

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 26th Annual Report along with the Audited Accounts of your Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

Particulars	(Amount in Rs.)	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Income	86,29,94,705	46,54,60,931
Profit before Interest, Depreciation and Taxation	51,52,58,767	20,38,82,434
Depreciation	(33,30,774)	(24,90,407)
Profit before Taxation	51,19,27,993	20,13,92,027
Provision for Taxation		
Provision for Current Tax	(16,76,00,000)	(6,59,00,000)
Provision for Deferred Tax	1,36,674	(4,36,325)
	(16,74,63,326)	(6,63,36,325)
Profit after Taxation	34,44,64,667	13,50,55,702
Balance of Profit for prior years	48,06,93,594	40,28,12,892
Amount available for Appropriation	82,51,58,261	53,78,68,594
Appropriations:		
Transfer to General Reserve	3,50,00,000	1,36,00,000
Dividend on Equity Shares (Proposed)	-	3,75,00,000
Tax on Dividend (Proposed)	-	60,75,000
Dividend on Equity Shares (Interim)	10,00,00,000	-
Tax on Dividend (Interim)	1,62,30,938	-
Surplus carried to Balance Sheet	67,39,27,323	48,06,93,594

DIVIDEND

During the year under review, an interim dividend at the rate of 400 percent (Rs. 40/- per share) on 25,00,000 Equity Shares of Rs. 10/- each has been paid to the shareholders whose names appeared on the Register of Members as on 1st March, 2013, the Record Date fixed for this purpose. This interim dividend involved a total outgo of Rs. 11.6 crores including dividend distribution tax, surcharge and education cess.

In view of the above, your Directors do not recommend a final dividend for the year ended 31st March, 2013.

OPERATIONS

In March 2013, your Company crossed the 8,00,000 mark in terms of policies serviced, with a total of 8,39,408 policies for both Life and Non-Life retail business lines. The customized Life Insurance cover "Mahindra Loan Suraksha" (MLS) continued to receive an encouraging response and grew by 21% from 3,63,691 lives covered

with a Sum Assured of Rs. 8,255.0 crores in the financial year 2011-12 to 4,40,553 lives covered with a Sum Assured of Rs 11,798.2 crores in the financial year 2012-13, with a substantial portion being covered in the rural markets.

Your Company achieved a growth of 33.8% in Net Premium generated for the Corporate and Retail business lines, increasing from Rs. 413.8 crores (Gross Premium Rs. 456.2 crores) in the financial year 2011-12 to Rs. 553.8 crores (Gross Premium Rs.619.8 crores) in the financial year 2012-13, crossing a milestone of Rs.600 crores of Gross Premium.

The Income increased by 85 % from Rs. 46.6 crores in the financial year 2011-12 to Rs.86.3 crores in the financial year 2012-13. The Profit before Tax increased by 154.2% from Rs. 20.1 crores to Rs. 51.2 crores and the Profit after Tax increased by 155% from Rs. 13.5 crores to Rs. 34.5 crores during the same period.

DIRECTORS' REPORT TO THE SHAREHOLDERS

STRATEGIC PARTNERSHIP

During the year under review, your Company has entered into Definitive Agreements with Inclusion Resources Private Limited (IRPL), a subsidiary of LeapFrog Inclusion Fund (LFIF), incorporated in Singapore and Mahindra & Mahindra Financial Services Limited (MMFSL), its parent company to expand the Company's services to consumers in rural and semi-urban areas of India, by bringing in IRPL's international knowledge and experience, especially in using low cost technology solutions to provide insurance in mass markets. In addition, given IRPL's expertise and association in reinsurance globally, IRPL would help the Company to connect with various global reinsurers to assist in the Company's reinsurance broking business.

LFIF is the world's first and largest investor in companies that insure under-served people in Asia and Africa, and has International Finance Corporation (IFC), European Investment Bank (EIB), KfW Development Bank, Germany as well as FMO Development Bank of The Netherlands as its investors. LFIF has a specialist focus on mass market insurance and invests in companies that provide insurance to the "Next Billion" emerging market consumers. LFIF is unusual in two respects, first its focus on social impact and secondly, its focus on insurance.

Your Company has received the necessary approvals from the Insurance Regulatory and Development Authority and the Foreign Investment Promotion Board as well as the Reserve Bank of India for the aforesaid transaction.

SHARE CAPITAL

During the year under review, the Authorised Share Capital of your Company has increased from Rs.2.5 crores consisting of 25,00,000 (Twenty-five Lakhs) Equity Shares of Rs.10 (Rupees Ten) each to Rs.3.5 crores consisting of 35,00,000 (Thirty-five Lakhs) Equity Shares of Rs.10 (Rupees Ten) each.

Your Company has, during the year under review, pursuant to the Definitive Agreements executed between the Company, MMFSL and IRPL made a Preferential allotment to IRPL of 77,320 Equity Shares of Rs.10 each, for cash at a premium of Rs. 2,070 per Share, aggregating to Rs. 16.1 crores.

Consequent to the above, your Company has ceased to be a wholly-owned subsidiary of MMFSL. The paid-up Share Capital of the Company stands increased from Rs.2.5 crores to Rs.2.6 crores.

TRANSFER OF SHARES

During the year under review, MMFSL, the holding Company has transferred 3,09,278 Equity Shares of Rs. 10 each of the Company to IRPL, vide issue of transfer instruction dated 30th March, 2013. On account of a technical issue raised by the Depository Participant of

IRPL, the actual transfer of 309,278 Equity Shares on sale by MMFSL from the demat account of MMFSL, was recorded in the demat account of IRPL on 2nd April, 2013, being the next working day.

