

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

G

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

H

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

I

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

J

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

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

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



MAHINDRA INSURANCE BROKERS LIMITED 1-25

MAHINDRA RURAL HOUSING FINANCE LIMITED 27-51

MAHINDRA BUSINESS & CONSULTING SERVICES PRIVATE LIMITED 53-68

27-51

MAHINDRA RURAL HOUSING FINANCE LIMITED

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Directors' Report

To,
The Shareholders of
Mahindra Rural Housing Finance Limited

Your Directors have pleasure in presenting their Fifth Report together with the audited accounts of your Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

In Rupees

Particulars	MARCH 2012	MARCH 2011
Total Income	85,74,32,113	48,61,44,408
Less: Finance Costs	32,73,23,879	13,24,46,755
Expenditure	36,40,29,248	22,99,11,924
Depreciation	47,30,443	19,91,998
Total Expenses	69,60,83,570	36,43,50,677
Profit Before Tax	16,13,48,544	12,17,93,731
Less: Provision for Tax		
Current Tax	5,26,02,340	3,79,00,000
Deferred Tax	(1,03,63,523)	(46,83,087)
Profit After Tax for the year	11,91,09,727	8,85,76,818
Profit / (Loss) brought forward from previous year	4,41,74,664	7,57,575
Amount available for Appropriation	16,32,84,391	8,93,34,393
Appropriations:		
Statutory Reserve	3,61,36,184	2,78,35,000
Proposed dividend on equity shares	3,19,99,996	1,48,57,142
Income-tax on proposed dividend	51,91,199	24,67,587
Surplus carried to Balance Sheet	8,99,57,012	4,41,74,664
	16,32,84,391	8,93,34,393

OPERATIONS

During the year ended 31st March, 2012, your Company has disbursed loans aggregating Rs. 266.75 crores (previous year Rs. 203.63 crores). The profit after tax for the year ended 31st March, 2012 was Rs. 11.91 crores (previous year Rs. 8.86 crores). The outstanding loan portfolio as at 31st March, 2012 stood at Rs. 535.23 crores.

Your Company continued its focus on serving customers in rural India. More than 90 per cent of the loans disbursed were to customers in villages with an average annual household income of less than Rupees Two lakhs. During the year under review, over 32,000 households were given home loans as against cumulative of 29,956 households till 31st March, 2011, since its inception.

The housing loans sanctioned during the year ended 31st March, 2012 were to the extent of Rs. 292.16

crores as against Rs. 263.05 crores sanctioned during the previous year. The cumulative loans sanctioned by your Company as at the end of financial year 2011-12 was Rs. 718.44 crores as compared to Rs.426.28 crores in the previous year. The cumulative loan disbursement at the end of the year stood at Rs. 607.36 crores as compared to Rs. 340.61 crores in the previous year.

Your Company has been expanding its geographical presence, by leveraging the infrastructure of its parent Company, Mahindra & Mahindra Financial Services Limited, and currently operates in the states of Maharashtra, Gujarat, Rajasthan, Tamilnadu, Andhra Pradesh, Kerala, Karnataka and Madhya Pradesh.

DIVIDEND

Your Directors recommend a dividend of Re. 0.70 per Equity Share on 45,714,280 Equity Shares of Rs.10 each, aggregating Rs.3.20 crores. The above dividend,



Directors' Report

if approved, will be paid to those Members whose names appear in the Register of Members as on the Record Date fixed for this purpose. The dividend including dividend tax will absorb a sum of Rs.3.72 crores (as against Rs.1.73 crores on account of dividend of Re. 0.50 per Equity Share, paid for the previous year).

GOLDEN JUBILEE RURAL HOUSING FINANCE SCHEME

Your Company during the year under review has disbursed Rs.261.58 crores in respect of 32,951 dwelling units under the Golden Jubilee Rural Housing Finance Scheme ("the Scheme") of Government of India. The cumulative disbursements at the end of the year under the Scheme stood at Rs.567.84 crores in respect of 61,275 dwelling units.

FINANCE

During the year under review, the Reserve Bank of India continued to adopt a calibrated approach by hiking the Repo rate five times from 6.75% to 8.50%, mainly to tame inflationary pressure. Introduction of Base Rate system from July, 2010 and frequent hikes in Repo Rate in the last two years resulted in medium/long term interest rate moving up by approximately 200 basis points. However, your Company did not raise its lending rates during the year under review, passing on the benefits of operational efficiency to the customer.

During the year under review, your Company has availed of a total sanction of Refinance Assistance from National Housing Bank (NHB) of Rs.75.00 crores. As on 31st March, 2012 refinance assistance sanctions from NHB cumulatively amounted to Rs.225.00 crores.

As part of its Liability Management, your Company endeavours to achieve an appropriate maturity structure. During the year under review, Term Loans of Rs.200.00 crores were availed from bank(s).

CREDIT RATING

CRISIL has reaffirmed 'CRISIL A+/Stable' rating to your Company. During the year under review, CRISIL has assigned its 'CRISIL A1+' rating to the short-term

debt programme (including commercial paper), which is the highest rating for short term borrowing programme.

CAPITAL ADEQUACY

As at 31st March, 2012, the Capital to Risk Asset Ratio (CRAR) of your Company was 19.41% as against the minimum requirement of 12.00% stipulated by the National Housing Bank.

NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company scrupulously adhered to the prudential guidelines for Non-Performing Assets (NPAs), issued by the National Housing Bank (NHB) under its Housing Finance Companies (NHB) Directions, 2010, as amended from time to time.

INSURANCE PROTECTION TO BORROWERS

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

HUMAN RESOURCES AND TRAINING

Human resource development is vital for effective implementation of business plans. In the current scenario an organization requires a more sophisticated approach for managing and developing human capital, which gives a Company the desired competitive advantage to survive in the long run.

Your Company took a number of initiatives to strengthen human resources during the year. In pursuance of the Company's commitment to develop and retain the best available talent, the Company has been sponsoring the employees for training programmes organized by reputed professional institutions and training programmes conducted by National Housing Bank for upgrading the skill and knowledge of the employees in different operational areas.

NATIONAL HOUSING BANK GUIDELINES

Your Company has complied with all the applicable regulations of the National Housing Bank (NHB). Your Company has scrupulously adhered to various Circulars, Guidelines and Notifications issued by NHB from time to time. The Circulars and the Notifications issued by NHB are also placed before the Board at regular intervals.

STANDARD ASSETS' PROVISIONING

Pursuant to Notification No.NHB.HFC.DIR.3/CMD/2011 issued by National Housing Bank for making a general provision at 0.40 per cent on the outstanding standard assets of Housing Finance Companies, your Company has made provision of Rs.2.10 crores for the year ended 31st March, 2012, towards the same.

DIRECTORS

Mr. Ramesh Iyer was appointed as the Chairman of the Board of Directors in place of Mr. Uday Y. Phadke with effect from the conclusion of the Board Meeting held on 14th October, 2011.

Mr. K. Chandrasekar was appointed as an Additional Director at the Meeting of the Board of Directors held on 16th January, 2012 and holds office up to the date of the forthcoming Annual General Meeting to be held on 16th July, 2012.

The Company has received a notice from a member under section 257 of the Companies Act, 1956, signifying his intention to propose Mr. K. Chandrasekar as a candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

The Board of Directors at its Meeting held on 16th January, 2012 had appointed Mr. Anuj Mehra, Manager of the Company as the Managing Director for a period of three years. The Shareholders at the Extraordinary General Meeting held on 9th March, 2012 had approved the said appointment.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 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.

AUDIT COMMITTEE

The Audit Committee of the Board presently comprises of Mr. Ramesh Iyer (Chairman of the Committee), Mr. Uday Y. Phadke and Mr. V. Ravi. During the year under review, Mr. Ramesh Iyer was appointed as the Chairman of the Committee in place of Mr. Uday Y. Phadke with effect from 14th October, 2011. The Audit Committee met twice during the year under review.

REMUNERATION / COMPENSATION COMMITTEE

The Remuneration/Compensation Committee of the Board comprises of Mr. Ramesh Iyer, Mr. Uday Y. Phadke and Mr. V. Ravi. The Remuneration/Compensation Committee met three times during the year under review.



Directors' Report

ASSET LIABILITY COMMITTEE

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

AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting, and have given their consent for re-appointment. The shareholders will be required to elect Auditors for the current year 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 M/s. B.K. Khare & Co., Chartered Accountants 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 deposits from the public or its employees during the year under review.

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

CODES OF CONDUCT

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

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

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 I to this Report.

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

As required under section 217(2A) of the Companies Act, 1956 and Rules thereunder, a statement containing particulars of the Company's employee who was in receipt of remuneration of not less than Rs.60,00,000 per annum during the year ended 31st March, 2012 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.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Ramesh Iyer
 Chairman

Mumbai, 17th April, 2012

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

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, 2012.

