

Directors' Report

To,
The members of
Mahindra Insurance Brokers Limited

Your Directors have pleasure in presenting the 25th Annual Report along with the Audited Accounts of your Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

Particular	In Rupees	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Income	46,54,60,931	51,77,33,783
Profit before Interest, Depreciation & Taxation	20,38,82,434	33,05,31,456
Interest	-	-
Depreciation	(24,90,407)	(15,96,870)
Profit before Taxation	20,13,92,027	32,89,34,586
Provision for Taxation		
Current Tax	(6,59,00,000)	(11,02,00,000)
Deferred Tax	(4,36,325)	35,943
	(6,63,36,325)	(11,01,64,057)
Profit after Taxation	13,50,55,702	21,87,70,529
Less: Income Tax Adjustment for earlier years	-	(10,14,402)
Net Profit	13,50,55,702	21,77,56,127
Balance of Profit for prior years	40,28,12,893	21,87,17,766
Amount available for Appropriation	53,78,68,595	43,64,73,893
Appropriations:		
Transfer to General Reserve	1,36,00,000	2,20,00,000
Dividend on Equity Shares (Proposed)	3,75,00,000	1,00,00,000
Tax on Dividend (Proposed)	60,75,000	16,61,000
Surplus carried to Balance Sheet	48,06,93,595	40,28,12,893

BROKING LICENSE

The Directors are pleased to inform you that the Insurance Regulatory and Development Authority (IRDA) has granted Composite Broking license to your Company on 23rd September, 2011 for a period of 3 years starting from 18th May, 2010. This would enable your Company to undertake Reinsurance Broking business in addition to the Direct Broking business.

DIVIDEND

Your Directors are pleased to recommend a dividend of 150 per cent (Rs. 15 per equity share) on the paid-up equity capital. The total equity dividend for the year under review inclusive of tax on distributed profits will absorb a sum of Rs. 4.36 Crores as against Rs. 1.17 Crores in the previous year.

OPERATIONS

The year under review represents the eighth year of your Company's insurance broking operations. In March, 2012, your Company crossed the 7,00,000 mark in terms of policies serviced, with a total of 7,03,730 policies for both Life and Non-Life retail business lines. The customised Life insurance cover "Mahindra Loan Suraksha" (MLS) and "Sampoorna Suraksha" continued to receive an encouraging response and grew by 33 per cent from 2,73,138 lives covered with a Sum Assured of Rs. 6,193.7 Crores in the financial year 2010-11 to 3,63,691 lives covered with a Sum Assured of Rs. 8,255 Crores in the financial year 2011-12, with a substantial portion being covered in the rural markets.

Your Company achieved a growth of 43.1 per cent in Net Premium generated for the Corporate and Retail business lines, increasing from Rs. 289.2 Crores

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MAHINDRA RURAL HOUSING FINANCE LIMITED 27-51

MAHINDRA BUSINESS & CONSULTING SERVICES PRIVATE LIMITED 53-68

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MAHINDRA INSURANCE BROKERS LIMITED

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Directors' Report

(Gross Premium Rs. 318.6 Crores) in the financial year 2010-11 to Rs. 413.8 Crores (Gross Premium Rs. 456.2 Crores) in the financial year 2011-12, crossing a milestone of Rs. 400 Crores of Gross Premium.

The Income decreased by approx 10 per cent from Rs. 51.8 Crores in the financial year 2010-11 to Rs. 46.6 Crores in the financial year 2011-12. The Profit before Tax decreased by 38.9 per cent from Rs. 32.9 Crores to Rs. 20.1 Crores and the Profit after Tax decreased by 38 per cent from Rs. 21.8 Crores to Rs. 13.5 Crores during the same period. The decrease in income and consequent decrease in profits is on account of impact of the clarificatory circular issued by the Insurance Regulatory and Development Authority (IRDA) on Group Insurance Guidelines on 4th January, 2011. This circular was effective from 1st April, 2012. Your Company has re-engineered its processes in line with the clarified guidelines and has recommenced the business income on the affected Group Insurance business, in December 2011.

CAPITAL

During the year under review, the Company issued Bonus shares in the ratio of 4 Bonus shares for every 1 share held, by capitalisation of profits with the approval of the Board of Directors and Members of the Company.

DIRECTORS

Mr. Uday Phadke, stepped down as Chairman of the Board. The Board thereafter appointed Mr. Rajeev Dubey as Chairman of the Board. Your Board places on record its sincere appreciation for the services rendered by Mr. Phadke as Chairman of the Company.

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

AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company comprises of Mr. Rajeev Dubey (Chairman of the Committee), Mr. Ramesh Iyer and Mr. V. Ravi.

During the year under review, four Audit Committee meetings were held.

REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors of the Company comprises of Mr. Uday Y. Phadke, Mr. Rajeev Dubey and Mr. Ramesh Iyer.

During the year under review, one Remuneration Committee meeting was held.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) They have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis.

AUDITORS

Messrs. B. K. Khare & Co., Chartered Accountants, Mumbai, retire as Auditors of the Company and have given their consent for re-appointment. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

As required under the provisions of section 224(1B) of the Companies Act, 1956, the Company has

obtained a written certificate from the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

PUBLIC DEPOSITS AND LOANS / ADVANCES

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

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

CODES OF CONDUCT

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

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

OUTLOOK FOR THE CURRENT YEAR

During the last financial year, the Non-Life insurance Industry is estimated to have grown by 23 per cent and Life Insurance Industry estimated to register a decrease of 9 per cent. The Non-Life Insurance Industry is expected to continue their growth trend. This augurs well for your Company as an Insurance Broker. Your Company will continue to explore opportunity for expanding its customer base in the Commercial and Retail segments.

Your Company will focus on operationalising the Reinsurance Broking business and setting up systems and processes for streamlining the business.

