the Company has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.   | 7,989,907      | 7,989,907      |
| (c) Provident Fund - for the period from March 2009 to May 2011 for non inclusion of certain components like allowances etc. while computing and remitting the employer and employees' contribution to provident fund. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities. | 14,036,578     | 14,036,578     |
| (d) Karnataka Stamp Duty for the period from 2003-2008. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities   | 9,060,000      | 9,060,000      |
| (e) VAT - for various assessment years in respect of which Company has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.   | 1,061,025      | 1,061,025      |
| <b>Contingent Liability not provided for on account of:</b>   |                |                |
| (a) Disputed claim of SEBI towards turnover fees contested by the Company at Hon'ble Supreme Court. The Company has been advised by its legal counsel that it is possible, but not probable, the action will succeed and accordingly no provision for any liability has been made in these financial statements.                        | 27,656,667     | 27,656,667     |
| (b) Claims against the Company not acknowledged as debts*   | 40,257,917     | 50,980,022     |

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

### 25) Managerial Remuneration

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

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

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

### 26) Foreign Currency Transactions

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

27) Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

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

### 29) Earnings per share

| PARTICULARS   |     | March 31, 2013 | March 31, 2012 |
|---|-----|----------------|----------------|
| Net Profit / (Loss) as per Statement of Profit and Loss | A   | (153,124,592)  | (178,337,776)  |
| Weighted average number of Equity Shares                |     |                |                |
| - Basic and Diluted                                     | B   | 55,400,000     | 55,400,000     |
| Earnings / (Loss) Per Share                             |     |                |                |
| - Basic and Diluted                                     | A/B | (2.76)         | (3.22)         |
| Nominal Value of Equity Share (in Rs.)                  |     | Re.1/-         | Re.1/-         |

### 30) Lease Disclosures

#### Operating Leases for Premises:

Lease rentals in respect of premises taken on operating lease during the year ended March 31, 2013 amounts to Rs.50,807,780 (Previous Year - Rs.60,929,495).

Future obligations towards lease rentals under non-cancellable lease agreements as on March 31, 2013 amounts to Rs.221,967,326 (Previous Year - Rs.129,729,878). Details of Lease Rentals payable within one year and thereafter are as under:

| Particulars                                       | March 31, 2013 | March 31, 2012 |
|---|----------------|----------------|
| Within one year                                   | 49,930,301     | 50,119,768     |
| Later than one year and not later than five years | 136,586,339    | 66,627,561     |
| Later than five years                             | 35,450,686     | 12,982,549     |

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

### Operating Leases for Computers:

The company has entered into commercial leases on computer desktops. These leases have an average life of three years with renewal option included in the contracts.

Lease rentals in respect of computers taken on operating lease during the year ended March 31, 2013 amounts to Rs.4,559,985 (Previous Year - Rs.2,447,705).

Future obligations towards lease rentals under non-cancellable lease agreements as on March 31, 2013 amounts to Rs.6,672,265 (Previous Year - Rs.11,844,584). Details of Lease Rentals payable within one year and / thereafter are as under:

| Particulars                                       | March 31, 2013 | March 31, 2012 |
|---|----------------|----------------|
| Within one year                                   | 4,559,985      | 4,559,985      |
| Later than one year and not later than five years | 2,112,280      | 7,284,599      |
| Later than five years                             | —              | —              |

### 31) Employment Benefit Disclosures

The amounts charged to the statement of profit and loss during the year for Provident fund contribution aggregates to Rs.17,044,101 (Previous Year - Rs.18,410,857) and employees' state insurance contribution aggregates to Rs.3,016,832 (Previous Year - Rs.2,798,162).