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on foreign exchange outgo is furnished in the Notes to the Accounts. There were no foreign exchange earnings during the year.

For and on behalf of the Board

Ramesh Iyer
 Chairman

Mumbai, 17th April, 2012



Directors' Report

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

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 2012.

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
Mr. Anuj Mehra	Managing Director	78,95,525/-	Bachelor in Economics, P.G.D.M., I.I.M. (Ahmedabad)	28	51	1st March, 2009	Vice President – Marketing, Mahindra Lifespace Developers Limited

Notes:

- Nature of employment is contractual, subject to termination on one month's notice on either side.
- The above employee is not a relative of any Director of the Company.
- 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.
- Terms and conditions of employment are as per Company's Rules/contract.
- Gross remuneration received as shown in the statement includes Salary, Bonus, House Rent Allowance or value of perquisites for accommodation, car perquisites value/allowances applicable, employer's contribution to Provident Fund, Superannuation scheme and Gratuity Fund including group insurance premium, leave travel facility, reimbursement of medical expenses and all allowances/perquisites and terminal benefits as applicable.

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 17th April, 2012

Auditors' Report

To,
The Members **Mahindra Rural Housing Finance Limited**

We have audited the attached Balance Sheet of **M/s. Mahindra Rural Housing Finance Limited**, as at 31 March 2012, Statement of Profit and Loss 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. These 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, as amended from time to time, 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;
- 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;

- In our opinion, the Balance Sheet, Statement of Profit and Loss 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;
- 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;
- 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 Company's 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 Statement of Profit and Loss, of the profit for the year ended on that date.
 - in the case of Cash Flow Statement, of the cash flows for the year ended as on that date.

For **B. K. KHARE & CO.**

Chartered Accountants
(FRN : 105102W)

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Mumbai
Dated : 17th April, 2012



Annexure to the Auditors' Report

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

1. i. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- ii. Fixed assets have been physically verified by the management during the year. In our opinion, management's program of verification provides for physical verification of all fixed assets at reasonable intervals. No material discrepancies were noticed on such verification.
- iii. No fixed assets were disposed off during the year.
2. The company is not engaged in any manufacturing activity and therefore Clause 4(ii) of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
3. i. In our opinion and according to the information and explanations provided to us, during the period, Company has not granted any loans to parties covered under section 301 of the Companies Act, 1956.
- ii. During the period, Company has not taken any unsecured loans from the 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. No major weaknesses in internal control system were noticed in the course of our audit.
5. i. In our opinion and according to the information and explanations given to us all the particulars of contracts and arrangements referred in section 301 of the Act have been entered in the register required to be maintained under that section.
- ii. In our opinion and according to the information and explanations given to us each of these transactions in respect of any such parties during the financial period have been made at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, provisions of sections 58A, 58AA and any other relevant provisions of the Act and the rules framed there under, in respect of deposits accepted from the public are not applicable to the company as the company has not accepted any deposits from the public.
7. In our opinion and according to the information and explanations provided to us the company has an internal audit system, which is commensurate with its size and nature of its business.
8. In respect of the activities of the company, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
9. i. On the basis of our examination of books of accounts and according to the information and explanations given to us the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax and Service Tax, cess and other applicable statutory dues with the appropriate authorities.
- ii. There are no disputed tax dues remaining to be deposited with the relevant authority.
10. On the basis of our examination of books of accounts and documents and according to the information and explanations given to us the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
11. From the examination of books of accounts and according to the information and explanations provided to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The company is not a Chit fund, nidhi, mutual benefit fund or a society.
13. The company is not dealing or trading in shares, securities, debentures or any other investments.
14. In our opinion and according to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or

Annexure to the Auditors' Report

15. In our opinion 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 obtained.
16. 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.
17. During the period, no preferential allotment of shares was made to any of the entities covered in the register maintained under section 301 of the Companies Act, 1956.
18. Company has not issued any secured debentures.
19. During the period, company has not made any public issue of its equity shares.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company were noticed or reported during the year.

For **B. K. KHARE & CO.**
 Chartered Accountants
 (FRN : 105102W)

Padmini Khare Kaicker
 Partner
 Membership No. 44784

Place : Mumbai
 Dated : 17th April, 2012



Balance Sheet as at 31st March, 2012

	Note No.	In Rupees	
		March 2012	March 2011
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital	3	45,71,42,800	29,71,42,820
b) Reserves and Surplus	4	15,94,49,834	7,75,31,302
		61,65,92,634	37,46,74,122
2) Non-current liabilities			
a) Long term borrowings	5	3,51,36,28,670	2,25,05,58,503
b) Long term provisions	6	3,63,52,518	1,28,82,937
		3,54,99,81,188	2,26,34,41,440
3) Current liabilities			
a) Short term borrowings	7	32,00,00,000	15,50,00,000
b) Trade payables	8	8,03,09,987	7,97,96,657
c) Other current liabilities	9	89,64,40,565	27,45,23,700
d) Short term provisions	10	7,71,57,141	5,09,16,096
		1,37,39,07,694	56,02,36,453
Total		5,54,04,81,515	3,19,83,52,015
II. ASSETS			
1) Non-current assets			
a) Fixed Assets	11		
i) Tangible assets		2,15,69,158	1,06,38,600
b) Deferred tax assets (Net)	16	1,64,53,274	60,89,751
c) Long term loans and advances	12	4,28,01,59,881	2,57,39,84,997
		4,31,81,82,312	2,59,07,13,348
2) Current assets			
a) Cash and cash equivalents	13	13,44,35,759	2,29,33,953
b) Short Term Loans & Advances	14	1,08,78,63,444	58,47,04,714
		1,22,22,99,203	60,76,38,667
Total		5,54,04,81,515	3,19,83,52,015
Significant Accounting Policies and Notes on Accounts	1 & 2		

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

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

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

Ramesh Iyer
Chairman

Anuj Mehra
Managing Director

Padmini Khare Kaicker
Partner
Membership No.44784
Mumbai, April 17, 2012

Uday Y. Phadke
Director

V. Ravi
Director

V. Rajan
Director

K. Chandrasekar
Director

Dharmesh Vakharia
Chief Financial Officer
Mumbai, April 17, 2012

Binal Thakker
Company Secretary

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

Particulars	Note No.	In Rupees	
		March 2012	March 2011
I. Revenue from operations	17	85,63,63,034	48,60,62,919
II. Other income	18	10,69,079	81,489
III. Total Revenue (I + II)		85,74,32,113	48,61,44,408
IV. Expenses:			
Employee benefits expense	19	17,49,30,680	12,42,66,973
Finance costs	20	32,73,23,879	13,24,46,755
Depreciation and amortization expense	21	47,30,443	19,91,998
Provisions & Write Offs	22	2,95,84,399	1,30,39,975
Other expenses	23	15,95,14,169	9,26,04,976
Total expenses		69,60,83,570	36,43,50,677
V. Profit before tax (III - IV)		16,13,48,544	12,17,93,731
VI. Tax expense:			
(1) Current tax		5,26,02,340	3,79,00,000
(2) Deferred tax		(1,03,63,523)	(46,83,087)
VII. Profit (Loss) for the period from continuing operations (V - VI)		11,91,09,727	8,85,76,818
VIII. Profit (Loss) for the period		11,91,09,727	8,85,76,818
IX. Earnings per equity share (Rupees) :			
(1) Basic		2.95	3.59
(2) Diluted		2.61	1.94
Significant Accounting Policies and Notes on Accounts	1 & 2		

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

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

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

Ramesh Iyer
Chairman

Anuj Mehra
Managing Director

Padmini Khare Kaicker
Partner
Membership No.44784
Mumbai, April 17, 2012

Uday Y. Phadke
Director

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Director

K. Chandrasekar
Director

Dharmesh Vakharia
Chief Financial Officer
Mumbai, April 17, 2012

Binal Thakker
Company Secretary



Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

01 SIGNIFICANT ACCOUNTING POLICIES (SAP):

1) Accounting Convention

The accounts have been prepared to comply in all the material aspects with (a) applicable Accounting Principles in India, (b) the Accounting Standards issued by The Institute of Chartered Accountants of India and (c) relevant provisions of The Companies Act, 1956. Further, the Company follows prudential norms for Income Recognition and provisioning for Non-performing Assets as prescribed by The National Housing Bank.

2) Use Of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

3) Inflation

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

4) Revenue Recognition

i. General:

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges and service charges, fee based income, which on account of uncertainty of ultimate collection are accounted on receipt basis. In accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies, income on business assets classified as Non-performing Assets, is recognised on receipt basis.

ii. Interest and other income from Housing Loans :

Repayment of housing loans is generally by way of Equated Monthly/Quarterly/Half yearly Installments (EMIs) comprising principal and interest. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is accounted every month.

iii. Income From Investments:

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

- Interest income is accounted on accrual basis.