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

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

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES FRAMED THEREUNDER

The Company had no employee who was employed throughout the financial year and was in receipt of remuneration of not less than Rs. 60,00,000 per annum during the year ended 31st March, 2012, or was employed for a part of financial year and was in receipt of remuneration of not less than Rs. 5,00,000 per month.

SECRETARIAL COMPLIANCE CERTIFICATE

In accordance with the provisions of section 383A of the Companies Act, 1956, a Certificate from Mr. J. P. Fernandes, Company Secretary in Whole-time Practice, certifying that the Company has complied with all the provisions of the Companies Act, 1956 is given in the Annexure III and forms part of this Report.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 17th April, 2012

Directors' Report

ANNEXURE I TO THE DIRECTORS REPORT

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

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

Name of the Company	In Rupees	
	Balance as on 31 st March, 2012	Maximum outstanding during the year
Mahindra & Mahindra Financial Services Limited	23,77,00,000	23,77,00,000
Mahindra Rural Housing Finance Limited	22,00,00,000	22,00,00,000

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

ANNEXURE II TO THE DIRECTORS REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The total Foreign Exchange Earnings and Outflow during the year are as given below:

Foreign Exchange Earnings	Nil
Foreign Exchange Outflow	Rs. 18,27,746

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 17th April, 2012

ANNEXURE III TO THE DIRECTORS REPORT

J.P. FERNANDES
Company Secretary
(FCS-711:CP-2923)

Office: "Suraj Kiran". 1st floor, 'B' Wing,
228, R.N. Narkar Road,
Ghatkopar (East), Mumbai 400 075.
Telephone: (022) 25010468

Secretarial Compliance Certificate
Registration No.:- 11- 42609
Authorised Share Capital:- Rs. 2,50,00,000
Paid-up Share Capital:- Rs. 2,50,00,000

To,
Members,
Mahindra Insurance Brokers Limited
Mahindra Towers, P. K. Kurne Chowk,
Worli, Mumbai-400 018.

I have examined the registers, records, books and papers of Mahindra Insurance Brokers Limited ("the Company") as required to be maintained under the Companies Act, 1956, ("the Act") and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended on 31st March, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year("the year):-

- The Company has kept and maintained all Registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.
- The Company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, within the time prescribed under the Act and the Rules made thereunder except otherwise stated.
- The Company is a Public Limited Company within the meaning of the provisions of section 3(1)(iv) of the Companies Act, 1956. The paid-up share capital of the Company is Rs. 250 Lacs.
- The Board of Directors duly met 5 (five) times on 15th April, 2011, 20th July, 2011, 14th October, 2011, 16th January, 2012 and 5th March, 2012 in respect of which proper notices / circulars were issued / given and the proceedings thereof were properly recorded in the Minutes Book and signed. A resolution was passed by circulation for alteration of Main Object Clause of Memorandum of Association of the Company and for increase in the paid up share capital of the Company by way of Capitalisation of Profits and for holding an Extraordinary General Meeting of the Company for approving both the proposals on 11th August, 2011 at shorter notice. In addition, a resolution

dated 30th December, 2011 was passed by the Board by circulation for re-appointment of Dr. Jaideep Devare as the Managing Director and fixation of remuneration payable to him.

- The Company has not closed/was not required to close its Register of Members or Debenture-holders during the year.
- The Annual General Meeting (AGM) for the financial year ended on 31st March, 2011 was held on 20th July, 2011, after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
- Two Extraordinary General Meetings of the Company were held -
 - on 11th August, 2011- for passing a Special Resolution for alteration of the Main Object Clause of the Memorandum of Association of the Company & for passing an Ordinary Resolution for capitalisation of profit by issue of bonus shares.
 - on 30th December, 2011 – for passing a Special Resolution for re-appointment of Dr. Jaideep Devare as the Managing Director of the Company for a period of 3 years with effect from 1st January, 2012 and fixing his remuneration.
- The Company has not advanced any loans to its Directors or persons or firms or companies referred to in section 295 of the Act.
- The Company has not entered into any contracts falling within the purview of section 297 of Act.
- The Company has made necessary entries in the register maintained under section 301 of the Act.
- As there was no instance falling within the purview of section 314 of the Act, the Company was not required to obtain any approval from the Board of Directors, Members or Central Government under that section.
- The Company has not issued duplicate share certificate during the year.

Directors' Report

- 13) (i) The Company has delivered all the certificates on lodgment thereof for transfer and/or for other purposes in accordance with the provisions of the Act;
- (ii) The Company at the AGM declared a Dividend of 200 per cent i.e. Rs. 20/- per share on 5,00,000 Equity shares of the Company and the Company has duly complied with the provisions of Section 205 of the Act for payment of Dividend. The Company has not declared any interim dividend during the year.
- (iii) Transfer of any unpaid dividend amount to Investor Education and Protection Fund as required under the provisions of section 205C of the Act was not applicable to the Company;
- (iv) The Company has duly complied with the requirements of section 217 of the Act.
- 14) The Board of directors of the Company is duly constituted and the re-appointment of directors retiring by rotation have been duly approved by the members of the Company at the AGM.
- 15) The Company has not appointed any sole selling agents during the year.
- 16) The Company has, wherever required, obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act.
- 17) The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.
- 18) The Company has issued Bonus Shares in the ratio of 4 Bonus Shares for every 1 Equity Share held, by capitalisation of profits with the approval of the Board and Members of the Company. The Company has not issued any other Shares / Debentures / other Securities during the year.
- 19) The Company has not bought back any shares during the year.
- 20) There was no redemption of preference shares or debentures during the year.
- 21) The Company did not have to keep in abeyance dividend, rights or bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
- 22) The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A of the Act during the year.
- 23) The Company has not made any borrowings during the year.
- 24) The Company has placed inter-corporate deposits with other bodies corporate within the limits approved by the Company in the General Meeting. The necessary entries have been made in the Register kept for the purpose. The Company has not given any guarantees or provided securities to other bodies corporate.
- 25) The Company has, during the year, not altered the provisions of the Memorandum with respect to:
- situation of the Company's registered office from one State to another; and
 - the name of the Company.
- 26) The Company has altered the provisions of the Memorandum with respect to altering the Main Object of the Company pursuant to the provisions of the Act.
- 27) The Company did not alter the provisions of Articles of Association during the year.
- 28) There was/were no prosecution/s initiated against or show cause notices received by the Company and no fine or penalty or any other punishment was imposed on the Company during the year, for alleged offences under the Act.
- 29) The Company has not received any money as security from its employees during the year.
- 30) The Company has deposited both employees' and employer's contributions to provident fund with the prescribed authorities pursuant to section 418 of the Act.