Pursuant to the preferential allotment and transfer of Equity Shares to IRPL, the shareholding of MMFSL, the holding company, stands reduced to 85 per cent from 100 per cent.

DIRECTORS

Mr. Ramesh Iyer and Mr. Hemant Sikka retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) They have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 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 Listing Agreement of the parent company – Mahindra & Mahindra Financial Services Limited and the ultimate parent company – Mahindra & Mahindra Limited, with the Stock Exchanges, are furnished separately.

CODES OF CONDUCT

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

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

OUTLOOK FOR THE CURRENT YEAR

During the last financial year, the Non-Life Insurance industry is estimated to have grown by 22% and Life Insurance industry is estimated to have registered a decrease of 6%. The Non-Life Insurance industry is expected to continue its growth trend, albeit at a reduced rate due to macro economic changes in the economy. Your Company will continue to explore opportunities for expanding its customer base in the Commercial and Retail segments.

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

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

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

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

As required under Section 217(2A) of the Companies Act, 1956 and Rules thereunder, a statement containing particulars of the Company’s employee who was in receipt of remuneration of not less than Rs.60,00,000 per annum during the year ended 31st March 2013 or not less than Rs.5,00,000 per month during any part of the said year is given in Annexure II to this Report.

SECRETARIAL COMPLIANCE CERTIFICATE

In accordance with the provisions of Section 383A of the Companies Act, 1956, a Certificate from Ms. Neha H. Shroff, Company Secretary in Whole-time Practice, certifying that the Company has complied with all the provisions of the Companies Act, 1956 is given in Annexure III and forms part of this Report.

ACKNOWLEDGEMENTS

Your Directors thank the Insurance Regulatory and Development Authority for their continuous support and guidance rendered to the Company. Your Directors also thank the Foreign Investment Promotion Board and the Reserve Bank of India for the support rendered during the processing of the Company’s Foreign Direct Investment proposal for the strategic partnership with Inclusion Resources Private Limited, Singapore. 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, 16th April 2013

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

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

Name of the Company	(In Rupees)	
	Balance as on 31st March, 2013	Maximum outstanding during the year
Mahindra & Mahindra Financial Services Limited	51,40,00,000	51,40,00,000
Mahindra Rural Housing Finance Limited	21,25,00,000	21,25,00,000

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

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2013

Particulars as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the Financial Year ended 31st March, 2013

A. Conservation of Energy

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

B. Technology Absorption

Research & Development (R & D)

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

C. Foreign Exchange Earnings and Outgo

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

Foreign Exchange Earnings	:	Rs. 64,47,930 (F.Y. 2011-12 : Nil)
Foreign Exchange Outflow	:	Rs. 29,58,426 (F.Y. 2011-12 : Rs.18,27,746)

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 16th April, 2013

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2013

Additional information as required under Section 217(2a) of the Companies Act, 1956, read with the Companies (particulars of employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st march, 2013

Name of Employee	Designation / Nature of Duties	Gross Remuneration (subject to income tax) (Rs.)	Qualifications	Experience (Years)	Age (years)	Date of Commencement of Employment	Last Employment held (Designation and Organisation)
Dr. Jaideep R. Devare	Managing Director	6,321,585.00	Ph.D. in Management (Thesis on Insurance industry in India), B.E. (Hons.) (Production), MMS (Finance)	22	45	01/01/2009	Head - Business Development (New Initiatives) - Mahindra & Mahindra Financial Services Limited

NOTES:

1. Nature of employment is contractual, subject to termination on three months' notice on either side.
2. Terms and conditions of employment are as per Company's Rules/contract.
3. 'Gross Remuneration' includes salary, taxable value of perquisites and Company's contribution to Provident and Superannuation Funds.
4. The Company has made a provision for contribution to the Employees' Gratuity Fund and Leave Encashment based on the actuarial valuation. This amount has not been included in 'Gross Remuneration' as no separate figures are available for individual employee.
5. The above employee is not a relative of any Director of the Company.
6. The above employee has adequate experience to discharge the responsibilities assigned to him.
7. The above employee does not hold by himself or along with his spouse and dependent children, 2% or more of the equity shares of the Company.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 16th April, 2013

DIRECTORS' REPORT TO THE SHAREHOLDERS**ANNEXURE III TO THE DIRECTORS' REPORT****NEHA SHROFF**

Company Secretary
(ACS-17456:CP 7302)

Office: B-42 Milan,
87 Tardeo Road,
Mumbai 400 034.
Mobile: 9890736259

Secretarial Compliance Certificate

Company Identification Number:- U65990MH1987PLC042609

Authorised Share Capital:- Rs. 3,50,00,000

Paid-up Share Capital:- Rs. 2,57,73,200

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 31st March, 2013. 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'):

- 1) 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.
- 2) 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.
- 3) 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. 2,57,73,200.
- 4) The Board of Directors duly met 5 (five) times on 17th April, 2012, 23rd July, 2012, 18th October, 2012, 15th January, 2013 and 19th March, 2013 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 dated 11th March, 2013 was passed by the Board by circulation for declaration of Interim Dividend @ 400 per cent on the Equity Shares of the Company. The Committee of Directors at its Meeting held on 28th March, 2013 has allotted 77,320 Equity Shares of Rs. 10 each for cash at a premium of Rs. 2,070 each to Inclusion Resources Private Limited, a subsidiary of LeapFrog Inclusion Fund, incorporated in Singapore.