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

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

#### Amounts recognised in the Balance Sheet in respect of Gratuity

|  | March 31, 2013     | March 31, 2012     |
|--|--------------------|--------------------|
| Present Value of defined benefit obligation                | 12,471,889         | 10,150,627         |
| Fair Value of plan assets                                  | 16,907,594         | 15,157,278         |
| <b>Liability / (Asset) recognised in the Balance Sheet</b> | <b>(4,435,705)</b> | <b>(5,006,651)</b> |

#### Amounts recognized in the Statement of Profit and Loss in respect of Gratuity

|  | March 31, 2013   | March 31, 2012   |
|--|------------------|------------------|
| Current Service Cost                               | 3,059,526        | 2,607,208        |
| Interest Cost on benefit obligation                | 862,803          | 940,969          |
| Expected Return on plan assets                     | (1,108,634)      | (1,213,898)      |
| Net Actuarial (gain) / loss recognised in the year | (661,163)        | (3,086,772)      |
| Past Service Costs - vested benefits               | —                | —                |
| <b>Net Gratuity Cost</b>                           | <b>2,152,532</b> | <b>(752,493)</b> |

#### Actual return on Plan Assets:

|   | March 31, 2013   | March 31, 2012   |
|---|------------------|------------------|
| Expected return on plan assets            | 1,108,634        | 1,213,898        |
| Actuarial gains / (losses) on plan assets | 641,682          | 901,824          |
| <b>Actual return on Plan Assets</b>       | <b>1,750,316</b> | <b>2,115,722</b> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

**Reconciliation of Present Value of the obligation and the Fair Value of plan assets:**

|   | March 31, 2013    | March 31, 2012    |
|---|-------------------|-------------------|
| Opening defined benefit obligation                                    | 10,150,627        | 12,646,962        |
| Less: Gratuity Liability in respect of Employees transferred to ABCBL | —                 | (2,619,970)       |
| Interest cost   | 862,803           | 940,969           |
| Current service cost  | 3,059,526         | 2,607,208         |
| Actuarial (gains)/ losses on obligation                               | (19,481)          | (2,184,948)       |
| Past service costs - vested benefits                                  | —                 | —                 |
| Benefits paid   | (1,581,586)       | (1,239,594)       |
| <b>Closing defined benefit obligation</b>                             | <b>12,471,889</b> | <b>10,150,627</b> |

**Change in Fair Value of plan assets**

|  | March 31, 2013    | March 31, 2012    |
|--|-------------------|-------------------|
| Opening fair value of plan assets        | 15,157,278        | 14,281,150        |
| Expected return                          | 1,108,634         | 1,213,898         |
| Actuarial (gains) / losses on            | 641,682           | 901,824           |
| Contributions by employer                | 1,581,586         | —                 |
| Benefits paid                            | (1,581,586)       | (1,239,594)       |
| <b>Closing Fair Value of plan assets</b> | <b>16,907,594</b> | <b>15,157,278</b> |

**Details of plan assets**

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

|                                | March 31, 2013 | March 31, 2012 |
|--------------------------------|----------------|----------------|
| Government of India Securities | 22%            | 25%            |
| Corporate Bonds                | 1%             | 1%             |
| Insurer Managed Funds          | 58%            | 60%            |
| Deposit Scheme                 | 4%             | 2%             |
| Others                         | 15%            | 12%            |
|                                | <b>100%</b>    | <b>100%</b>    |

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

**Experience adjustments**

|                                      | March 31, 2013 | March 31, 2012 |
|--------------------------------------|----------------|----------------|
| Experience adjustments (loss) / gain | 641,862        | 2,584,420      |

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

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

|                                   | March 31, 2013 | March 31, 2012 |
|-----------------------------------|----------------|----------------|
| Discount rate                     | 8.25%          | 8.5%           |
| Expected rate of return on assets | 8.25%          | 8.5%           |

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

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

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

### Amounts recognised in the Balance Sheet in respect of Gratuity

|  | March 31, 2013   | March 31, 2012   |
|--|------------------|------------------|
| Present value of defined benefit obligation                | 2,962,192        | 2,587,798        |
| Fair value of plan assets                                  | —                | —                |
| <b>Liability / (Asset) recognised in the Balance Sheet</b> | <b>2,962,192</b> | <b>2,587,798</b> |

### Amounts recognised in the Statement of Profit and Loss in respect of Gratuity

|  | March 31, 2013 | March 31, 2012  |
|--|----------------|-----------------|
| Current Service Cost                               | 625,334        | 347,796         |
| Interest Cost on benefit obligation                | 219,963        | 111,349         |
| Expected Return on plan assets                     | —              | —               |
| Net Actuarial (gain) / loss recognised in the year | (209,668)      | (491,317)       |
| Past Service Costs - vested benefits               | —              | —               |
| <b>Net Gratuity Cost</b>                           | <b>635,629</b> | <b>(32,172)</b> |