Sd/-

J. P. FERNANDES
Company Secretary
FCS no. 711, CP no. 2923

Mumbai, 16th April, 2012

Annexure 'A' to the Compliance Certificate dated 16th April, 2012

REGISTERS AS MAINTAINED BY THE COMPANY

Statutory Registers

- Register of Members under section 150 of the Act.
- Minutes Books of Meetings of the Board of Directors and of the General Meetings under section 193 of the Act.
- Register of Directors under section 303 of the Act.
- Books of Accounts under section 209 of the Act.
- Register of Renewed & Duplicate Share Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960.
- Register of Investments or loans made, Guarantee given or Security provided under section 372A of the Act.

Other Registers

- Transfer Register.
- Register of Directors' Attendance.

The Company has not maintained the following Registers since as informed by the Company, there were no entries/transaction to be recorded therein.

- Register of Investments under section 49 of the Act.
- Register of Deposits under Rule 7 of the Companies (Acceptance of Deposits) Rules, 1975.
- Register of Securities Bought Back under section 77A of the Act.
- Register of Debenture-holders under section 152 of the Act.
- Register of Charges under section 143/copies of Instruments Creating Charge under section 136 of the Act.
- Index of Members under section 151 of the Act.
- Register of Destruction of Records/Documents as required under the Companies (Preservation & Disposals of Records) Rules, 1966.
- Register of Directors' Shareholdings under section 307 of the Act.
- Register of Contracts under section 301 of the Act.

Annexure ' B ' to the Compliance Certificate dated 16th April, 2012

Forms and returns as filed by the Company with the Registrar of Companies/ Central Government, during the year ended on 31st March 2012.

S. N.	Form No./ Return	Filed under section	For	Date of filing	Whether filed within the prescribed time	If delay in filing whether requisite additional fee paid
1)	Compliance Certificate Form No.66	383A	Compliance Certificate issued by J.P. Fernandes, Company Secretary in Practice.	05/08/2011	Yes	Not Applicable
2)	Annual Accounts Form No.23AC-XBRL and Form No.23ACA - XBRL	220	The Annual Accounts for the year ended on 31st March, 2011 adopted at the Annual General Meeting of the Company held on 20th July, 2011	28/11/2011	Yes	Not Applicable
3)	Annual Return Form No.20B	159	Annual Return as at 20th July, 2011	26/08/2011	Yes	Not Applicable
4)	Form No 2	75 (2)	Return of Allotment of Issue of Bonus Shares made on 11th August 2011	16/08/2011	Yes	Not Applicable
5)	Form No. 23	17	Alteration of Main objects of the Company by Special Resolution passed on 11th August 2011	17/08/2011	Yes	Not Applicable
6)	Form No. 23	269 read with 198, 309 & 310	Re - appointment of Dr. Jaideep Devare as the Managing Director of the Company for 3 years with effect from 1st January, 2012	31/01/2012	Yes	Not Applicable
7)	Form No. 25C	269(2) and Schedule XIII	Re - appointment of Dr. Jaideep Devare as the Managing Director of the Company for 3 years with effect from 1st January, 2012	04/02/2012	Yes	Not Applicable

Auditors' Report

To

The Members of **MAHINDRA INSURANCE BROKERS LIMITED**

We have audited the attached Balance Sheet of **M/s. MAHINDRA INSURANCE BROKERS LIMITED**, as at 31st March 2012 and also the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Further to our comments in the Annexure referred to above, we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
- The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

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

(v) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Companies Accounting Policies and the Notes thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012, and
- in the case of the Profit and Loss Account, of the profit for the year ended on that date.
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

H. P. Mahajani
Partner

Place : Mumbai
Dated : April 17, 2012

Membership No. 30168
Firm Registration No. 105102W



Annexure to the Auditors' Report

Annexure to the Auditors' Report referred to in our report of even date:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets. These assets were physically verified by the Management during the year at reasonable intervals and no discrepancies were noticed on such verification.
- (b) None of the fixed assets have been revalued during the year.
- (c) Fixed assets disposed off during the year were not substantial and therefore do not affect going concern status
- 2) The Company has no inventory and hence the requirements of Para (ii) (a), (b) and (c) of the Order are not applicable.
- 3) Based on the records examined by us and according to the information and explanations given to us, in our opinion, the Company has:
 - (i) not granted any loans to parties covered in the Register maintained under section 301 of the Companies Act, 1956.
 - (ii) not taken any loans from parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not come across any major weaknesses in internal control.
- 5) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and Rules thereunder are not applicable to the Company.
- 7) In our opinion and according to the information and explanations provided to us, the Company has an internal audit system, which is commensurate with its size and nature of its business.
- 8) On facts, the requirements of Para 4 (viii) requiring maintenance of cost records are not applicable in case of the Company.
- 9) (a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues with the appropriate authorities during the year.
- (b) According to the records of the Company and information and explanations given to us, as on 31st March 2012, there were no disputed dues of sales tax / income tax / custom duty / wealth tax / service tax / excise duty / cess.
- 10) The Company does not have accumulated losses as at the end of the current year. The Company has not incurred cash losses in such financial year and in the immediately preceding financial year.
- 11) Based on the records examined by us and according to the information and explanations given to us, the Company has no dues to any financial institution or bank or debenture holders.
- 12) Based on the records examined by us and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures, or other securities.