- 5) The Company has not closed/was not required to close its Register of Members or Debentureholders during the year.
- 6) The Annual General Meeting (AGM) for the financial year ended 31st March, 2012 was held on 23rd July, 2012, 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. A Special Resolution for approval of Shareholders under Section 372A for increase in the limits to make loans/place inter corporate deposits from Rs. 50 crores to Rs. 150 crores was also passed at the AGM.
- 7) Two Extraordinary General Meetings of the Company were held on:
 - i) 17th April, 2012- for increase in the Authorised Share Capital of the Company from Rs. 2,50,00,000 to Rs. 3,50,00,000 and consequential changes in the Memorandum of Association and Articles of Association of the Company.
 - ii) 26th March, 2013 – for passing a Special Resolution for Preferential Allotment of 77,320 Equity Shares of Rs. 10 each at a premium of Rs. 2,070 each to Inclusion Resources Private Limited, a subsidiary of LeapFrog Inclusion Fund, incorporated in Singapore.
- 8) The Company has not advanced any loans to its Directors or persons or firms or companies referred to in Section 295 of the Act.
- 9) The Company has not entered into any contracts falling within the purview of section 297 of the Act.
- 10) The Company was not required to make entries in the register maintained under section 301 of the Act.
- 11) 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.
- 12) The Company has not issued duplicate share certificate(s) during the year.

- 13) (i) There was no lodgment for Share Transfer and/or for other purposes in accordance with the provisions of the Act;
- (ii) The Company at the AGM declared a dividend of 150 per cent i.e. Rs. 15 per share on 25,00,000 Equity Shares of the Company and the Company has duly complied with the provisions of Section 205 of the Act for the payment of dividend;
- (iii) The Company has paid the interim dividend (F.Y. 2012-13) @ 400 per cent i.e. Rs. 40 per share on 25,00,000 Equity Shares of the Company to the shareholders within the prescribed time and has duly complied with the provisions of Section 205 of the Act;
- (iv) 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;
- (v) 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 Managing Director/Whole-time Director/Manager during the financial year.
- 16) The Company has not appointed any sole selling agents during the year.
- 17) The Company has, wherever required, obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies, Reserve Bank of India, Foreign Investment Promotion Board or such other authorities as may be prescribed under the various provisions of the Act, FEMA Regulations, etc.
- 18) 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.
- 19) The Company has not issued any debentures during the financial year. However, the Company has issued 77,320 Equity Shares on a preferential allotment basis to Inclusion Resources Private Limited, after obtaining the requisite approvals of the Regulatory Authorities.
- 20) The Company has not bought back any shares during the year.
- 21) There was no redemption of preference shares or debentures during the year.
- 22) 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.
- 23) 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.
- 24) The Company has not made any borrowings during the year.
- 25) 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.
- 26) The Company has, during the year, not altered the provisions of the Memorandum with respect to:
- i) situation of the Company's Registered Office from one State to another;
 - ii) the Name of the Company; and
 - iii) the Objects of the Company.
- 27) The Company has altered the provisions of Memorandum of Association with respect to increase in the Authorised Share Capital of the Company.
- 28) The Company has altered its Articles of Association pursuant to increase in Authorised Share Capital of the Company.
- 29) 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.
- 30) The Company has not received any money as security from its employees during the year.
- 31) 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/-

Neha Shroff

Company Secretary

ACS No. 17456, CP No. 7302

Mumbai, 16th April, 2013

DIRECTORS' REPORT TO THE SHAREHOLDERS**ANNEXURE A TO THE COMPLIANCE CERTIFICATE DATED 16TH APRIL, 2013****REGISTERS AS MAINTAINED BY THE COMPANY****Statutory Registers**

- 1) Register of Members under Section 150 of the Act.
- 2) Minutes Books of Meetings of the Board of Directors and of the General Meetings under Section 193 of the Act.
- 3) Register of Directors under Section 303 of the Act.
- 4) Books of Account under Section 209 of the Act.
- 5) Register of Renewed & Duplicate Share Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960.
- 6) Register of Investments or Loans made, Guarantee given or Security provided under Section 372A of the Act.
- 7) Register of Contracts under Section 301 of the Act.

Other Registers

- 1) Transfer Register.
- 2) 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.

- 1) Register of Investments under Section 49 of the Act.
- 2) Register of Deposits under Rule 7 of the Companies (Acceptance of Deposits) Rules, 1975.
- 3) Register of Securities Bought Back under Section 77A of the Act.
- 4) Register of Debentureholders under Section 152 of the Act.
- 5) Register of Charges under Section 143/copies of Instruments creating charge under Section 136 of the Act.
- 6) Index of Members under Section 151 of the Act.
- 7) Register of Destruction of Records/Documents as required under the Companies (Preservation and Disposal of Records) Rules, 1966.
- 8) Register of Directors' Shareholdings under Section 307 of the Act.

ANNEXURE B TO THE COMPLIANCE CERTIFICATE DATED 16TH APRIL, 2013

Forms and returns as filed by the Company with the Registrar of Companies/ Central Government, during the year ended 31st March, 2013.