### Reconciliation of Present Value of the obligation

|   | March 31, 2013   | March 31, 2012   |
|---|------------------|------------------|
| Opening defined benefit obligation                                    | 2,587,798        | —                |
| ADD: Gratuity Liability in respect of Employees transferred from ABML | —                | 2,619,970        |
| Interest Cost   | 219,963          | 111,349          |
| Current Service Cost  | 625,334          | 347,796          |
| Actuarial (gains) / losses on obligation                              | (209,668)        | (491,317)        |
| Benefits paid   | (261,235)        | —                |
| <b>Closing defined Benefit obligation</b>                             | <b>2,962,192</b> | <b>2,587,798</b> |

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

|                                   | March 31, 2013 |
|-----------------------------------|----------------|
| Discount Rate                     | 8.25%          |
| Expected Rate of Return on Assets | 8.25%          |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

32) Related Party Transactions

List of Related Parties

|                          |   |
|--------------------------|---|
| Ultimate Holding Company | Aditya Birla Nuvo Limited                       |
| Holding Company          | Aditya Birla Financial Services Private Limited |
| Subsidiary Company       | Aditya Birla Commodities Broking Limited        |

Related parties with whom transactions have taken place during the year

|                     |  |
|---------------------|--|
| Fellow Subsidiaries | Aditya Birla Finance Limited                   |
|                     | Aditya Birla Money Mart Limited                |
|                     | Aditya Birla Financial Shared Services Limited |
|                     | Birla Sun Life Insurance Company Limited       |
|                     | Aditya Birla Customer Services Pvt Limited     |

| Sl. No. | Particulars                                       | Closing Balance As on 31.03.2013 | Transactions 2012-2013 | Closing Balance As on 31.03.2012 | Transactions 2011-2012 |
|---------|---|----------------------------------|------------------------|----------------------------------|------------------------|
| 1.      | <b>Aditya Birla Nuvo Ltd</b>                      |                                  |                        |                                  |                        |
|         | - Other Expense                                   | -                                | -                      | -                                | 3,000                  |
| 2.      | <b>Aditya Birla Finance Ltd</b>                   |                                  |                        |                                  |                        |
|         | - Inter Corporate Loan taken                      | -                                | -                      | (200,000,000)                    | 450,000,000            |
|         | - Inter Corporate Loan repaid                     | -                                | 200,000,000            | -                                | 350,000,000            |
|         | - Inter Corporate Loan given                      | -                                | -                      | -                                | 100,000,000            |
|         | - Inter Corporate Loan receipt                    | -                                | -                      | -                                | 100,000,000            |
|         | - Interest on Inter Corporate Loan payable (Paid) | -                                | 1,687,671              | (690,411)                        | 5,572,055              |
|         | - Interest on Inter Corporate Loan receivable     | -                                | -                      | -                                | 191,781                |
|         | - Syndication Fee payable (Paid)                  | -                                | 14,647                 | -                                | 121,070                |
|         | - Reimbursement of Cost - Expenses receivable     | 422,197                          | 446,221                | -                                | 125,168                |
|         | - Assets transfers                                | -                                | -                      | -                                | 400,000                |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(All amounts are in Indian Rupees unless otherwise stated)