Annexure to the Auditors' Report

- 13) The provisions of any special statute applicable to the Chit Funds, Nidhi or Mutual Benefit Fund / Society are not applicable to the Company.
- 14) Based on the records examined by us and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) Based on the records examined by us and according to the information and explanations given to us, the Company has not obtained any term loans.
- 17) Based on the records examined by us and according to the information and explanations given to us, funds raised on short-term basis have, prima facie not been used during the year for long-term investment.
- 18) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act;
- 19) The Company has not issued debentures and hence the requirement of this clause is not applicable;
- 20) The Company has not raised money by any public issues and hence the question of disclosure and verification of end use of such money does not arise.
- 21) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by or on the company was noticed or reported during the year.

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

H. P. Mahajani
Partner

Place : Mumbai
Dated : April 17, 2012

Membership No. 30168
Firm Registration No. 105102W

Balance Sheet as at 31st March, 2012

	Note No.	In Rupees	
		March 12	March 11
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	A	2,50,00,000	50,00,000
(b) Reserves and surplus	B	52,65,37,053	45,50,56,351
		55,15,37,053	46,00,56,351
(2) Non-current liabilities			
(a) Long-term provisions	C	96,66,649	75,00,285
		96,66,649	75,00,285
(3) Current liabilities			
(a) Trade payables		1,04,68,700	71,19,631
(b) Other current liabilities	D	90,69,554	55,87,653
(c) Short-term provisions	E	7,14,41,656	3,21,12,415
		9,09,79,910	4,48,19,699
Total		65,21,83,612	51,23,76,335
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	F	1,66,85,050	1,05,70,063
(b) Deferred tax assets (net)		3,11,408	7,47,733
(c) Long-term loans and advances	G	4,51,73,845	4,38,30,432
(d) Long Term Trade Receivable	H	-	-
		6,21,70,303	5,51,48,228
(2) Current assets			
(a) Trade receivables	I	6,38,15,517	5,56,38,951
(b) Cash and cash equivalents	J	6,98,97,174	1,07,92,976
(c) Short-term loans and advances	K	43,33,74,329	37,72,82,625
(d) Other current assets	L	2,29,26,289	1,35,13,555
		59,00,13,309	45,72,28,107
Total		65,21,83,612	51,23,76,335
See accompanying notes to the financial statements			

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

 For B. K. Khare & Co.
Chartered Accountants

 H.P. Mahajani
Partner
Membership No. 30168
Firm Regn No. 105102W

Mumbai 17th April 2012

For and on behalf of the Board

Rajeev Dubey - Chairman

Uday Y. Phadke

Ramesh Iyer

V. Ravi

Dr. Jaideep Devare

Mumbai 17th April 2012

Statement of Profit and Loss for the year ended 31st March, 2012

Particulars	Note No.	In Rupees	
		March 12	March 11
I. Revenue from operations	M	42,51,72,098	49,28,25,052
II. Other income		4,02,88,833	2,49,08,731
III. Total Revenue (I + II)		46,54,60,931	51,77,33,783
IV. Expenses:			
Employee benefits expense	N	17,12,86,970	13,24,08,471
Finance cost	O	1,59,105	1,43,328
Depreciation and amortization expense	P	24,90,407	15,96,870
Other expenses	Q	9,01,32,422	5,46,50,528
Total expenses		26,40,68,904	18,87,99,197
V. Profit before exceptional and extraordinary items and tax (III-IV)		20,13,92,027	32,89,34,586
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		20,13,92,027	32,89,34,586
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		20,13,92,027	32,89,34,586
X. Tax expense:			
(1) Current tax		6,59,00,000	11,02,00,000
(2) Deferred tax		(4,36,325)	35,943
XI. Profit/(Loss) for the period from continuing operations (IX-X)		13,50,55,702	21,87,70,529
XII. Income Tax adjustment for earlier year (net)		-	(10,14,402)
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII)		-	(10,14,402)
XV. Profit/(Loss) for the period (XI + XIV)		13,50,55,702	21,77,56,127
XVI. Earnings per equity share:			
(1) Basic		54.02	87.10
(2) Diluted		54.02	87.10
See accompanying notes to the financial statements			

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

 For B. K. Khare & Co.
Chartered Accountants

 H.P. Mahajani
Partner
Membership No. 30168
Firm Regn No. 105102W

Mumbai 17th April 2012

For and on behalf of the Board

Rajeev Dubey - Chairman

Uday Y. Phadke

Ramesh Iyer

V. Ravi

Dr. Jaideep Devare

Mumbai 17th April 2012


Notes to the Accounts for the year ended 31st March, 2012

A	Particulars	In Rupees	
		March 2012	March 2011
SHARE CAPITAL			
Authorised Capital :			
	25,00,000 (Previous Year: 25,00,000) Equity Shares of Rs.10 each	2,50,00,000	2,50,00,000
Issued Capital :			
	25,00,000 (Previous Year: 5,00,000) Equity Shares of Rs.10 each	2,50,00,000	50,00,000
Subscribed & Paid up Capital :			
	25,00,000 (Previous Year: 5,00,000) Equity Shares of Rs.10 each	2,50,00,000	50,00,000
Total		2,50,00,000	50,00,000

Note:

Mahindra & Mahindra Financial Services Limited, the Holding Company holds 25,00,000 (Previous Year: 5,00,000) shares as on 31st March 2012 (including 6 shares held jointly with nominees)