5) Fixed Assets

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

6) Investments

Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any.

Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

7) Depreciation

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

- Office Equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV.
- Assets costing less than Rs.5,000/- are fully depreciated in the year of purchase and
- Vehicles used by employees are depreciated over the maximum period of 48 months based on the useful life of vehicle for the Company.

8) Income-Tax

The accounting treatment for Income-tax in respect of the Company's income is based on Accounting Standard 22 (AS -22) "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. The provision for Income-tax made in the Accounts shall comprise of Tax on current income and Deferred Tax. Deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit and Loss Account; and the cumulative effect thereof is reflected in the Balance Sheet. The major components of the respective balances of deferred tax assets and liabilities are disclosed in the Accounts.

9) Miscellaneous Expenditure

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

10) Employee Benefits

Retirement Benefits in respect of gratuity at retirement/

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

cessation are provided for based on valuations, as at the Balance Sheet date, made by independent actuaries.

(a) Defined Contribution Plans –

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

(b) Defined Benefit Plan –

Company's liabilities towards gratuity & sick leave 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.

- Liability on account of encashment of leave to employees is considered as short term compensated expense provided at actuals.

11) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. The expenditure

incurred in raising long-term borrowings is amortised over the period of borrowings. On early repayment of borrowings, any unamortized expenditure is fully written off in that year.

02 NOTES TO THE ACCOUNTS:

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

In line with notification No. NHB.HFC.DIR.3/CMD/2011 issued by National Housing Bank, the company has made (a) provision @ 0.40 % on Standard Assets outstanding as on 31st March 2012 amounting to Rs. 210.29 lacs. Hitherto, till previous year the company was making a voluntary provision @0.25% on outstanding standard assets. In view of this increase in provisioning, an additional provision of Rs. 78.23 lacs during the year and (b) additional provision at higher percentage on substandard, doubtful and loss assets amounting to Rs. 48.17 lacs. The total additional provision for the year is Rs. 126.40 lacs.

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

2.3. Employee Benefits:

Defined Benefit Plans -As per Actuarial valuation on 31st March, 2012



Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

In Rupees

	Gratuity (Funded)		Sick leave (Non-funded)	
	Mar-12	Mar-11	Mar-12	Mar-11
I. Expense recognised in the Statement of Profit & Loss Account for the period ended 31st March				
1 Current service cost	24,43,422	13,76,191	6,22,944	4,68,922
2 Interest cost	1,31,667	78,996	20,677	13,012
3 Expected return on plan assets	(2,15,692)	(97,101)	0	0
4 Actuarial (Gains)/Losses	(15,85,225)	(8,96,099)	(4,20,355)	(3,52,862)
5 Total expense	7,74,172	4,61,987	2,23,266	1,29,072
II. Net asset/(liability) recognised in the Balance Sheet as at 31st March				
1 Present Value of Defined Benefit obligation as at 31st March	22,85,175	12,95,311	4,68,786	2,45,520
2 Fair value of plan assets as at 31st March	32,33,639	14,59,229	0	0
3 Funded status (surplus/(deficit))	9,48,464	1,63,918	(4,68,786)	(2,45,520)
4 Net asset/(liability) as at 31st March	9,48,464	1,63,918	(4,68,786)	(2,45,520)
III. Change in the obligations during the period ended 31st March				
1 Present Value of Defined Benefit obligation at the beginning of the year	12,95,311	7,36,223	2,45,520	1,16,448
2 Current service cost	24,43,422	13,76,191	6,22,944	4,68,922
3 Interest cost	1,31,667	78,996	20,677	13,012
4 Actuarial (Gains)/Losses	(15,85,225)	(8,96,099)	(4,20,355)	(3,52,862)
5 Benefits paid	0	0	0	0
6 Present Value of Defined Benefit obligation at the end of the period	22,85,175	12,95,311	4,68,786	2,45,520
IV. Change in the fair value of plan assets during the period ended 31st March				
1 Fair value of plan assets at the beginning of the year	14,59,229	6,46,848		
2 Expected return on plan assets	2,15,692	97,101		
3 Contributions by employer	15,58,718	7,15,280		
4 Actuarial (Gains)/Losses	0	0		
5 Actual Benefits paid	0	0		
6 Fair value of plan assets at the end of the period	32,33,639	14,59,229		
V. Major category of plan assets as a percentage of total plan				
Funded with LIC	100%	100%		
Others				
VI. Actuarial Assumptions				
1 Discount Rate	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.
2 Expected Rate of return on plan assets	8.00% p.a.	8.00% p.a.		
3 Rate of Salary increase	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.
4 In-service Mortality	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE		

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

Experience Adjustments for Gratuity:

In Rupees

	Period Ending			
	31/3/2009	31/3/2010	31/3/2011	31/3/2012
1 Defined Benefit obligation at end of the period	3,30,947	7,36,223	12,95,311	22,85,175
2 Plan assets at the end of period	92,140	6,46,848	14,59,229	32,33,639
3 Funded Status Surplus/ (Deficit)	(2,38,807)	(89,375)	1,63,918	9,48,464
4 Experience adjustments on plan liabilities (gain)/loss	(69,052)	1,42,327	(3,70,053)	(6,02,565)
5 Experience adjustments on plan assets gain/(loss)	-	-	-	-

2.4. The Company has only one reportable segment of business viz. Housing Finance business for the purpose of AS-17 "Segment Reporting" and all other activities are incidental to the main business activity.

2.5. In accordance with Accounting Standard 20 (AS-20) "Earning Per Share" issued by The Institute of Chartered Accountants of India, the EPS is calculated as follows:

Particulars	March 2012	March 2011
Net Profit/(Loss) attributable to Equity Share Holders	11,91,24,662	8,85,76,818
Weighted Average Number of Shares (Basic)	40337231	29714277
Weighted Average Number of Shares (Diluted)	45714280	29714277
EPS – (Basic) (Rs.)	2.95	3.59
EPS – (Diluted) (Rs.)	2.61	1.94

2.6. Loan receivable includes Rs. 14,85,57,106 outstanding towards financing of insurance as of March, 2012 and Rs. 8,68,29,142 as of March, 2011.

2.7. The Holding Company, Mahindra & Mahindra Financial Services Limited (MMFSL), has incurred cost of Rs. 45,60,390 (Previous year Rs. 9,13,877) and Mahindra and Mahindra Limited has incurred cost of Rs. 12,558 (Previous year Rs. 26,083) on account of issuance of Employee Stock Options (ESOS) to employees of the Company.

2.8. The company has incurred an expenditure in Foreign Currency of Rs. 1,59,129 (previous year Rs. nil) with respect to the foreign business travel.

2.9. The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule VI of The Companies Act, 1956 is not given.

2.10. Related Party Disclosure as per Accounting Standard 18:

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

Holding Company / Companies :	Mahindra & Mahindra Limited*
	Mahindra & Mahindra Financial Services Limited
Fellow Subsidiary Companies :	Mahindra Insurance Brokers Limited
	Mahindra Business & Consulting Services Pvt. Ltd.
	Mahindra Consulting Engineers Ltd.
Key Management Personnel :	Mr. Anuj Mehra (Managing Director)

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

Related Parties transactions are as under.

Sr. No.	Nature of transactions	In Rupees		
		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
1	Expenses			
	Interest	12,73,59,403	1,65,18,315	-
		(5,02,37,468)	(75,70,511)	-
	Other Expenses	2,73,34,923	3,92,44,695	78,95,525
		(1,33,23,505)	(2,12,89,310)	(67,33,567)
2	Issue of equity shares (Call money recd)	14,00,00,000	-	-
		(14,00,00,000)	-	-
3	Finance			
	Inter Corporate Deposits taken (including interest accrued but not due)	33,99,21,126	22,68,75,197	-
		(1,15,49,80,262)	(15,89,37,003)	-
4	Purchase of Fixed Assets/Capital Advances	69,44,000	-	-
		-	-	-
5	Outstanding			
	Payables	36,07,046	72,57,619	-
		(69,46,405)	(47,93,737)	-

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

2.11. Previous period's figures have been regrouped wherever necessary.

03

Particulars	In Rupees	
	March 2012	March 2011
SHARE CAPITAL		
Authorised Capital :		
10,00,00,000 Equity shares of Rs.10/- each (Previous Year 5,00,00,000 shares of Rs. 10/- each)	1,00,00,00,000	50,00,00,000
During the year, the Company has increased its authorized capital from Rs. 50 cr (5,00,00,000 equity shares of Rs. 10 each) to Rs. 100 cr (10,00,00,000 equity shares of Rs. 10 each).		
Issued Capital :		
4,57,14,280 Equity shares of Rs.10/- each (Previous Year 4,57,14,280 shares of Rs. 10/- each)	45,71,42,800	45,71,42,800
Subscribed and Paid-up Capital :		
4,57,14,280 Equity shares of Rs.10/- each fully paid up (Previous year 57,14,285 shares of Rs. 10/- each fully paid up and 3,99,99,995 Shares are partly paid of Rs. 6 /- each)	45,71,42,800	29,71,42,820
During the year, the Company has made a balance call of Rs. 4 per equity share on 3,99,99,995 Equity shares of Rs. 10 each (3,50,00,000 shares to MMFSL and 49,99,995 shares to National Housing Bank)		
Total	45,71,42,800	29,71,42,820