| Sl. No. | Particulars   | Closing Balance As on 31.03.2013 | Transactions 2012-2013 | Closing Balance As on 31.03.2012 | Transactions 2011-2012 |
|---------|---|----------------------------------|------------------------|----------------------------------|------------------------|
| 3.      | <b>Aditya Birla Money Mart Limited</b>                          |                                  |                        |                                  |                        |
|         | Management Fees   | -                                | 75,094,928             | -                                | 68,844,143             |
|         | Reimbursement of Cost - Expenses receivable (ST : Rs.15,99,456) | -                                | 12,940,582             | -                                | 25,878,176             |
|         | Other payable   | -                                | -                      | -                                | 60,000                 |
|         | Inter Corporate Loan given                                      | -                                | -                      | -                                | 50,000,000             |
|         | Inter Corporate Loan receipt                                    | -                                | -                      | -                                | 50,000,000             |
|         | Interest on Inter Corporate Loan                                | -                                | -                      | -                                | 724,658                |
|         | Total outstanding balance Payable                               | (9,264,623)                      | -                      | (2,656,613)                      | -                      |
| 4.      | <b>Aditya Birla Financial Shared Services Ltd</b>               |                                  |                        |                                  |                        |
|         | - Reimbursement of Expenses payable                             | (1,478,348)                      | 10,098,688             | (757,925)                        | 6,734,373              |
| 5.      | <b>Aditya Birla Financial Services Pvt. Ltd</b>                 |                                  |                        |                                  |                        |
|         | - Reimbursement of Expenses payable                             | -                                | -                      | (49,278)                         | 49,278                 |
| 6.      | <b>Birla Sunlife Insurance Co. Ltd</b>                          |                                  |                        |                                  |                        |
|         | - Brokerage Earned  | -                                | 10,627,419             | 21,185                           | 8,368,252              |
|         | - Reimbursement of Expenses Payable                             | (10,637)                         | 11,819                 | -                                | 43,484                 |
| 7.      | <b>Aditya Birla Customer Services Pvt. Ltd</b>                  |                                  |                        |                                  |                        |
|         | - Reimbursement of Expenses Payable                             | -                                | -                      | -                                | 419,736                |

33) Previous Year Figures

Previous Year Figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date  
For S.R. BATLIBOI & CO. LLP  
Chartered Accountants  
ICAI Firm Registration Number : 301003E

per Shrawan Jalan  
Partner  
Membership No.: 102102

Date : April 29, 2013  
Place : Chennai

For and on behalf of Board of Directors

Sudhakar Ramasubramanian  
Managing Director

Manoj Kumar Gandhi  
Chief Financial Officer

Pankaj Razdan  
Director

S Balaji  
Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT AS AT MARCH 31, 2013

(Rs.)

| PARTICULARS   | March 31, 2013       | March 31, 2012       |
|---|----------------------|----------------------|
| <b>Cash Flow from Operating Activities</b>  |                      |                      |
| <b>Profit Before Tax and Exceptional Items</b>  | <b>(153,124,591)</b> | <b>(192,612,782)</b> |
| Non-cash adjustment to reconcile profit before tax to net cash flows  |                      |                      |
| Depreciation / Amortization   | 81,128,752           | 82,764,111           |
| Loss / (Profit) on Sale of Fixed Assets   | 10,648,880           | 19,615,905           |
| Provision for Doubtful Debts  | 156,366              | 6,400,697            |
| Provision for Deposits and Advances   | 8,176,764            | 9,022,000            |
| Net (Gain) / Loss on Sale of Current Investments  | (10,871,369)         | (11,065,986)         |
| Interest Expense  | 47,053,000           | 57,182,603           |
| Interest (Income)   | (83,663,801)         | (76,048,748)         |
| Dividend (Income)   | (16,500)             | (1,291,375)          |
| <b>Operating Profit Before Working Capital Changes</b>  | <b>(100,512,499)</b> | <b>(106,033,575)</b> |
| Movements in Working Capital :  |                      |                      |
| Increase / (Decrease) in Trade Payables   | (40,211,292)         | 172,699,967          |
| Increase / (Decrease) in Short-Term Provisions  | 147,898              | 8,593,999            |
| Increase / (Decrease) in Long-Term Provisions   | 368,693              | —                    |
| Increase / (Decrease) in Other Current Liabilities  | (214,034,243)        | (23,739,327)         |
| Increase / (Decrease) in Other Long-Term Liabilities  | (610,041)            | 2,060,575            |
| Decrease / (Increase) in Trade Receivables  | 178,590,556          | (335,289,724)        |
| Decrease / (Increase) in Long-Term Loans and Advances   | 20,810,678           | 8,419,451            |
| Decrease / (Increase) in Short-Term Loans and Advances  | 109,806,544          | 112,456,247          |
| Decrease / (Increase) in Other Current Assets   | (13,156,958)         | 367,860              |
| <b>Cash Generated from / (used in) Operations</b>   | <b>(58,800,664)</b>  | <b>(160,464,527)</b> |
| Direct Taxes Paid (net of refunds)  | —                    | —                    |
| <b>Cash Flow Before Exceptional Items</b>   | <b>(58,800,664)</b>  | <b>(160,464,527)</b> |
| Exceptional Item  | —                    | —                    |
| <b>Net Cash from/ (used in) Operating Activities (A)</b>  | <b>(58,800,664)</b>  | <b>(160,464,527)</b> |
| <b>Cash Flows from Investing Activities</b>   |                      |                      |
| Purchase of Fixed Assets, including CWIP and Capital Advances   | (10,653,974)         | (46,914,176)         |
| Proceeds from Sale of Fixed Assets  | 1,034,593            | 3,123,929            |
| Purchase of Mutual Fund (Net)   | —                    | (16,743,802,516)     |
| Proceeds from Sale of Mutual Fund   | —                    | 16,854,868,502       |
| Proceeds from Sale of Investments   | 10,871,369           | —                    |
| Investments in Bank Deposits (having original maturity of more than three months) and Lien Deposits           | (198,407,466)        | (1,325,230,428)      |
| Redemption / Maturity of Bank Deposits (having original maturity of more than three months) and Lien Deposits | —                    | 1,114,693,953        |
| Interest Received   | 83,663,801           | 49,561,675           |
| Dividends Received  | 16,500               | 1,291,375            |
| <b>Net Cash Flow from / (used in) Investing Activities (B)</b>  | <b>(113,475,176)</b> | <b>(92,407,686)</b>  |