	March 2012	March 2011
Other quantitative information :		
a) Reconciliation of the number of shares -		
Number of equity shares outstanding at the beginning of the year	5,00,000	5,00,000
Add : Fresh allotment of shares during the year :		
1) Private placement to QIBs under QIP	0	0
2) Issue of Bonus / Rights Shares	20,00,000	0
3) Shares issued under Employees' Stock Option Scheme	0	0
4) Conversion of any convertible security	0	0
5) Any others (specify)	0	0
	25,00,000	5,00,000
Less : Shares bought back during the year	0	0
Number of equity shares outstanding at the end of the period	25,00,000	5,00,000
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates -		
Holding company : Mahindra & Mahindra Financial Services Limited	25,00,000	5,00,000
(Equity shares of Rs.10/- each)		
Percentage of holding (%)	100	100
c) Shareholders holding more than 5 percent shares :		
Mahindra & Mahindra Financial Services Limited	25,00,000	5,00,000
d) Shares reserved for issue under options and contracts/ commitments for the sale of shares/disinvestment, including the terms and amounts :		
	0	0
e) Shares allotted during the period of five years immediately preceding the date as at which the Balance Sheet is prepared -		
- Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.	0	0
- Aggregate number and class of shares allotted as fully paid up by way of bonus shares.	0	0
- Aggregate number and class of shares bought back.	0	0

Notes to the Accounts for the year ended 31st March, 2012

B	Particulars	In Rupees	
		March 2012	March 2011
RESERVES AND SURPLUS			
General Reserve			
	As per last Balance Sheet	5,22,43,458	3,02,43,458
	Add: Transfer during the period	1,36,00,000	2,20,00,000
	Less : Issue of Bonus shares out of Reserve.	(2,00,00,000)	0
	Closing Balance	4,58,43,458	5,22,43,458
Surplus			
	Balance Profit (for earlier years) as per last Balance Sheet	40,28,12,893	21,87,17,767
	Add : Profit for the current year transferred from Statement of Profit & Loss	13,50,55,702	21,77,56,126
		53,78,68,595	43,64,73,893
Less : Allocations & Appropriations :			
	Proposed Dividend (Final)	3,75,00,000	1,00,00,000
	Corporate Dividend Tax (Final)	60,75,000	16,61,000
	Balance in Profit & Loss Account	48,06,93,595	40,28,12,893
Total		52,65,37,053	45,50,56,351

C	Particulars	In Rupees	
		March 2012	March 2011
LONG TERM PROVISIONS			
	Provision for Employee Benefit	96,66,649	75,00,285
Total		96,66,649	75,00,285

D	Particulars	In Rupees	
		March 2012	March 2011
OTHER CURRENT LIABILITIES			
	Other Current Liabilities	90,69,554	55,87,653
Total		90,69,554	55,87,653

E	Particulars	In Rupees	
		March 2012	March 2011
SHORT TERM PROVISIONS			
	Provision for Employee Benefits	2,78,66,656	2,04,51,415
	Proposed Dividend	3,75,00,000	1,00,00,000
	Corporate Dividend Tax	60,75,000	16,61,000
		7,14,41,656	3,21,12,415

Notes to the Accounts for the year ended 31st March, 2012

Notes to the Accounts for the year ended 31st March, 2012

Description of Assets	Gross Block At Cost		Depreciation		Net Block	
	As at 01-Apr-11	Additions For Purch/Trf	Upto 01-Apr-11	Additions/Trf	Upto 31-Mar-12	As at 31-Mar-12
TANGIBLE ASSETS						
Vehicles	59,40,563	44,44,936	11,47,490	6,70,982	13,93,913	79,77,086
Furniture	7,54,810	2,45,528	1,32,867	49,151	1,82,018	8,18,320
Office Equipment	14,25,227	4,72,560	5,05,984	2,58,855	7,62,501	11,11,286
Computers	70,64,276	42,07,753	28,28,473	15,11,419	43,26,321	67,78,358
Total	1,51,84,876	93,70,777	46,14,814	24,90,407	66,64,753	1,66,85,050
As at 31-03-2011	91,79,601	61,91,300	30,30,641	15,96,870	46,14,813	1,05,70,063

F

Particulars	March 2012	March 2011
LONG TERM LOANS AND ADVANCES		
Loans and advances (unsecured, considered good):		
Inter Corporate Deposits Given (For more than one year) with related parties		
- Mahindra & Mahindra Financial Services Limited	3,50,00,000	3,00,00,000
Other Advances recoverable in cash or kind or for value to be received	81,65,161	97,04,368
Advance Payment of Tax (net of provision)	20,08,684	41,26,064
Total	4,51,73,845	4,38,30,432

Particulars	March 2012	March 2011
LONG TERM TRADE RECEIVABLES		
Sundry Debtors (Unsecured, considered good)		
- Debts outstanding for a period exceeding six months	7,49,653	7,49,653
- Other Debts	0	0
	7,49,653	7,49,653
- Less: Provision for Doubtful Debts	7,49,653	7,49,653
Total	0	0

Particulars	March 2012	March 2011
TRADE RECEIVABLES		
Sundry Debtors (Unsecured, considered good):		
- Debts outstanding for a period exceeding six months	0	0
- Other Debts	6,40,95,864	5,58,89,298
	6,40,95,864	5,58,89,298
- Less: Provision for Doubtful Debts	2,80,347	2,50,347
Total	6,38,15,517	5,56,38,951

Particulars	March 2012	March 2011
CASH & BANK BALANCES		
- Cash and Cheques on hand	1,47,141	6,97,699
- Balance with Scheduled Banks in Current Account	1,12,50,033	90,95,277
- Term Deposit with Scheduled Banks	5,25,00,000	0
- Term Deposit with Scheduled Banks [earmarked as IRDA Deposit]	60,00,000	10,00,000
Total	6,98,97,174	1,07,92,976

J

Notes to the Accounts for the year ended 31st March, 2012

K	Particulars	In Rupees	
		March 2012	March 2011
	SHORT TERM LOANS AND ADVANCES		
	Loans and advances (unsecured, considered good):		
	Inter Corporate Deposits Given		
	- Mahindra & Mahindra Financial Services Ltd	20,27,00,000	21,62,00,000
	- Mahindra Rural Housing Finance Limited	22,00,00,000	15,50,00,000
	Advance Payment of Tax (net of provision)	15,13,581	0
	Other Advances recoverable in cash or kind or for value to be received	91,60,748	60,82,625
	Total	43,33,74,329	37,72,82,625