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

Particulars	In Rupees	
	March 2012	March 2011
Other quantitative information		
a) Reconciliation of number of equity shares -		
Number of equity shares outstanding at the beginning of the year	4,57,14,280	4,57,14,280
	4,57,14,280	4,57,14,280
Less : Shares bought back during the year	-	-
Number of equity shares outstanding at the end of the year	4,57,14,280	4,57,14,280
b) Reconciliation of equity shares - in value		
Amount of equity shares outstanding at the beginning of the year	29,71,42,820	13,71,42,840
Add : Fresh allotment of shares during the year :		
Call made for partly paid up shares	15,99,99,980	15,99,99,980
Amount of equity shares outstanding at the end of the year	45,71,42,800	29,71,42,820
c) 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 (Equity shares of Rs.10/- each) (including 6 shares held jointly with nominees)	4,00,00,000	4,00,00,000
Percentage of holding (%)	87.50%	87.50%
d) Shareholders holding more than 5 percent shares :		
Mahindra & Mahindra Financial Services Limited	4,00,00,000	4,00,00,000
Percentage of holding (%)	87.50%	87.50%
National Housing Bank	57,14,280	57,14,280
Percentage of holding (%)	12.50%	12.50%

04

Particulars	In Rupees	
	March 2012	March 2011
RESERVES AND SURPLUS		
Statutory Reserve		
Opening balance as per last Balance Sheet	3,33,56,638	55,21,638
Add : Transfer during the year	3,61,36,184	2,78,35,000
	6,94,92,822	3,33,56,638
Less : Deductions during the year		
Closing Balance	6,94,92,822	3,33,56,638
Surplus :		
Balance Profit (for earlier years) as per last Balance Sheet	4,41,74,664	7,57,575
Add : Profit for the current year transferred from Statement of Profit & Loss	11,91,09,727	8,85,76,818
	16,32,84,391	8,93,34,393
Less : Allocations & Appropriations :		
Statutory Reserve	3,61,36,184	2,78,35,000
Proposed Dividend On Equity Shares	3,19,99,996	1,48,57,142
Corporate Dividend Tax on Equity Shares	51,91,199	24,67,587
	7,33,27,379	4,51,59,729
Balance Profit carried to Balance Sheet	8,99,57,012	4,41,74,664
Total	15,94,49,834	7,75,31,302

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

05	Particulars	In Rupees	
		March 2012	March 2011
	LONG-TERM BORROWINGS		
	a) Secured -		
	Term loans :		
	- from banks	1,78,60,52,632	27,08,33,334
	- from others (NHB)	1,38,79,24,000	84,42,14,000
	Terms of Repayment		
	Secured Term Loan from Banks, the installment of which are due quarterly and Half yearly and the tenure of the loan ranging from 3 Years to 5 Years	Secured Against Loan Receivable & book debts	
	Secured Term Loan from NHB, the installment of which are due quarterly and Half yearly and the tenure of the loan ranging from 5 years to 7 years.	Loan Receivable & book debts	
	Total	3,17,39,76,632	1,11,50,47,334
	b) Unsecured -		
	Loans and advances from related parties (Inter Corporate Deposits taken for 18 months maturity)	33,96,52,038	1,13,55,11,169
	Total	33,96,52,038	1,13,55,11,169
	Total (a+b)	3,51,36,28,670	2,25,05,58,503

06	Particulars	In Rupees	
		March 2012	March 2011
	LONG-TERM PROVISIONS		
	Provision for Non Performing Assets	1,95,60,557	65,41,568
	Provision for Standard Assets	1,67,91,961	63,41,369
	Total	3,63,52,518	1,28,82,937

07	Particulars	In Rupees	
		March 2012	March 2011
	SHORT TERM BORROWINGS		
	Unsecured -		
	Loans repayable on demand		
	- from Banks and financial institutions	10,00,00,000	-
	Loans and advances from related parties (Inter Corporate Deposits taken for 365 days maturity)	22,00,00,000	15,50,00,000
	Total	32,00,00,000	15,50,00,000

08	Particulars	In Rupees	
		March 2012	March 2011
	TRADE PAYABLES		
	Trade Payables for Finance	15,22,445	35,37,702
	Trade Payables for Expenses	7,87,87,542	7,62,58,955
	Total	8,03,09,987	7,97,96,657

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

09	Particulars	In Rupees	
		March 2012	March 2011
	OTHER CURRENT LIABILITIES		
	Current maturities of long-term debt		
	Secured -		
	Loans repayable		
	- from Banks and financial institutions	45,14,47,368	7,08,33,333
	- from others (NHB)	30,06,16,000	15,64,32,000
	(Refer to note 5 for terms)		
	Total	75,20,63,368	22,72,65,333
	Interest accrued but not due on borrowings	5,85,98,474	4,02,15,706
	Credit balances in Current Accounts with Banks	7,66,06,639	7,45,545
	Other Current Liabilities	91,72,084	62,97,116
	Total	89,64,40,565	27,45,23,700

10	Particulars	In Rupees	
		March 2012	March 2011
	SHORT-TERM PROVISIONS		
	Provision for employee benefits	3,08,20,730	2,63,46,574
	Provision for Non Performing Assets	48,32,080	15,26,402
	Provisions against Standard Assets	42,37,039	14,27,899
	Proposed Dividend *	3,19,99,996	1,48,57,142
	Corporate Dividend Tax *	52,48,583	24,67,587
	Provision for Taxation (net of taxes paid)	18,713	42,90,492
	Total	7,71,57,141	5,09,16,096

* The Board of Directors have recommended a dividend of Rs. 0.70 per share on Equity Share of Rs. 10/- each for the current financial year. The dividend payout will absorb a sum of Rs. 371.91 Lacs (including dividend distribution tax).

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

Asset Description	GROSS BLOCK AT COST		DEPRECIATION & AMORTISATION		NET BLOCK	
	Balance as at 01/04/2011	Additions for purchase / transfer	Balance as at 01/04/2011	Deductions for the year / transfer	Balance as at 01/04/2011	As at 31/03/2012
FIXED ASSETS						
i) Tangible Assets :						
Computers	43,87,779	51,62,859	5,68,940	12,08,933	38,18,839	76,27,959
Furniture and Fixtures	10,08,160	33,45,374	2,83,186	9,65,552	7,24,974	31,04,796
Vehicles	37,10,744	35,97,024	12,08,668	14,44,465	25,02,076	37,38,857
Office Equipment	42,48,342	46,16,327	6,55,630	11,11,493	35,92,712	70,97,545
Total	1,33,55,025	1,67,21,584	27,16,425	47,30,443	1,06,38,600	2,15,69,157
As on 31-03-2011	44,58,845	92,67,332	7,40,969	19,91,998	37,17,876	1,06,38,600

11

Particulars	March 2012	March 2011
12 LONG-TERM LOANS AND ADVANCES		
(a) Capital Advances	67,42,025	8,45,147
(b) Other loans and advances (employee loans)	7,94,639	10,32,518
Loans against Assets (Secured, including overdue loans)		
Considered good	4,27,26,23,217	2,57,21,07,332
(Loans & Advances include non performing assets of Rs. 7,63,93,285/- (previous period Rs. 3,55,59,833 /-))		
Total	4,28,01,59,881	2,57,39,84,997

Particulars	March 2012	March 2011
13 CASH AND CASH EQUIVALENTS		
Balance with Scheduled Banks in Current Accounts	2,90,77,044	1,83,88,541
Cash on hand	53,57,715	45,45,412
Term Deposits with Scheduled Banks		
- Free of lien	10,00,01,000	-
(Of the above, Rs. NIL(Previsous Year : Rs. NIL) represents deposits with maturity more than 12 months)		
Total	13,44,35,759	2,29,33,953

Particulars	March 2012	March 2011
14 SHORT TERM LOANS & ADVANCES		
Loans against Assets (Secured, including overdue loans) (Current maturities ; specify - secured / unsecured)		
Considered good	1,07,97,08,234	57,97,91,604
(Loans & Advances include non performing assets of Rs. 2,08,92,643/- (previous period Rs. 86,32,000/-))		
Deposits for office premises / others	32,66,430	21,25,575
Other Current Assets	48,88,780	27,87,535
Total	1,08,78,63,444	58,47,04,714