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)	Form No. 23	31	Alteration of Articles of Association of the Company for increase in the Authorised Share Capital by a Special Resolution on 17th April, 2012.	11/05/2012	Yes	Not Applicable
2)	Form No. 5	97	Increase in Authorised Share Capital of the Company by a Special Resolution on 17th April, 2012.	14/05/2012	Yes	Not Applicable
3)	Secretarial Compliance Certificate Form No.66	383A	Secretarial Compliance Certificate issued by Mr. J. P. Fernandes, Company Secretary in Practice.	25/07/2012	Yes	Not Applicable
4)	Form No. 23	372A	Increase in the limits to make loans/ place inter corporate deposits by Special Resolution on 23rd July, 2012.	30/07/2012	Yes	Not Applicable
5)	Audited Annual Accounts Form No.23AC- XBRL and Form No.23ACA - XBRL	220	The Annual Accounts for the year ended 31st March, 2012 adopted at the Annual General Meeting of the Company held on 23rd July, 2012.	27/11/2012	Yes	Not Applicable
6)	Annual Return Form No.20B	159	Annual Return as at 23rd July, 2012.	10/08/2012	Yes	Not Applicable

Note:

Form No. 23 and Form No. 2 in respect of preferential allotment of 77,320 Equity Shares to IRPL pursuant to the Special Resolution passed at the Extraordinary General Meeting of the Company were filed in the Financial Year 2013-14.

INDEPENDENT AUDITORS' REPORT

TO

THE MEMBERS OF MAHINDRA INSURANCE BROKERS LIMITED

1. We have audited the accompanying financial statements of **MAHINDRA INSURANCE BROKERS 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.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards 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.

3. AUDITORS' RESPONSIBILITY

3.1 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.

3.2 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.

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

4. 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 profit for the year ended on that date; and;
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

5.1 As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

5.2 As required by section 227(3) of the Act, we report that:

INDEPENDENT AUDITORS' REPORT

- 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 subsection (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.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

FOR B. K. KHARE & CO.

Chartered Accountants
FRN : 105102W

H P MAHAJANI

Partner
M. No.30168

Place: Mumbai,
Date: 16th April, 2013

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 of the Company.
- 2 Clause 4(ii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- 3 (a) Based on the records examined by us and according to the information and explanations given to us, the Company has:
 - (i) Not granted any loans to parties covered in the Register maintained under section 301 of the Companies Act, 1956.
 - (ii) Not taken any loans from parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- 4 In our opinion and according to the information and explanations given to us the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- 5 According to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- 6 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company.
- 7 In our opinion and according to the information and explanations provided to us, the Company has an internal audit system, which is commensurate with its size and the nature of its business.
- 8 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 is regular in depositing undisputed statutory dues including Provident fund, Investor education and protection fund, Employees' state insurance, Income tax, Sales tax, Wealth tax and service tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the records of the company and information and explanations given to us there are no disputed dues which have not been deposited with the relevant authority.
- 10 The Company does not have accumulated losses as at the end of the current year. The Company has not incurred cash losses in such financial year and in the immediately preceding financial year.
- 11 Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- 12 Based on the records examined by us and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures, or other securities.

ANNEXURE TO THE AUDITORS' REPORT

referred to in our report of even date

- | | |
|---|--|
| <p>13 The provisions of any applicable statute to Chit Fund, Nidhi or Mutual Benefit Fund/Society are not applicable to the Company.</p> <p>14 The Company is not dealing or trading in shares, securities, debentures and other investments.</p> <p>15 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.</p> <p>16 Based on the records examined by us and according to the information and explanations given to us, during the year, term loans were applied for the purpose for which the loans were taken.</p> <p>17 On the basis of overall examination of the financial statements and other financial information furnished, we report that the company has not used short term funds for long term investments.</p> <p>18 The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.</p> | <p>19 On the basis of our examination of books of account and documents and according to the information and explanations given to us, the Company has not issued any debentures.</p> <p>20 The Company has not made any public issue of its shares during the year.</p> <p>21 During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company noticed or reported during the year, nor have we been informed of any such instances during the year.</p> |
|---|--|

FOR B. K. KHARE & CO.

Chartered Accountants

FRN : 105102W

H P MAHAJANI

Partner

M. No.30168

Place: Mumbai,

Date: 16th April, 2013

BALANCE SHEET

as at March 31, 2013

Particulars	Note No.	In Rupees	
		March 2013	March 2012
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share capital	A	25,773,200	25,000,000
b) Reserves and surplus	B	913,720,924	526,537,052
		939,494,124	551,537,052
2) Current liabilities			
a) Trade payables		28,904,175	10,468,700
b) Other current liabilities	C	10,619,403	9,069,554
c) Short-term provisions	D	40,514,050	76,467,235
		80,037,628	96,005,489
TOTAL		1,019,531,752	647,542,541
II. ASSETS			
1) Non-current assets			
a) Fixed assets			
i) Tangible assets	E	19,097,533	16,685,050
b) Deferred tax assets (net)		448,082	311,408
c) Long-term loans and advances	F	94,508,955	38,524,091
		114,054,570	55,520,549
2) Current assets			
a) Trade receivables	G	86,739,682	63,815,516
b) Cash and cash equivalents	H	142,035,948	69,897,174
c) Short-term loans and advances	I	650,304,535	434,436,483
d) Other current assets	J	26,397,017	23,872,819
		905,477,182	592,021,992
TOTAL		1,019,531,752	647,542,541

See accompanying notes to the financial statements

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

For and on behalf of the Board

Rajeev Dubey

Chairman

For B. K. Khare & Co.Chartered Accountants
Firm Regn No. 105102W**Uday Y. Phadke**
Director**Ramesh Iyer**
Director**V. Ravi**
Director**H.P. Mahajani**Partner
Membership No. 30168**Hemant Sikka**
Director**Dr. Jaideep Devare**
Managing DirectorPlace: Mumbai
Date: 16th April, 2013