L	Particulars	In Rupees	
		March 2012	March 2011
	OTHER CURRENT ASSETS		
	Current Assets		
	Interest Accrued Bank FD	50,95,269	67,231
	Interest Accrued ICD Placed	1,78,31,020	1,34,46,324
	Total	2,29,26,289	1,35,13,555

M	Particulars	In Rupees	
		March 2012	March 2011
	REVENUE FROM OPERATIONS		
	Brokerage	24,53,79,609	18,62,95,883
	Broker Retainer Fees	9,95,21,546	0
	Handling Charges	8,02,70,943	30,65,29,169
	Total	42,51,72,098	49,28,25,052

N	Particulars	In Rupees	
		March 2012	March 2011
	EMPLOYEE BENEFITS EXPENSE		
	Salary, Bonus & Incentives	15,99,27,812	12,28,98,476
	Company's Contribution to P.F. & Other Funds	92,33,200	78,50,085
	Staff Welfare	21,25,958	16,59,910
	TOTAL	17,12,86,970	13,24,08,471

O	Particulars	In Rupees	
		March 2012	March 2011
	FINANCE COST		
	Bank Charges	1,59,105	1,43,328
	TOTAL	1,59,105	1,43,328

Notes to the Accounts for the year ended 31st March, 2012

P	Particulars	In Rupees	
		March 2012	March 2011
	DEPRECIATION		
	Vehicles	6,70,982	4,45,315
	Furniture	49,151	44,752
	Office Equipment	2,58,855	1,83,381
	Computers	15,11,419	9,23,422
	Total	24,90,407	15,96,870

Q	Particulars	In Rupees	
		March 2012	March 2011
	OTHER EXPENSES		
	Rent	1,28,98,308	22,39,831
	Administration Support Charges	67,35,722	61,35,993
	Insurance	64,04,185	41,04,578
	Rates and Taxes	3,05,933	1,90,794
	Legal & Professional Charges	32,27,635	28,91,101
	Loss on Sale / Retirement of Owned Assets	2,55,809	1,73,327
	Travelling Expenses	1,96,51,655	1,12,95,318
	Provision for Expenses - Debtors	30,000	7,50,000
	Manpower Outsourcing Charges	1,40,35,635	78,93,545
	Auditors Remuneration		
	- Audit Fees	3,00,000	3,00,000
	- Other Services	3,50,000	1,50,000
	Donations	10,15,600	10,00,000
	General & Administrative Expenses	2,52,36,940	1,76,61,041
	Total	9,01,32,422	5,46,50,528

Notes to the Accounts for the year ended 31st March, 2012

R Significant Accounting Policies (SAP)

- 1) The Balance Sheet and Profit & Loss Account have been drawn up in the form set out in the revised Schedule VI to the Companies Act 1956. Previous year's figures have been regrouped and reclassified to correspond to current year's groupings and classifications. Further, apart from other applicable criteria, assets and liabilities have also been classified as 'current' if they are expected to be realized or settled, as the case may be, within twelve months after the reporting date.
- 2) **Basis for Preparation of Accounts:**
The accounts have been prepared to comply in all the material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.
- 3) **Revenue Recognition:**
 - i. **General:**
The Company follows the accrual method of accounting for its income and expenditure.
 - ii. **Brokerage Income:**
Brokerage Income, including on reinsurance broking business, is recognised on accrual basis when services are rendered and is net of Service Tax.
 - iii. **Handling Charges Income / Broker Retainer Fees:**
Handling Charges income / Broker Retainer Fees are recognised on accrual basis when services are rendered and is net of Service Tax.
- 4) **Share Issue Expenses:**
Expenses incurred in connection with fresh issue of share capital are charged to the Profit & Loss Account in the year in which they are incurred.
- 5) **Fixed Assets:**
Fixed Assets are stated at cost of acquisition (including incidental expenses), less depreciation.
- 6) **Depreciation:**
Depreciation on fixed assets is charged using the Straight Line method at rates specified in Schedule XIV to the Companies Act, 1956, except for Office Equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV. Individual assets costing less than Rs.5000/- are written off in the year of purchase.

- 7) **Employee Benefits:**
 - a. Contributions during the year to the Government administered Provident Fund, Family Pension Fund, ESIC and Labour Welfare Fund under defined contribution plans are charged to the Profit & Loss Account on accrual basis. Contributions during the year towards Superannuation to the Mahindra & Mahindra Financial Services Limited Employees' Superannuation Trust administered by Life Insurance Corporation of India are recognised in the Profit & Loss Account as incurred.
 - b. The Company has a defined benefit gratuity plan which is funded with LIC under a Group Gratuity cum Life Assurance (Cash Accumulation) Policy. Every employee who has completed five years or more of service is entitled to post-employment gratuity at specified rates. Gratuity liability is measured by actuarial valuation and is recognised on accrual basis. 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.
 - c. The amount of employee benefit in the form of compensated absences being in the nature of short-term benefits in view of past trend of settlement thereof is accounted for on accrual basis at undiscounted value.
- 8) **Segment Reporting:**
The company has single reportable segment namely insurance auxiliary services for the purpose of Accounting Standard 17 on Segment Reporting.
- 9) **Taxes on Income:**
Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

Notes to the Accounts for the year ended 31st March, 2012

10) Provisions and Contingent Liabilities:

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

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

General Notes To The Accounts

- 1) The company was operating under Direct Broker licence since 18th May 2004, which was changed to Composite broker licence (Direct and Reinsurance) on 23rd September 2011.
- 2) In the opinion of the Board, Current Assets, Loans & Advances are approximately of the value stated if realised in the ordinary course of business.
- 3) The company earns brokerage from several insurance companies. The accounts of these insurance companies

remain under reconciliation and are subject to confirmation. The company does not expect any significant variation in the book balances.