Particulars	March 2012	March 2011
15 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
a) Contingent liabilities		
Legal suits filed by customers in Consumer Forums and Civil courts claiming compensation from the company	15,61,233	-
Total	15,61,233	-

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

16	Particulars	In Rupees	
		March 2012	March 2011
	DEFERRED TAX ASSETS		
	Deferred Tax Assets/Liabilities recognised in the current accounting year in view of certainty of profits and accounted for in accordance with AS-22 on "Accounting for Taxes on Income". The break up of the Deferred Tax Asset as on 31st March, 2012 of Rs. 1,64,53,274/- (previous year Rs. 60,89,751) is as under:		
	Provisioning of Non-performing assets	79,14,191	26,17,653
	Provisioning of Standard Assets	67,68,341	25,20,739
	Depreciation	(6,95,722)	(3,67,128)
	Other Disallowances	24,66,463	13,18,487
	Total	1,64,53,274	60,89,751

17	Particulars	In Rupees	
		March 2012	March 2011
	REVENUE FROM OPERATIONS		
	a) Interest		
	Income from Loans	78,42,62,042	41,63,67,889
		78,42,62,042	41,63,67,889
	b) Other financial services		
	Service Charges & Other Fees on loan transactions	7,21,00,992	6,96,95,030
		7,21,00,992	6,96,95,030
	Total (a + b)	85,63,63,034	48,60,62,919

18	Particulars	In Rupees	
		March 2012	March 2011
	OTHER INCOME		
	Other non-operating income	10,69,079	81,489
		10,69,079	81,489

19	Particulars	In Rupees	
		March 2012	March 2011
	EMPLOYEE BENEFITS EXPENSE		
	Salary, Bonus & Incentives	16,05,58,392	11,60,65,408
	Company's Contribution to Provident Funds & other funds	1,13,18,704	67,57,104
	Staff Welfare Expenses	30,53,583	14,44,461
	Total	17,49,30,680	12,42,66,973

20	Particulars	In Rupees	
		March 2012	March 2011
	FINANCE COST		
	Interest expense	32,21,40,149	13,04,35,011
	Other borrowing costs	51,83,730	20,11,744
	Total	32,73,23,879	13,24,46,755

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

21	Particulars	In Rupees	
		March 2012	March 2011
	DEPRECIATION AND AMORTIZATION EXPENSE		
	Depreciation on tangible assets	47,30,443	19,91,998
	Total	47,30,443	19,91,998

22	Particulars	In Rupees	
		March 2012	March 2011
	PROVISION AND WRITE OFFS		
	Provision for Non Performing Assets	1,63,24,667	52,70,707
	General Provision on Standard Assets	1,32,59,732	77,69,268
	Total	2,95,84,399	1,30,39,975

23	Particulars	In Rupees	
		March 2012	March 2011
	OTHER EXPENSES		
	Electricity Charges	3,26,347	4,610
	Rent	41,70,971	2,56,585
	Repairs & Maintenance -		
	- Buildings	4,60,864	87,000
	- Others	4,500	0
	Insurance	55,71,329	44,87,324
	Rates & Taxes	1,82,613	8,09,416
	Legal & Professional Charges	5,07,52,569	2,86,43,741
	Travelling & Conveyance Expenses	3,17,82,998	1,59,64,146
	Administration Support Charges	2,68,22,923	1,32,32,784
	Loss on Sale / retirement of Owned Assets	1,46,072	0
	Payments to the auditor -		
	(a) as auditor	2,12,360	1,00,000
	(b) for other services	1,84,013	2,00,000
	General & Administrative Expenses	3,88,96,611	2,88,19,370
	Total	15,95,14,169	9,26,04,976



Disclosure in the Balance Sheet (as on : 31st March, 2012)

I. Capital to Risk Assets Ratio (CRAR)

Items	March 2012	March 2011
i) CRAR (%)	19.4%	18.0%
ii) CRAR - Tier I capital (%)	18.8%	18.0%
iii) CRAR - Tier II Capital (%)	0.7%	0.0%

II. Exposure to Real Estate Sector

Category	March 2012	March 2011
Rs. in Crore		
a) Direct exposure		
(i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	535.23	315.19
Of the above Individual housing loan up to Rs.15 lakh	534.68	314.60
(ii) Commercial Real Estate –		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

	Rs. in Crore										
	1day to 30-31 days (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	17.52	0	9.69	22.25	57.75	206.64	118.72	24.92	1.08	0	458.57
Market Borrowings	0	0	0	0	0	0	0	0	0	0	0
Assets											
Advances	15.07	5.59	5.52	20.42	45.77	183.30	164.97	61.40	32.54	0.67	535.23
Investments	0	0	0	0	0	0	0	0	0	0	0

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

	March 2012	March 2011
In Rupees		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies	16,13,48,544	12,17,93,731
Add/(Less):		
Non Cash Expenses :		
Depreciation	47,30,443	19,91,998
Provision for non-performing assets (net)	1,63,24,667	52,70,707
General Provision for Standard Assets	1,32,59,732	77,69,268
	3,43,14,842	1,50,31,973
Income / Expense considered separately:		
Income on investing activities	(6,49,759)	(81,489)
(Profit)/Loss on sale of assets	1,46,072	27,275
Share Issue Expenses	35,00,000	-
	29,96,313	(54,214)
Operating profit before working capital changes	(I) 19,86,59,699	13,67,71,490
Less:		
(Increase)/Decrease in interest accrued others	(10,92,575)	(24,298)
(Increase)/Decrease in Loans & Advances	(2,20,23,44,161)	(1,85,42,41,669)
	(2,20,34,36,736)	(1,85,42,65,966)
Add: Increase in Current liabilities	10,21,06,317	11,23,91,739
	(II) (2,10,13,30,419)	(1,74,18,74,227)
Cash generated from operations	(I+II) (1,90,26,70,720)	(1,60,51,02,737)
Income Tax paid	(5,68,74,119)	(3,42,70,160)
NET CASH FROM OPERATING ACTIVITIES (A)	(1,95,95,44,840)	(1,63,93,72,897)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,26,18,462)	(1,01,12,479)
Sale of fixed assets	9,14,512	3,27,334
Income received on investments	6,49,759	81,489
NET CASH FROM INVESTING ACTIVITIES (B)	(2,10,54,190)	(97,03,656)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Preference Shares	-	-
Issue of Equity Shares (net of issue expenses)	15,64,99,980	15,99,99,980
Increase/(Decrease) in Bank borrowings (net)	1,89,58,33,333	12,91,66,667
Increase/(Decrease) in long term borrowings (net)	68,78,94,000	37,56,46,000
Increase/(Decrease) in short term borrowings (net)	(63,08,59,131)	1,00,26,11,169
Dividend paid	(1,72,67,345)	(16,04,504)
NET CASH FROM FINANCING ACTIVITIES (C)	2,09,21,00,837	1,66,58,19,312
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	11,15,01,807	1,67,42,759
CASH AND CASH EQUIVALENTS AS AT:		
Beginning of the year	2,29,33,953	61,91,194
End of the year	13,44,35,759	2,29,33,953

Examined and found correct

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

Ramesh Iyer
Chairman

Anuj Mehra
Managing Director

Padmini Khare Kaicker
Partner
Membership No.44784
Mumbai, April 17, 2012

Uday Y. Phadke
Director

V. Ravi
Director

V. Rajan
Director

K. Chandrasekar
Director

Dharmesh Vakharia
Chief Financial Officer
Mumbai, April 17, 2012

Binal Thakker
Company Secretary



MAHINDRA INSURANCE BROKERS LIMITED 1-25

MAHINDRA RURAL HOUSING FINANCE LIMITED 27-51

MAHINDRA BUSINESS & CONSULTING SERVICES PRIVATE LIMITED 53-68

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MAHINDRA BUSINESS & CONSULTING SERVICES PRIVATE LIMITED

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Directors' Report

To,
The Shareholders of
Mahindra Business & Consulting Services Private Limited

Your Directors present their Fourth Report together with the audited accounts of your Company for the Financial Year ended 31st March, 2012.

FINANCIAL RESULTS

	Rs. in Lacs	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Income	10,061.46	5,994.54
Profit / (Loss) before Interest and Taxation	98.41	114.48
Interest	90.89	32.47
Profit / (Loss) before Taxation	7.52	82.01
Provision for Taxation for the year		
Current Tax	28.52	39.23
Deferred Tax	(28.06)	(11.65)
Profit / (Loss) for the year after Taxation	7.06	54.43
Balance of Profit/(Loss) from earlier years	67.56	13.13
Balance carried forward	74.62	67.56

OPERATIONS

Your Company started commercial operations on 1st April, 2009.