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2013

		In Rupees	
Particulars	Note No.	March 2013	March 2012
I. Revenue from operations	K	800,075,279	425,172,098
II. Other income		62,919,426	40,288,833
III. Total Revenue (I + II)		862,994,705	465,460,931
IV. Expenses:			
Employee benefits expense	L	241,490,087	185,322,605
Depreciation and amortization expense	M	3,330,774	2,490,407
Other expenses	N	106,245,851	76,255,892
Total expenses		351,066,712	264,068,904
V. Profit before exceptional and extraordinary items and tax (III-IV)		511,927,993	201,392,027
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		511,927,993	201,392,027
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII-VIII)		511,927,993	201,392,027
X. Tax expense:			
(1) Current tax		167,600,000	65,900,000
(2) Deferred tax		136,674	(436,325)
XI. Profit/(Loss) for the period from continuing operations (IX-X)		344,464,667	135,055,702
XII. Income Tax adjustment for earlier year (net)		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		344,464,667	135,055,702
XVI. Earnings per equity share:			
(1) Basic		137.74	54.02
(2) Diluted		137.74	54.02
See accompanying notes to the financial statements			

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

For and on behalf of the Board

Rajeev Dubey

Chairman

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

Uday Y. Phadke
Director

Ramesh Iyer
Director

V. Ravi
Director

H.P. Mahajani
Partner
Membership No. 30168

Hemant Sikka
Director

Dr. Jaideep Devare
Managing Director

Place: Mumbai
Date: 16th April, 2013

CASH FLOW STATEMENT

for the year ended March 31, 2013

Particulars	In Rupees	
	March 13	March 12
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies	511,927,993	201,392,028
Add/(Less):		
Depreciation & Amortisation	3,330,774	2,490,407
Interest Income	(62,887,847)	(40,092,885)
Provision for Doubtful Debts/Advances Written-off (net)	205,000	30,000
(Profit)/Loss on sale/retirement of assets	1,087,391	255,809
(Profit)/Loss on sale of Investment	-	-
Operating profit before working capital changes (I)	453,663,311	164,075,359
LESS:		
(Increase)/Decrease in Trade Receivables	(23,129,165)	(8,206,566)
(Increase)/Decrease in Loans & Advances	(2,113,185)	(2,756,944)
	(25,242,350)	(10,963,510)
Add: Increase/(Decrease) in Current liabilities	19,192,588	17,630,602
	(II) (6,049,762)	6,667,092
Cash generated from operations (I + II)	447,613,549	170,742,451
Income Taxes paid	(161,743,527)	(65,296,199)
NET CASH FROM OPERATING ACTIVITIES (A)	285,870,022	105,446,252
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(7,290,996)	(9,370,777)
Sale of fixed assets	460,349	509,573
Interest received	61,981,995	30,680,149
Intercorporate Deposits Placed	(268,800,000)	(56,500,000)
NET CASH FROM INVESTING ACTIVITIES (B)	(213,648,652)	(34,681,055)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Additional Equity Share Capital	159,723,343	-
Dividends paid	(159,805,938)	(11,661,000)
NET CASH FROM FINANCING ACTIVITIES (C)	(82,595)	(11,661,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A + B + C)	72,138,775	59,104,197
CASH AND CASH EQUIVALENTS AS AT:		
Beginning of the period	69,897,173	10,792,976
End of the period	142,035,948	69,897,173

Examined and found correct

For and on behalf of the Board

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

Chairman

Chartered Accountants
Firm Regn No. 105102W**Uday Y. Phadke**
Director**Ramesh Iyer**
Director**V. Ravi**
Director**H.P. Mahajani**Partner
Membership No. 30168**Hemant Sikka**
Director**Dr. Jaideep Devare**
Managing DirectorPlace: Mumbai
Date: 16th April, 2013

NOTES TO THE ACCOUNTS

for the year ended March 31, 2013

A. SHARE CAPITAL

	March 13	March 12
In Rupees		
Authorised:		
3,500,000 (Previous Year: 2,500,000) Equity Shares of Rs. 10 each	35,000,000	25,000,000
Issued Capital:		
2,577,320 (Previous Year: 25,00,000) Equity Shares of Rs. 10 each	25,773,200	25,000,000
Subscribed & Paid up Capital:		
(Previous Year: 25,00,000) Equity Shares of Rs. 10 each	25,773,200	25,000,000
2,577,320 TOTAL	25,773,200	25,000,000

Note:

Mahindra & Mahindra Financial Services Limited, the Holding Company holds 21,90,722 (Previous Year: 25,00,000) shares as on 31st March 2013 (including 30 shares held jointly with nominees) (refer note below)

Particulars	March 13	March 12
a. Reconciliation of the number of shares -		
Number of equity shares outstanding at the beginning of the year	2,500,000	500,000
Add: Fresh allotment of shares during the year:		
1) Private placement to QIBs under QIP	77,320	0
2) Issue of bonus/rights shares	0	2,000,000
3) Shares issued under Employees' Stock Option Scheme	0	0
4) Conversion of any convertible security	0	0
5) Any others (specify)	0	0
	2,577,320	2,500,000
Less: Shares bought back during the year	0	0
Number of equity shares outstanding at the end of the period	2,577,320	2,500,000
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	2,190,722	2,500,000
(Equity shares of Rs. 10/- Each) (Refer note below)		
Percentage of holding (%)	85	100
c. Shareholders holding more than 5 percent shares (refer note below):		
Mahindra & Mahindra Financial Services Limited	2,190,722	2,500,000
Inclusion Resources Private Limited	386,598	0
d. Shares reserved for issue under options and contracts/ commitments for the sale of shares/disinvestment, including the terms and amounts:	0	0
(Specify, if any)		

NOTES TO THE ACCOUNTS

for the year ended March 31, 2013

Particulars	March 13	March 12
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	2,000,000	2,000,000
– Aggregate number and class of shares bought back.	0	0

Note:

Inclusion Resources Private Limited (IRPL), a Singapore-based subsidiary of LeapFrog Financial Inclusion Fund (LFIF) acquired a 15% stake in the Company by way of a preferential issue of 77320 equity shares by the Company vide corporate action dated March 28, 2013, and a sale of 309,278 shares by the Promoter Company, Mahindra & Mahindra Financial Services Limited (MMFSL) vide issue of transfer instruction dated March 30, 2013. On account of a technical issue raised by the Depository Participant of IRPL, the actual transfer of 309,278 equity shares on sale by MMFSL from the demat account of MMFSL, was recorded in the demat account of IRPL on April 2, 2013, being the next working day.