## CONSOLIDATED CASH FLOW STATEMENT AS AT MARCH 31, 2013

(Rs.)

| PARTICULARS   | March 31, 2013       | March 31, 2012      |
|---|----------------------|---------------------|
| <b>Cash Flows From Financing Activities</b>                           |                      |                     |
| Proceeds from Short-term borrowings                                   | 287,157,838          | 100,000,000         |
| Repayment of Loan   | (46,500,000)         | —                   |
| Proceeds from Inter Corporate deposits                                | —                    | 707,188,621         |
| Repayment of Inter Corporate deposits                                 | (200,000,000)        | (607,188,621)       |
| Proceeds from Issue of Commercial Paper                               | —                    | 1,694,430,178       |
| Repayment of Commercial Paper   | —                    | (1,640,000,000)     |
| Interest Paid   | (47,053,000)         | (56,568,495)        |
| <b>Net Cash Flow From / (Used in) in Financing Activities (C)</b>     | <b>(6,395,162)</b>   | <b>197,861,683</b>  |
| <b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b> | <b>(178,671,002)</b> | <b>(55,010,530)</b> |
| <b>Cash and Cash Equivalents at the beginning of the year</b>         | <b>237,240,485</b>   | <b>292,251,015</b>  |
| <b>Cash and Cash Equivalents at the end of the year</b>               | <b>58,569,482</b>    | <b>237,240,485</b>  |
| <b>Components of Cash and Cash Equivalents</b>                        |                      |                     |
| Cash on hand  | 20,608               | 19,464              |
| With Banks - on Current Account                                       | 57,769,551           | 236,310,810         |
| - Unpaid Dividend Accounts*   | 594,141              | 724,561             |
| - Unpaid Matured Deposits*  | 185,182              | 185,650             |
| <b>Total Cash and Cash Equivalents (Note 13)</b>                      | <b>58,569,482</b>    | <b>237,240,485</b>  |

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

As per our report of even date  
For S.R. BATLIBOI & CO. LLP  
Chartered Accountants  
ICAI Firm Registration Number : 301003E

For and on behalf of Board of Directors

Sudhakar Ramasubramanian  
Managing Director

Pankaj Razdan  
Director

per Shrawan Jalan  
Partner  
Membership No.: 102102

Manoj Kumar Gandhi  
Chief Financial Officer

S Balaji  
Company Secretary

Date : April 29, 2013  
Place : Chennai