Your Company provides staffing services mainly for Mahindra & Mahindra Financial Services Limited, the parent company, Mahindra Insurance Brokers Limited and Mahindra Rural Housing Finance Limited, subsidiaries of the parent company and Mahindra & Mahindra Limited, the ultimate parent company. As at 31st March, 2012, your Company had on rolls 6,096 employees who were deputed to these companies to provide services under ongoing contracts. The Company earns its income in the form of fees towards staffing services. The Company registered a Profit after Tax of Rs. 7.06 Lacs for the year ended 31st March, 2012 as compared to Rs. 54.43 Lacs in the previous year.

DIVIDEND

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

DIRECTORS

Mr. R. Balaji was appointed as an Additional Director of the Company at the Meeting of the Board of Directors held on 17th April, 2012. Mr. Balaji holds office up to the date of the forthcoming Annual General Meeting.

The Company has received a notice from a member under section 257 of the Companies Act, 1956, signifying his intention to propose Mr. R. Balaji as

Director of the Company at the forthcoming Annual General Meeting.

Mr. Anuj Mehra and Mr. Rajesh Vasudevan retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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



Directors' Report

AUDITORS

Messrs. B. K. Khare & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have given their consent for re-appointment. The Shareholders will be required to elect Auditors for the current year and fix their remuneration.

As required under the provisions of section 224 (IB) of the Companies Act, 1956, the Company has obtained a written certificate from Messrs. B. K. Khare & Co., Chartered Accountants, 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 deposits from the public or its employees during the year under review.

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

CODE OF CONDUCT FOR CORPORATE GOVERNANCE

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

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

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

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

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

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

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 17th April, 2012

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

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

B. Technology Absorption

Research & Development (R & D)

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

C. Foreign Exchange Earnings and Outgo

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

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 17th April, 2012



Auditors' Report

To,

The Members of **Mahindra Business & Consulting Services Private Limited**

We have audited the attached Balance Sheet of **M/s. Mahindra Business & Consulting Services Private Limited**, as at 31st March, 2012, Statement of Profit and Loss 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, as amended from time to time, 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:

- (i) 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;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 Company's 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012, and
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
 - (c) in the case of Cash Flow Statement, of the cash flows for the year ended as on that date.

For **B. K. KHARE & CO.**
Firm Registration No. 105102W
Chartered Accountants

Place : Mumbai
Dated : 17th April, 2012

Padmini Khare Kaicker
Partner
Membership No. 44784

Annexure to the Auditors' Report

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

1. i. The company does not have any fixed assets and therefore clause 4(i) is not applicable to the company.
2. The company is not engaged in any manufacturing activity and therefore Clause 4(ii) of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
3. i. In our opinion and according to the information and explanations provided to us, during the period, Company has not granted any loans to parties covered under section 301 of the Companies Act, 1956.
 - ii. During the period, Company has taken unsecured loans from the parties covered in the register maintained under section 301 of the Companies Act, 1956, the terms of which are, prima facie, not prejudicial to the company.
4. In our opinion and according to the information and explanations given to us the company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the company do not involve purchase of inventory and sale of goods. No major weaknesses in internal control system were noticed in the course of our audit.
5. i. In our opinion and according to the information and explanations given to us all the particulars of contracts and arrangements referred in section 301 of the Act have been entered in the register required to be maintained under that section.
 - ii. In our opinion and according to the information and explanations given to us each of these transactions in respect of any such parties during the financial year have been made at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, provisions of sections 58A, 58AA and any other relevant provisions of the Act and the rules framed there under, in respect of deposits accepted from the public are not applicable to the company as the company has not accepted any deposits from the public.
7. In our opinion and according to the information and explanations provided to us the company has an internal audit system, which is commensurate with its size and nature of its business.
8. In respect of the activities of the company, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
9. i. On the basis of our examination of books of accounts and according to the information and explanations given to us the company is regular

in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax and Service Tax, cess and other applicable statutory dues with the appropriate authorities.

- ii. There are no disputed tax dues remaining to be deposited with the relevant authority.
- 10. On the basis of our examination of books of accounts and documents and according to the information and explanations given to us the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- 11. From the examination of books of accounts and according to the information and explanations provided to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 12. The company is not a Chit fund, nidhi, mutual benefit fund or a society.
- 13. The company is not dealing or trading in shares, securities, debentures or any other investments.
- 14. In our opinion and according to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
- 15. In our opinion and according to the information and explanations given to us, during the year, the Company has not taken any term loans.
- 16. 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.
- 17. During the year, no preferential allotment of shares was made to any of the entities covered in the register maintained under section 301 of the Companies Act, 1956.
- 18. Company has not issued any secured debentures.
- 19. During the year, the Company has not made any public issue of its equity shares.
- 20. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company were noticed or reported during the year.

For **B. K. KHARE & CO.**
Firm Registration No. 105102W
Chartered Accountants

Place : Mumbai
Dated : 17th April, 2012

Padmini Khare Kaicker
Partner
Membership No. 44784



Balance Sheet as at 31st March, 2012

	Note No.	In Rupees	
		March 2012	March 2011
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital	2	1,00,000	1,00,000
b) Reserves and Surplus	3	74,61,766	67,55,745
		75,61,766	68,55,745
2) Non-current liabilities			
a) Long-term provisions	4	50,89,355	0
		50,89,355	0
3) Current liabilities			
a) Short-term Borrowings	5	13,17,47,061	6,73,73,921
b) Other current liabilities	6	5,81,77,459	8,14,83,904
c) Short-term provisions	7	2,37,77,206	1,31,78,833
		21,37,01,726	16,20,36,658
Total		22,63,52,847	16,88,92,403
II. ASSETS			
1) Non-current assets			
a) Deferred tax assets (Net)	17.7	42,47,241	14,40,987
		42,47,241	14,40,987
2) Current assets			
a) Trade receivables	8	4,43,20,864	8,38,16,203
b) Cash and cash equivalents	9	36,02,033	15,18,690
c) Short-term loans and advances	10	24,15,649	7,25,728
d) Other current assets	11	17,17,67,060	8,13,90,795
		22,21,05,606	16,74,51,416
Total		22,63,52,847	16,88,92,403
Significant Accounting Policies	1		
Notes to the Accounts	17		

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

For B K Khare and Co. Chartered Accountants FRN:105102W	Ramesh Iyer Chairman	V. Ravi Director	Vinay Deshpande Director	Rajesh Vasudevan Director
Padmini Khare Kaicker Partner Membership No.44784 Mumbai, April 17, 2012	Anuj Mehra Director	Dr. Jaideep Devare Director	R Balaji Director	Rajnish Agarwal Director

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

Particulars	Note No.	In Rupees	
		March 2012	March 2011
I. Revenue from operations	12	1,00,49,57,262	59,94,54,427
II. Other income	13	11,89,017	0
III. Total Revenue (I + II)		1,00,61,46,279	59,94,54,427
IV. Expenses:			
Employee benefit expenses	14	78,36,15,517	46,81,06,564
Finance costs	15	90,89,373	32,47,227
Other expenses	16	21,26,90,136	11,98,99,924
Total expenses		1,00,53,95,026	59,12,53,715
V. Profit before exceptional and extraordinary items and tax (III-IV)		7,51,253	82,00,712
VI. Exceptional items		0	0
VII. Profit before extraordinary items and tax (V - VI)		7,51,253	82,00,712
VIII. Extraordinary Items		0	0
IX. Profit before tax (VII- VIII)		7,51,253	82,00,712
X. Tax expense:			
(1) Current tax		28,51,486	39,23,185
(2) Deferred tax		(28,06,254)	(11,64,804)
XI. Profit (Loss) for the period from continuing operations (IX-X)		7,06,021	54,42,331
XII. Profit/(loss) from discontinuing operations		0	0
XIII. Tax expense of discontinuing operations		0	0
Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		0	0
XIV. Profit (Loss) for the period (XI + XIV)		7,06,021	54,42,331
XVI. Earnings per equity share (Rupees) :			
(1) Basic	17.3	70.60	544.23
(2) Diluted	17.3	70.60	544.23
Significant Accounting Policies	1		
Notes to the Accounts	17		

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

For B K Khare and Co. Chartered Accountants FRN:105102W	Ramesh Iyer Chairman	V. Ravi Director	Vinay Deshpande Director	Rajesh Vasudevan Director
Padmini Khare Kaicker Partner Membership No.44784 Mumbai, April 17, 2012	Anuj Mehra Director	Dr. Jaideep Devare Director	R Balaji Director	Rajnish Agarwal Director



Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

01 SIGNIFICANT ACCOUNTING POLICIES (SAP)

1.1) Basis Of Preparation Of Accounts

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

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

Further, the Company follows prudential norms for Income Recognition and provisioning for Non-performing Assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies.

1.2) Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

1.3) Revenue Recognition

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

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

1.4) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax

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

1.5) Miscellaneous Expenditure

a) Share Issue Expenses:

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

1.6) Employee Benefits

a) Provident Fund Contributions:

Contributions to the Government Provident Fund under a defined contribution plan are charged to the Profit & Loss Account on accrual basis.

b) Other Employee Benefits:

Privilege leave or other compensated balances is considered as long term unfunded benefit & is recognized on the basis of actuarial valuation using Projected Unit Credit Method determined by appointed actuary.