- 4) Related Party Disclosure as per Accounting Standard 18:

List of the related parties:

Holding Companies :

Mahindra & Mahindra Financial Services Limited
Mahindra & Mahindra Limited*

Fellow subsidiary As per list given below
Companies :

Mahindra Rural Housing Finance Limited	Mahindra Business & Consulting Services Private Limited
Mahindra First Choice Services Limited	Mahindra Logistics Limited
NBS International Limited	

Key Management Personnel

Managing Director : Dr. Jaideep Devare

Related Parties Transactions are as under:

Sr. No.	Nature of transactions	In Rupees		
		Holding Companies *	Fellow subsidiary Companies	Key Management Personnel
1)	Income			
	Interest (Gross)	1,81,84,659	1,65,18,318	-
		(1,50,65,832)	(75,70,511)	-
	Handling Charges (Net of Service Tax)	8,02,70,943	Nil	-
		(29,78,33,792)	(86,95,377)	-
2)	Expense			
	Other Expenses (Net of Service Tax)	67,35,722	140,57,218	42,87,228
		(66,75,495)	(79,05,214)	(40,26,176)
3)	Deputation Charges Paid			
	To Related Parties (Net of Service Tax)	Nil	Nil	-
		(1,86,357)	-	-
4)	Finance			
	Inter Corporate Deposits given	23,77,00,000	22,00,00,000	-
		(24,62,00,000)	(15,50,00,000)	-
	Dividends Paid (for current year)	-	-	-
		-	-	-
5)	Other Transactions			
	Purchase of Fixed Assets	-	10,88,000	-
		-	-	-
	Sale of Fixed Assets	-	-	-
6)	Outstandings			
	Receivables	4,29,87,823	88,16,098	-
		(3,15,81,872)	(57,40,003)	-
	Payables	11,58,857	12,93,467	-
		(6,87,864)	(25,10,658)	-

Amounts in brackets represent amounts pertaining to previous financial year

* Mahindra Insurance Brokers Limited is a 100% subsidiary of Mahindra & Mahindra Financial Services Limited, which in turn is a subsidiary of Mahindra & Mahindra Limited.

Notes to the Accounts for the year ended 31st March, 2012

- 5) Expenditure incurred in Foreign Currency – Rs. 18,27,746/- (Previous Year Rs. 4,09,320/-)
- 6) In accordance with the provisions of Accounting Standard – 15 (revised) issued by the Institute of Chartered Accountants of India; cost of employee benefits in the form of compensated absences for the period ended 31st March 2012 is Rs. 28,82,491/- (Previous Year Rs. 27,92,653/-) and has been recognised in the Profit & Loss Account as such. The Present Value of obligation on account of such compensated absences is Rs. 50,25,579/- (Previous Year Rs. 41,11,074/-) as on 31st March 2012.

7) Defined Employee Benefits:

	In Rupees	
	March 2012	March 2011
GRATUITY - Fully Funded		
I Change in Obligation during the year ended 31st March 2012		
1) Present value of obligation as the beginning of the year	33,89,211	23,08,369
2) Interest Cost	3,23,666	2,23,896
3) Current Service Cost	35,74,209	28,45,901
4) Actuarial (Gain)/Loss on Obligations	(25,11,821)	(19,88,955)
5) Benefits Paid	(1,34,195)	0
6) Present value of Defined Benefit Obligation at the end of the year.	46,41,070	33,89,211
II Change in Assets during the Year ended 31st March 2012		
1) Plan Assets at the beginning of the year	38,04,595	30,04,595
2) Expected return on plan assets.	3,17,564	2,42,808
3) Contributions by Employer	10,00,000	8,00,000
4) Actual benefits paid	(1,34,195)	0
5) Actual Gain/(Losses)	(1,83,369)	(2,42,808)
6) Plan Assets at the end of the year	48,04,595	38,04,595
III Net Asset/(Liability) recognised in the Balance Sheet as at 31st March 2012		
1) Present Value of Defined Obligation as at 31st March 2012	46,41,070	33,89,211
2) Fair Value of plan assets as at 31st March 2012	48,04,595	38,04,595
3) Fund status (Surplus/(Deficit))	1,63,525	4,15,384
4) Net Assets/ (Liability) as at 31st March 2012	1,63,525	4,15,384
IV Expenses recognised in the statement of Profit and Loss for the year ended 31st March 2012		
1) Current Service cost	35,74,209	28,45,901
2) Interest Cost	3,23,666	2,23,896
3) Expected return on Plan Assets	(1,83,369)	(2,42,808)
4) Net Actuarial (Gains)/Losses (Net of Opening Actuarial Gain/(Loss) adjustment)	(24,62,647)	(17,46,147)
5) Expenses recognised in statement of Profit & Loss	12,51,859	10,80,842
V The Major Categories in Plan Assets as a percentage of total plan		
1) Insurer Managed Funds	100%	100%
VI Method of Valuation :- Projected Unit Credit Method		
VII Actuarial Assumption		
1) Discount Rate	8%	8%
2) Expected rate of return on plan assets	8%	8%
3) Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
4) Salary Increment Rate	5%	5%
5) Retirement Age	60 Years	60 Years
6) Withdrawal	Attrition rate of 1% up to the age of 30 Years	

Notes to the Accounts for the year ended 31st March, 2012

VIII Experience Adjustments :-

	Year ended				
	March 2008	March 2009	March 2010	March 2011	March 2012
1) Defined Benefit obligation at end of the period	11,40,183	15,69,335	23,08,369	33,89,211	46,41,070
2) Plan assets at the end of period	13,36,281	23,44,740	29,94,740	39,97,611	40,41,260
3) Funded Status Surplus/ (Deficit)	(1,96,098)	(7,75,405)	(6,86,371)	(6,08,400)	5,99,810
4) Experience adjustments on plan liabilities (gain)/loss	4,37,457	(4,81,035)	(4,44,432)	(6,25,820)	(6,95,979)
5) Experience adjustments on plan assets gain/ (loss)	(22,734)	43,999	(46,895)	(63,952)	(83,037)

- 8) The holding company, Mahindra & Mahindra Financial Services Limited (MMFSL), has incurred cost of Rs. 78,16,174/- (Previous Year Rs. 14,13,399/-) when issuing Employee Stock Options (ESOS) to employees of the Company.