B. RESERVES AND SURPLUS

Particulars	March 13	March 12
		In Rupees
General Reserve:		
As per last Balance Sheet	45,843,458	52,243,458
Add: Transfer during the period	35,000,000	13,600,000
Less: Issue of Bonus shares out of Reserve.	0	20,000,000
Closing Balance	80,843,458	45,843,458
Securities Premium Account:		
As per last Balance Sheet	0	0
Add: Additions during the year	160,052,400	0
Less: Share issue expenses	1,102,257	0
Closing Balance	158,950,143	0
Surplus in Statement of Profit and Loss:		
Balance Profit (for earlier years) as per last Balance Sheet	480,693,594	402,812,892
Add: Profit for the current year transferred from Statement of Profit & Loss	344,464,667	135,055,702
	825,158,261	537,868,594

NOTES TO THE ACCOUNTS

for the year ended March 31, 2013

Particulars	In Rupees	
	March 13	March 12
Less: Allocations & Appropriations:		
Transfer to General Reserve	35,000,000	13,600,000
Proposed Dividend (Final)	0	37,500,000
Corporate Dividend Tax (Final)	0	6,075,000
Interim Dividend Paid	100,000,000	0
Corporate Dividend Tax Paid	16,230,938	0
Balance in Profit & Loss Account	673,927,323	480,693,594
TOTAL	913,720,924	526,537,052

C. OTHER CURRENT LIABILITIES

Particulars	In Rupees	
	March 13	March 12
Other Current Liabilities (Statutory Liabilities)	10,619,403	9,069,554
	10,619,403	9,069,554

D. SHORT TERM PROVISIONS

Particulars	In Rupees	
	March 13	March 12
Provision for Employee Benefits	38,179,841	32,892,235
Proposed Dividend	0	37,500,000
Corporate Dividend Tax	0	6,075,000
Provision for Tax (net of advance tax)	2,334,209	0
	40,514,050	76,467,235

NOTES TO THE ACCOUNTS

for the year ended March 31, 2013

E. TANGIBLE ASSETS	Description of Assets	Gross Block At Cost			Depreciation			Net Block			
		As at 1-Apr-12	Additions for Purchase/Trf	Deductions for Sale/Trf	As at 31-Mar-13	Upto 1-Apr-12	Additions /Trf	Deductions /Trf	Upto 31-Mar-13	As at 1-Apr-12	As at 31-Mar-13
	Vehicles	9,370,999	2,623,401	1,462,631	10,531,769	1,393,913	903,794	408,613	1,889,094	7,977,086	8,642,675
	Furniture	1,000,338	285,404	207,774	1,077,968	182,018	225,221	48,049	359,190	818,320	718,778
	Office Equipment	1,873,787	488,971	337,383	2,025,375	762,501	460,815	116,496	1,106,820	1,111,286	918,555
	Computers	11,104,679	3,893,220	168,513	14,829,386	4,326,321	1,740,944	55,404	6,011,861	6,778,358	8,817,525
	Total	23,349,803	7,290,996	2,176,301	28,464,498	6,664,753	3,330,774	628,562	9,366,965	16,685,050	19,097,533
	As at 31-03-2012	15,184,876	9,370,777	1,205,850	23,349,803	4,614,814	2,490,407	440,468	6,664,753	10,570,062	16,685,050

NOTES TO THE ACCOUNTS

for the year ended March 31, 2013

F. LONG TERM LOANS AND ADVANCES

	March 13	In Rupees March 12
Loans and advances (unsecured, considered good):		
Inter Corporate Deposits Given (for more than one year) with related parties :	87,500,000	35,000,000
Other Advances recoverable in cash or kind or for value to be received	5,583,711	3,360,566
Gratuity Plan Assets (Net)	221,244	163,525
Deposits for Office Premises/Others	1,204,000	0
TOTAL	94,508,955	38,524,091

G. TRADE RECEIVABLES

	March 13	In Rupees March 12
Sundry Debtors (Unsecured, considered good):		
- Debts outstanding for a period exceeding six months	1,776,688	1,376,383
- Other Debts	86,197,994	63,469,133
	87,974,682	64,845,516
- Less: Provision for Doubtful Debts	1,235,000	1,030,000
TOTAL	86,739,682	63,815,516

H. CASH & CASH EQUIVALENTS

	March 13	In Rupees March 12
Cash & Bank Balances:		
- Cash and Cheques on hand	127,316	147,141
- Balance with Scheduled Banks in Current Account	16,908,632	11,250,033
- Term Deposit with Scheduled Banks (less than 12 months maturity)	119,000,000	52,500,000
- Term Deposit with Scheduled Banks [Under lien to IRDA for broking license and including Rs.5,000,000 with more than 12 months maturity]	6,000,000	6,000,000
TOTAL	142,035,948	69,897,174