1.7) Segment Reporting

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

1.8) Provisions and Contingent Liabilities

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

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

02

Particulars	March 2012	March 2011
In Rupees		
SHARE CAPITAL		
Authorised Capital :		
1,00,000 Equity shares of Rs.10/- each (Previous year : 1,00,000 shares)	10,00,000	10,00,000
Issued Capital :		
10,000 Equity shares of Rs.10/- each (Previous year : 10,000 shares)	1,00,000	1,00,000
Subscribed and Paid-up Capital :		
10,000 Equity shares of Rs.10/- each (Previous year : 10,000 shares)	1,00,000	1,00,000
Total	1,00,000	1,00,000

Particulars	March 2012	March 2011
Other quantitative information :		
a) Reconciliation of number of equity shares:		
Number of equity shares outstanding at the beginning of the year	10,000	10,000
Add : Fresh allotment of shares during the year	0	0
	10,000	10,000
Less : Shares bought back during the year	0	0
Number of equity shares outstanding at the end of the year	10,000	10,000
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 (Equity shares of Rs. 10/- each)	10,000	10,000
Percentage of holding (%)	100.00	100.00
c) Shareholders holding more than 5 percent shares :		
Mahindra & Mahindra Financial Services Limited	10,000	10,000
d) Shares reserved for issue under options and contracts commitments for the sale of shares/disinvestment, including the terms and amounts		
	NIL	NIL
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.	NIL	NIL
- Aggregate number and class of shares allotted as fully paid up by way of bonus shares.	NIL	NIL
- Aggregate number and class of shares bought back.	NIL	NIL



Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

03	Particulars	In Rupees	
		March 2012	March 2011
	RESERVES & SURPLUS		
	Surplus :		
	Balance Profit (for earlier years) as per last Balance Sheet	67,55,745	13,13,414
	Add : Profit for the current year transferred from Statement of Profit & Loss	7,06,021	54,42,331
	Balance Profit carried to Balance Sheet	74,61,766	67,55,745
	Total	74,61,766	67,55,745

04	Particulars	In Rupees	
		March 2012	March 2011
	LONG-TERM PROVISIONS		
	Provision for employee benefits	50,89,355	0
	Total	50,89,355	0

		March 2012
Gratuity (Non-Funded)		
I. Expense recognised in the Statement of Profit & Loss Account for the year ended 31st March		
1	Current service cost	57,82,905
2	Interest cost	93,241
3	Expected return on plan assets	0
4	Actuarial (Gains)/Losses	(7,86,791)
5	Total expense	50,89,355
II. Net asset/(liability) recognised in the Balance Sheet as at 31st March		
1	Present Value of Defined Benefit obligation as at 31st March	50,89,355
2	Fair value of plan assets as at 31st March	0
3	Funded status (surplus/(deficit))	(50,89,355)
4	Net asset/(liability) as at 31st March	(50,89,355)
III. Change in the obligations during the year ended 31st March		
1	Present Value of Defined Benefit obligation at the beginning of the year	0
2	Current service cost	57,82,905
3	Interest cost	93,241
4	Actuarial (Gains)/Losses	(7,86,791)
5	Benefits paid	0
6	Present Value of Defined Benefit obligation at the end of the year	50,89,355
IV. Change in the fair value of plan assets during the year ended 31st March		
1	Fair value of plan assets at the beginning of the year	0
2	Expected return on plan assets	0
3	Contributions by employer	0
4	Actuarial (Gains)/Losses	0
5	Actual Benefits paid	0
6	Fair value of plan assets at the end of the year	0

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

V. Major category of plan assets as a percentage of total plan		
Funded with LIC		
Others		
VI. Actuarial Assumptions		
1	Discount Rate	8% p.a.
2	Rate of Salary increase	5% p.a.
3	In-service Mortality	LIC (1994-96)
ULTIMATE		

05	Particulars	In Rupees	
		March 2012	March 2011
	SHORT TERM BORROWINGS		
	Unsecured -		
	Inter Corporate Deposits	13,17,47,061	6,73,73,921
	Total	13,17,47,061	6,73,73,921

06	Particulars	In Rupees	
		March 2012	March 2011
	OTHER CURRENT LIABILITIES		
	Interest accrued but not due on borrowings	58,02,026	19,25,282
	Sundry Creditors	4,00,76,188	6,96,80,977
	Other Current Liabilities	1,22,99,245	98,77,645
	Total	5,81,77,459	8,14,83,904

07	Particulars	In Rupees	
		March 2012	March 2011
	SHORT-TERM PROVISIONS		
	Provision for employee benefits.	2,37,77,206	1,31,78,833
	Total	2,37,77,206	1,31,78,833

		March 2012	March 2011
LEAVE BENEFITS			
I. Expense recognised in the Statement of Profit & Loss Account for the year ended 31st March			
1	Current service cost	2,22,70,500	98,14,735
2	Interest cost	5,36,430	1,55,660
3	Expected return on plan assets	0	0
4	Actuarial (Gains)/Losses	(1,41,57,664)	(63,60,511)
5	Total expense	86,49,266	36,09,884
II. Net asset/(liability) recognised in the Balance Sheet as at 31st March			
1	Present Value of Defined Benefit obligation as at 31st March	1,30,90,588	44,41,322
2	Fair value of plan assets as at 31st March	0	0
3	Funded status (surplus/(deficit))	(1,30,90,588)	(44,41,322)
4	Net asset/(liability) as at 31st March	(1,30,90,588)	(44,41,322)



Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

III. Change in the obligations during the year ended 31st March			
1	Present Value of Defined Benefit obligation at the beginning of the year	44,41,322	8,31,438
2	Current service cost	2,22,70,500	98,14,735
3	Interest cost	5,36,430	1,55,660
4	Actuarial (Gains)/Losses	(1,41,57,664)	(63,60,511)
5	Benefits paid	0	0
6	Present Value of Defined Benefit obligation at the end of the year	1,30,90,588	44,41,322
IV. Change in the fair value of plan assets during the year ended 31st March			
1	Fair value of plan assets at the beginning of the year	0	0
2	Expected return on plan assets	0	0
3	Contributions by employer	0	0
4	Actuarial (Gains)/Losses	0	0
5	Actual Benefits paid	0	0
6	Fair value of plan assets at the end of the year	0	0
V. Major category of plan assets as a percentage of total plan			
	Funded with LIC	100%	100%
	Others		
VI. Actuarial Assumptions			
1	Discount Rate	8% p.a.	8% p.a.
2	Rate of Salary increase	5% p.a.	5% p.a.
3	In-service Mortality	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE

08			In Rupees	
Particulars	March 2012	March 2011		
TRADE RECEIVABLES				
Sundry Debtors				
a) Debts Outstanding for a period exceeding six months	0	0		
b) Other Debts	4,43,20,864	8,38,16,203		
Total	4,43,20,864	8,38,16,203		

09			In Rupees	
Particulars	March 2012	March 2011		
CASH AND CASH EQUIVALENTS				
Balance with Scheduled Banks in Current Accounts	36,02,033	15,18,690		
Total	36,02,033	15,18,690		

10			In Rupees	
Particulars	March 2012	March 2011		
SHORT-TERM LOANS AND ADVANCES				
Other Loans & Advances				
- To Employees	24,15,649	7,25,728		
Total	24,15,649	7,25,728		

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

11			In Rupees	
Particulars	March 2012	March 2011		
OTHER CURRENT ASSETS				
a) Advance payment of tax (net of provisions)	17,11,74,215	8,13,85,645		
b) Other Current Assets	5,92,845	5,150		
Total	17,17,67,060	8,13,90,795		

12			In Rupees	
Particulars	March 2012	March 2011		
REVENUE FROM OPERATIONS				
a) Income from Sale of services	98,10,31,962	58,23,90,527		
b) Income from Service charges	2,39,25,300	1,70,63,900		
Total	1,00,49,57,262	59,94,54,427		

13			In Rupees	
Particulars	March 2012	March 2011		
OTHER INCOME				
Interest Income	11,89,017	0		
Total	11,89,017	0		

14			In Rupees	
Particulars	March 2012	March 2011		
EMPLOYEE BENEFIT EXPENSES				
Salary, Bonus & Incentives	72,20,07,657	43,15,11,384		
Company's Contribution to Provident Funds & other funds	6,15,81,129	3,65,95,180		
Staff Welfare Expenses	26,731	0		
Total	78,36,15,517	46,81,06,564		

15			In Rupees	
Particulars	March 2012	March 2011		
FINANCE COST				
Interest on				
- Inter Corporate Deposits	90,89,373	32,47,227		
Total	90,89,373	32,47,227		



Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

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	March 2012	In Rupees March 2011
OTHER EXPENSES		
Insurance	45,86,914	30,95,662
Rates & Taxes, excluding taxes on income	1,76,298	2,12,075
Legal & Professional Charges	10,12,075	43,775
Conveyance	18,27,21,993	10,22,45,786
Travelling Expenses	1,44,30,058	86,49,979
Bank Charges	40,013	19,500
Payments to the auditor -		
(a) as auditor	50,000	25,000
(b) for other services	80,000	0
General & Administrative Expenses	95,92,785	56,08,147
Total	21,26,90,136	11,98,99,924

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OTHER NOTES TO ACCOUNTS

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

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

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

Particulars	March 2012	March 2011
Net Profit/ (Loss) attributable to Equity Share Holders	7,06,021	54,42,231
Weighted Average Number of Shares	10000	10000
EPS - (Basic)	70.60	544.23
EPS - (Diluted)	70.60	544.23

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

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

17.6) Related Party Disclosure as per Accounting Standard 18:

Holding Company / Companies	Mahindra & Mahindra Limited Mahindra & Mahindra Financial Services Limited
Fellow subsidiary Companies	Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Ltd.