9) Earnings per share:

	March 2012	March 2011
Amount used as numerator – Balance of Profit after Tax available for shareholders (Rs.)	13,50,55,702	21,77,56,127
Weighted average number of equity shares used in computing basic earnings per share	2500000	2500000
Weighted average number of equity shares used in computing diluted earnings per share	2500000	2500000
Basic earnings per share (Rs.) (Face value of Rs.10 per share)	54.02	87.10
Diluted earnings per share (Rs.)	54.02	87.10

- 10) In accordance with Accounting Standard 22 on Accounting for Taxes on Income the company has accounted for Deferred Tax Asset of Rs. 3,11,408/- (Previous Year Rs.7,47,733/-) as at 31st March 2012. The break up of the Deferred Tax Asset as at 31st March 2012 is as under:

	In Rupees	
	Deferred Tax Asset / (Liability) – March 2012	Deferred Tax Asset / (Liability) – March 2011
Particulars		
Provision for Doubtful Debts	3,34,184	3,32,200
Depreciation	(17,30,049)	(9,19,510)
Gratuity	(53,056)	(1,37,991)
Leave Encashment	16,30,549	13,40,154
Bonus and Incentive	1,29,780	1,32,880
Total	3,11,408	7,47,733

- 11) There are no dues payable to Small Scale industrial undertakings in view of the nature of the business of the Company.
- 12) Suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006, have not furnished the information regarding filing of necessary memorandum with appointed authority. In view of this and legal opinion obtained by the Company, information required under Section 22 of the said Act is not given.
- 13) **Managerial Remuneration for Managing Director:**

	In Rupees	
	March 2012	March 2011
Particulars		
(a) Salaries (Including Company's Contribution to Provident Fund)	55,90,384	48,58,083
(b) Perquisites	1,30,840	1,08,627
Total	57,21,224	49,66,710

Note: The above figures do not include contribution to Gratuity Fund as separate figures are not available for the Managing Director.

Notes to the Accounts for the year ended 31st March, 2012

Cash Flow Statement for the year ended 31st March, 2012

Computation of Net Profit in Accordance with Section 309(5) of the Companies Act, 1956:

In Rupees

	March 2012	March 2011
Profit before Taxation as per Profit and Loss Account	20,13,92,027	32,89,34,586
Add:		
(i) Depreciation charged in the Accounts	24,90,407	15,96,870
(ii) Directors' Remuneration	57,21,224	49,66,710
(iii) Loss of Capital Nature (including sale of fixed assets / write-off of capital advances) debited to Profit & Loss Account (Net)	2,55,809	1,73,327
(iv) Donations debited to Profit & Loss Account	10,15,600	10,00,000
	94,83,040	77,36,907
	21,08,75,067	3,36,67,193
Less:		
(i) Depreciation u/s 350 of the Companies Act, 1956	23,17,724	14,70,125
(ii) Lower of Donations permissible u/s 293(1)(e) and amount actually donated	10,15,600	10,00,000
	33,33,324	24,70,125
Net Profit as per Section 309(5)	20,75,41,743	33,42,01,368

 For B. K. Khare & Co.
 Chartered Accountants

 H.P. Mahajani
 Partner
 Membership No. 30168
 Firm Regn No. 105102W

Mumbai 17th April 2012

For and on behalf of the Board

Rajeev Dubey - Chairman

Uday Y. Phadke

Ramesh Iyer

V. Ravi

Dr. Jaideep Devare

Mumbai 17th April 2012

	March 2012	March 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies	20,13,92,027	32,89,34,586
Add / (Less):		
Depreciation & Amortisation	24,90,407	15,96,870
Interest Income	(4,00,92,885)	(2,48,55,411)
Provision for Doubtful Debts / Advances Written-off (net)	30,000	7,50,000
(Profit) / Loss on sale / retirement of assets	2,55,809	1,73,327
Operating profit before working capital changes	(I) 16,40,75,358	30,65,99,372
Less:		
(Increase)/Decrease in Trade receivables	(82,06,566)	(2,14,41,071)
(Increase)/Decrease in Loans & Advances	(27,56,944)	(55,35,554)
	(1,09,63,510)	(2,69,76,625)
Add: Increase/(Decrease) in Current liabilities	1,76,30,603	85,98,958
	(II) 66,67,093	(1,83,77,667)
Cash generated from operations	(I + II) 17,07,42,451	28,82,21,705
Income Taxes paid	(6,52,96,200)	(11,04,58,519)
NET CASH FROM OPERATING ACTIVITIES	(A) 10,54,46,251	17,77,63,186
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(93,70,777)	(61,91,300)
Sale of fixed assets	5,09,573	0
Interest received	3,06,80,150	1,59,20,946
Intercompany Deposits Placed	(5,65,00,000)	(18,60,00,000)
NET CASH FROM INVESTING ACTIVITIES	(B) (3,46,81,054)	(17,62,70,354)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(1,16,61,000)	(58,49,750)
NET CASH FROM FINANCING ACTIVITIES	(C) (1,16,61,000)	(58,49,750)
NET INCREASE / (DECREASE) IN		
CASH AND CASH EQUIVALENT (A + B + C)	5,91,04,197	(43,56,918)
CASH AND CASH EQUIVALENTS AS AT:		
Beginning of the year	1,07,92,977	1,51,49,894
End of the year	6,98,97,174	1,07,92,977

 For B. K. Khare & Co.
 Chartered Accountants

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