I. SHORT TERM LOANS AND ADVANCES

	March 13	In Rupees March 12
Loans and advances (unsecured, considered good):		
Inter Corporate Deposits Given	639,000,000	422,700,000
Advance Payment of Tax (net of provision)	0	3,522,264
Deposits - Others	200,000	0
Other Advances recoverable in cash or kind or for value to be received	11,104,535	8,214,219
TOTAL	650,304,535	434,436,483

NOTES TO THE ACCOUNTS

for the year ended March 31, 2013

J. OTHER CURRENT ASSETS

	March 13	March 12
Interest Accrued but not due - Bank FD/ICD	2,38,32,141	2,29,26,289
Other Current Assets	25,64,876	9,46,530
TOTAL	2,63,97,017	2,38,72,819

K. REVENUE FROM OPERATIONS

	March 13	March 12
Brokerage	328,280,843	245,379,609
Broker Retainer Fees	398,856,236	99,521,546
Handling Charges	72,938,200	80,270,943
TOTAL	800,075,279	425,172,098

L. EMPLOYEE BENEFITS EXPENSE

	March 13	March 12
Salary, Bonus & Incentives	202,444,878	159,927,812
Company's Contribution to P.F. & Other Funds	11,348,506	9,233,200
Employee Compensation Expenses on account of ESOPs	5,162,881	0
Manpower Outsourcing Charges	16,179,957	14,035,635
Staff Welfare	6,353,865	2,125,958
TOTAL	241,490,087	185,322,605

M. DEPRECIATION

	March 13	March 12
Depreciation on tangible assets	3,330,774	2,490,407
TOTAL	3,330,774	2,490,407

N. OTHER EXPENSES

	March 13	March 12
OTHER EXPENSES:		
Electricity charges	3,659,770	481,013
Rent	18,344,539	12,898,308
Administration Support Charges	7,168,255	6,735,722
Insurance	7,691,956	6,404,185
Rates and Taxes	864,196	305,933
Legal & Professional Charges	2,387,770	3,227,635
Loss on Sale/Retirement of Owned Assets	1,087,391	255,809
Travelling Expenses	25,396,908	19,651,655
Provision for Expenses – Debtors	205,000	30,000
Auditors Remuneration		
– Audit Fees	300,000	300,000
– Other Services	43,670	35,000
Donations	3,418,001	1,015,600
General & Administrative Expenses	35,678,395	24,915,032
TOTAL	106,245,851	76,255,892

NOTES TO THE ACCOUNTS

for the year ended March 31, 2013

O. 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, handling charges & broker retainer's fees and is accounted for net of Service Tax.
- 4) **Share Issue Expenses:**
Expenses incurred in connection with fresh issue of share capital are adjusted against Securities Premium Account in the year in which they are incurred.
- 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 cost less than Rs. 5000/- are written off in the year of purchase.
- 7) **Employee Benefits:**
Retirement Benefits in respect of gratuity at retirement/cessation are provided for based on valuations, as the Balance Sheet date, made by independent actuaries.
 - a. **Defined Contribution Plans –**
Company's contribution paid/payable during the year to Provident Fund, Superannuation and Labour Welfare Fund are recognised in Profit & Loss Account.
 - b. **Defined Benefit Plan –**
Company's liabilities towards gratuity & leave encashment is determined using the Projected Unit Credit Method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.
- 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

NOTES TO THE ACCOUNTS

for the year ended March 31, 2013

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

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.

NOTES TO 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 Companies:

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

Key Management Personnel

Managing Director : Dr. Jaideep Devare

Amounts in brackets represent amounts pertaining to previous financial year.

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)	2,25,76,151	2,79,74,552	-
		(1,81,84,659)	(1,65,18,318)	-
	Handling Charges (Gross of Service Tax)	8,19,53,361	-	-
		(8,06,84,450)	(Nil)	-
2	EXPENSE			
	Other Expenses (Gross of Service Tax)	1,41,57,471	1,81,89,297	48,72,399
		(84,30,673)	(1,55,04,817)	(42,87,228)

NOTES TO THE ACCOUNTS

for the year ended March 31, 2013

(in Rupees)

Sr. No	Nature of Transactions	Holding Companies*	Fellow subsidiary Companies	Key Management Personnel
3	FINANCE			
	Inter Corporate Deposits given	51,40,00,000	21,25,00,000	-
		(23,77,00,000)	(22,00,00,000)	-
	Dividends Paid (for previous year)	3,75,00,000	-	-
		(1,00,00,000)	-	-
	Dividends Paid (for current year)	10,00,00,000	-	-
4	OTHER TRANSACTIONS			
	Purchase of Fixed Assets	-	-	-
		-	(10,88,000)	-
	Sale of Fixed Assets	-	-	-
		-	-	-
5	OUTSTANDINGS			
	Receivables	3,94,73,327	94,19,084	-
		(4,29,87,823)	(88,16,098)	-
	Payables	76,65,272	31,69,390	-
		(11,58,857)	(12,93,467)	-

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

- 5) Earnings in Foreign Currency for FY 2012-13 are Rs. 64,47,930/- (Previous Year Rs. Nil)
- 6) Expenditure incurred in Foreign Currency – Rs. 29,58,426/- (Previous Year Rs. 18,27,746/-)
- 7) The company has incurred a cost of Rs. 5,162,881/- (previous year Rs.7,816,174/- borne by Mahindra & Mahindra Financial Services Limited (MMFSL)) towards ESOPs granted by the holding company, MMFSL.
- 8) In accordance with the provisions of Accounting Standard – 15 (revised) issued by the Institute of Chartered Accountants of India; cost of employee benefits in the form of compensated absences for the period ended 31st March 2013 is Rs. 27,01,805/- (Previous Year Rs. 28,82,491/-) and has been recognised in the Profit & Loss Account as such. The Present Value of obligation on account of such compensated absences is Rs. 53,74,836/- (Previous Year Rs. 50,25,579/-) as on 31st March 2013.