Significant Accounting Policies and Notes to the accounts for the year ended 31st March, 2012

Related Party transactions are as under.

Sr. No. Nature of transactions	Holding Companies	In Rupees Fellow Subsidiary Companies
1 Income		
Manpower supply	95,16,99,398 (57,89,66,949)	5,32,57,864 (2,04,87,478)
2 Expenses		
Interest	90,89,373 (32,47,227)	- -
Other Expenses	12,00,000 (12,00,000)	- -
3 Finance		
Inter Corporate Deposits taken (including interest accrued but not due)	13,75,49,087 (6,92,99,203)	- -
4 Outstandings		
Receivables	3,77,19,072 (7,81,34,509)	66,01,792 (56,81,695)
Payables	5,01,500 (99,270)	- -

Figures in bracket represent corresponding figures of previous year.

17.7) In accordance with Accounting Standard 22 on Accounting for Taxes on Income the company has accounted for Deferred Asset/Liability. The break up of the deferred tax asset as on 31st March, 2012 of Rs. 42,47,241/- (Previous year: Rs. 14,40,987/-) is as under:

Particulars	March 2012	In Rupees March 2011
Employee Benefits	42,41,241	14,40,987
Total	42,41,241	14,40,987

17.8) Previous year figures have been regrouped wherever found necessary.

Signatures to Notes 1 to 17

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

Ramesh Iyer
Chairman

V. Ravi
Director

Vinay Deshpande
Director

Rajesh Vasudevan
Director

Padmini Khare Kaicker
Partner
Membership No.44784
Mumbai, April 17, 2012

Anuj Mehra
Director

Dr. Jaideep Devare
Director

R Balaji
Director

Rajnish Agarwal
Director

Mumbai, April 17, 2012



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

		March 2012	March 2011
In Rupees			
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes and contingencies		7,51,253	82,00,712
Add: Items considered separately:			
Interest expense		90,89,373	32,47,227
		90,89,373	32,47,227
Operating profit before working capital changes	(I)	98,40,626	1,14,47,939
Add / Less:			
(Increase)/Decrease in Trade receivables		3,94,88,644	(6,78,92,431)
(Increase)/Decrease in Loans & Advances		(22,70,921)	(4,00,618)
		3,72,17,723	(6,82,93,049)
Add: Increase in Current Liabilities	(II)	(1,14,95,461)	7,34,76,359
		2,57,22,262	51,83,310
Cash generated from operations	(I+II)	3,55,62,888	1,66,31,249
Advance taxes paid		(9,26,40,056)	(6,55,56,659)
NET CASH FROM OPERATING ACTIVITIES (A)		(5,70,77,168)	(4,89,25,410)
B. CASH FLOW FROM INVESTING ACTIVITIES			
NET CASH FROM INVESTING ACTIVITIES (B)		0	0
C. CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Equity Shares (net of issue expenses)		0	0
Increase/(Decrease) in Short Term Borrowings (net)		6,43,73,140	4,99,19,515
Interest paid		(52,12,629)	(16,67,124)
NET CASH FROM FINANCING ACTIVITIES (C)		5,91,60,511	4,82,52,391
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		20,83,343	(6,73,019)
CASH AND CASH EQUIVALENTS AS AT:			
Beginning of the year		15,18,690	21,91,709
End of the year		36,02,033	15,18,690

Examined and found correct.

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

Ramesh Iyer
Chairman

V. Ravi
Director

Vinay Deshpande
Director

Rajesh Vasudevan
Director

Padmini Khare Kaicker
Partner
Membership No.44784
Mumbai, April 17, 2012

Anuj Mehra
Director

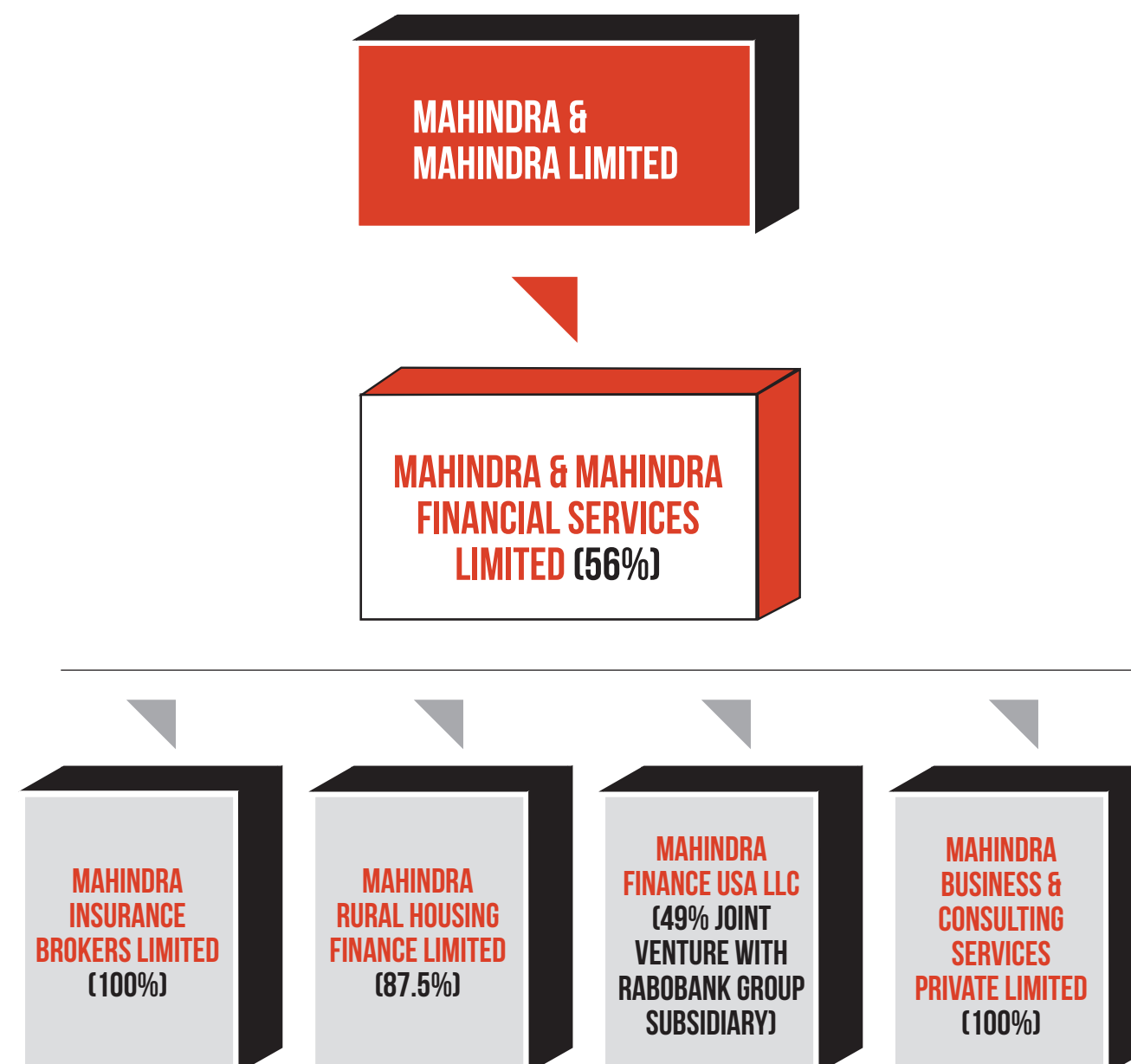
Dr. Jaideep Devare
Director

R Balaji
Director

Rajnish Agarwal
Director

Mumbai, April 17, 2012

MAHINDRA FINANCE GROUP STRUCTURE



Mahindra Finance

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

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