NOTES TO THE ACCOUNTS

for the year ended March 31, 2013

9) Defined Employee Benefits:

	Gratuity Funded March 2013	March 2012	In Rupees Leave Non-Funded March 2013
I. Change in Obligation during the year ended 31st March 2013			
1. Present value of obligation as the beginning of the year	4,641,070	3,389,211	-
2. Interest Cost	432,936	323,666	-
3. Current Service Cost	4,685,508	3,574,209	1,534,747
4. Actuarial (Gain)/Loss on Obligations	(2,785,507)	(2,511,821)	3,840,089
5. Benefits Paid	(393,704)	(134,195)	-
6. Present value of Defined Benefit Obligation at the end of the year.	6,580,303	4,641,070	5,374,836
II. Change in Assets during the Year ended 31st March 2013			
1. Plan Assets at the beginning of the year	4,804,595	3,804,595	-
2. Expected return on plan assets.	403,280	317,564	-
3. Contributions by Employer	1,996,952	1,000,000	-
4. Actual benefits paid	(393,704)	(134,195)	-
5. Actual Gain/(Losses)	(9,576)	(183,369)	-
6. Plan Assets at the end of the year	6,801,547	4,804,595	-
III. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March 2013			
1. Present Value of Defined Obligation as at 31st March 2013	6,580,303	4,641,070	5,374,836
2. Fair Value of plan assets as at 31st March 2013	6,801,547	4,804,595	-
3. Fund status (Surplus/(Deficit))	221,244	163,525	(5,374,836)
4. Net Assets/ (Liability) as at 31st March 2013	221,244	163,525	(5,374,836)
IV. Expenses recognised in the statement of Profit and Loss for the year ended 31st March 2013			
1. Current Service cost	4,685,508	3,574,209	1,534,747
2. Interest Cost	432,936	323,666	-
3. Expected return on Plan Assets	(403,280)	(183,369)	-
4. Net Actuarial (Gains)/Losses (Net of Opening Actuarial Gain/(Loss) adjustment)	(2,775,931)	(2,462,647)	3,840,089

NOTES TO THE ACCOUNTS

for the year ended March 31, 2013

	Gratuity Funded	In Rupees	
	March 2013	March 2012	Leave Non-Funded March 2013
5. Expenses recognised in statement of Profit & Loss	1,939,233	1,251,859	5,374,836
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	Projected Unit Credit Method	Projected Unit Credit Method
VII. Actuarial Assumption			
1. Discount Rate	8%	8%	8%
2. Expected rate of return on plan assets	8%	8%	
3. Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
4. Salary Increment Rate	5%	5%	5%
5. Retirement Age	60 Years	60 Years	60 Years
6. Withdrawal	Attrition rate of 1% up to the age of 30 Years	Attrition rate of 1% up to the age of 30 Years	Attrition rate of 1% up to the age of 30 Years

VIII. Experience Adjustments

	Year ended				
	March 09	March 10	March 11	March 12	March 13
Defined Benefit obligation at end of the period	1,569,335	2,308,369	3,389,211	4,641,070	65,80,303
Plan assets at the end of period	2,354,595	3,004,595	3,804,595	48,04,595	68,01,547
Funded Status Surplus/ (Deficit)	(785,260)	(696,226)	(415,384)	(1,63,525)	(2,21,244)
Experience adjustments on plan liabilities (gain)/loss	(481,035)	(444,432)	(625,820)	(695,979)	(5,16,858)
Experience adjustments on plan assets gain/(loss)	43,999	(46,895)	(63,952)	(83,037)	(1,05,820)

NOTES TO THE ACCOUNTS

for the year ended March 31, 2013

10) Earnings per share

	March 13	March 12
Amount used as numerator – Balance of Profit after Tax available for shareholders (Rs.)	34,44,64,667	13,50,55,702
Weighted average number of equity shares used in computing basic earnings per share	25,00,847	25,00,000
Weighted average number of equity shares used in computing diluted earnings per share	25,00,847	25,00,000
Basic earnings per share (Rs.) (Face value of Rs. 10 per share)	137.74	54.02
Diluted earnings per share (Rs.)	137.74	54.02

- 11) In accordance with Accounting Standard 22 on Accounting for Taxes on Income the company has accounted for Deferred Tax Asset of Rs. 4,48,082/- (Previous Year Rs. 3,11,408/-) as at 31st March 2013. The break up of the Deferred Tax Asset as at 31st March 2013 is as under:

Particulars	In Rupees	
	Deferred Tax Asset/ (Liability) March 2013	Deferred Tax Asset/ (Liability) March 2012
Provision for Doubtful Debts	4,19,777	3,34,184
Depreciation	(18,25,371)	(17,30,049)
Gratuity	(75,201)	(53,056)
Leave Encashment	18,26,907	16,30,549
Bonus and Incentive	1,01,970	129,780
TOTAL	4,48,082	3,11,408

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

Signatures to Notes to Accounts

For B. K. Khare & Co.

Chartered Accountants
Firm Regn No. 105102W

H.P. Mahajani

Partner
Membership No. 30168

Place: Mumbai
Date: 16th April, 2013

Uday Y. Phadke
Director

Ramesh Iyer
Director

Hemant Sikka
Director

For and on behalf of the Board

Rajeev Dubey

Chairman

V. Ravi
Director

Dr. Jaideep Devare
Managing Director