

ANNUAL REPORT  
2010 - 2011



## LETTER FROM MANAGING DIRECTOR



Dear Shareholders

The Financial year 2010-11 was a year of high volatility. The strong growth momentum in the first half was followed by a subdued second half. Growing interest costs, rising crude prices and turbulent political environment led to uncertainty in the Indian economy's growth momentum.

The NIFTY 50 Index saw a volatility of 18% in the second half of the year further aggravating the fall in retail participation. Overall, the average daily market volume grew 40% YOY, but these were primarily driven by the growth in low yield F&O trades. In the cash equity segment we saw a market volume decline of 17% in the financial year. The Retail participation in the markets fell consistently during the year from over 58% to 52%. However, the commodity market volumes saw a significant growth of 56% in the year on the back of increased commodity prices and rising participation in this category.

In this backdrop of falling volumes, yields and equity markets, ABML's consolidated Income from Operations grew moderately at Rs.11,272.14 Lakhs, compared to Rs.11,127.02 Lakhs in the previous year. We closed the year with 1% of the Retail market share in equity and 0.27% in commodity registering 185% growth in the commodity market volumes. Our strategy of diversifying across business segments helped us. We continue to invest in building a strong franchisee base, adding 200 new franchisee alliances this year to over 700 franchisee partners already working with us.

We continue to expand our client base and provide one stop financial advisory solutions. During the last year, we invested substantially in superior IT backend and frontend systems, setting up strong Research teams for both equities & commodities and getting a robust Risk management framework and infrastructure in place. We focused on cost optimization and increasing activation rates to counter pressures from deteriorating market conditions. During the year, CRISIL Limited re-affirmed P1+ rating for the short term debt programme. We continue to leverage on the synergies provided by the ABG Group ecosystem and our financial services lineage and have seen growing traction in revenues.

With only 1.5% of India's population having Demat accounts and equities forming less than 10% of financial savings wallet, the potential for growth has always been high. With the continued growth in discretionary income and savings, rising awareness on markets and innovation in technology that helps us reach these financial services product to the masses, we believe India's long term growth story remains intact.

We remain committed to establish a leadership position in the long term in the retail financial services space. We are confident that our service orientation, values, our expanded footprint and focus on non-broking avenues will see us through these turbulent times in the short run and emerge as a strong market leader when the environment improves.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Sudhakar Ramasubramanian', written in a cursive style.

Sudhakar Ramasubramanian

# ADITYA BIRLA MONEY LIMITED

## BOARD OF DIRECTORS

Mr. Pankaj Razdan  
Mr. P. Sudhir Rao  
Mr. G. Vijayaraghavan  
Mr. Manoj Kedia  
Mr. Sudhakar Ramasubramanian - Managing Director (w.e.f. February 1, 2011)  
Mr. Kanwar Vivek (resigned w.e.f. October 15, 2010)

## KEY EXECUTIVES

Mr. Ravishankar Gopalan – Chief Operating Officer  
Mr. Saurabh Shukla – Chief Sales Officer

## COMPANY SECRETARY

Mr. S. Balaji

## AUDITORS

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

## BANKERS

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

## REGISTERED OFFICE

Indian Rayon Compound  
Veraval - 362 266, Gujarat

## CORPORATE OFFICE

Ali Towers  
No. 55, Greams Road  
Chennai - 600 006.

## CONTENTS

Management Discussion and Analysis .....	3	Profit & Loss Account .....	31
Corporate Governance Report .....	8	Schedules .....	32
Directors' Report .....	22	Cash Flow Statement .....	48
Auditor's Report .....	26	Statement Relating to Subsidiary Company .....	51
Balance Sheet .....	30	Consolidated Financial Statements .....	52

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## MACRO ECONOMIC SCENARIO

### THE INDIAN ECONOMY & MARKETS

The year 2010-11 started off well with the markets testing the previous highs. During the first half of the year, the markets saw FII inflows and increase in volume. Inflation though was a concern but not out of control, crude oil prices were moderate. Corporate India was upbeat and analysts were upgrading their targets. However, in the second half, the markets witnessed dip in volumes and there were major concerns on account of Inflation. The Central Bank intervened periodically raising the repo rate to control inflation. Hence, the market sentiment did not see any major buoyancy. Even globally, unexpected developments in the MENA region saw crude oil prices rising to a 30 month high, threatening to derail the fragile global recovery. FIIs turned net sellers erasing most of the gains made in the first half. The year, however, ended with a modest gain of 11.1% over the previous year.

For the economy as a whole, FY10-11 ended with low IIP numbers and high inflation. IMF has already warned India on signs of overheating and has scaled down India's economic growth projection to 8.2%. The impact of higher inflation on corporate profitability is likely to play out in the current year. Corporate profitability was not impacted in the year gone by owing to high capacity utilization, giving Indian corporates the room to pass on the rise in costs to the consumers. Any further rise in prices is likely to have a dampening effect on the demand environment, thereby impacting corporate profitability.

### GLOBAL SCENARIO

USA was proactive in announcing QEII which to a great extent helped in its recovery. While part of Europe saw recovery, part of the Continent was plagued by sovereign debt issues. Greece, Ireland and Portugal saw rating downgrade and bailouts.

The year also saw a sharp surge in commodity prices. Unexpected build up of tensions in the MENA region saw crude prices inching to a 30 month high thereby threatening the global economic recovery. ECB has already started raising interest rates – a move bound to hit the PIIGS nations hard which are still struggling to come out of the high fiscal deficit mess. Economies from China to India having failed to check inflation, in spite of proactive monetary tightening, are likely to continue with their monetary tightening as the economy moves into FY11-12.

Overall basis, US data shows promise but it needs to sustain the post QE exit environment in another quarter or so. Therefore, the macro environment is extremely challenging bringing volatility across asset classes, especially equities.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The broking industry has seen micro challenges of its own, let alone the macro concerns that exist at large. On one hand, competition has intensified, and on the other, the market product mix has undergone structural changes. There has been consistent slide in the cash market share, which is more indicative of the investment interest in the market. Further, the year saw preference for low yielding Index options which has seen its share in the overall volume on NSE increase from 55% in Q4 FY10 to 73% in Q4 FY11 putting significant pressure on brokerage yields. The competition is likely to lead to consolidation in the sector.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The market comparison data in tabular format is as under

Year	BSE Sensex	S&P CNX Nifty	Market Capitalization (Rs. in Crores)	
	Base: 1978-79 = 100	Base: 1983-84 = 100	BSE	NSE
1	2	3	4	5
2009-10	17,527.77	5,249.10	64,584,612	740,514,252
2010-11	19,445.22	5,833.75	80,491,048	1,086,133,712

Period: FY 2010-11	Average Daily Turnover in Rs. Crores (NSE Cash)	Average Daily Turnover in Rs. Crores (NSE Derivatives)	Average Daily Turnover in Rs. Crores (NSE)
Apr'10-Jun'10	13,257	92,425	105,682
Jul'10-Sep'10	14,184	102,278	116,462
Oct'10-Dec'10	15,979	127,624	143,603
Jan'11-Mar'11	12,772	139,790	152,562

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

The Commodities market too witnessed an overall increase in volumes. The combined commodities volumes recorded in both MCX and NCDEX increased by Rs. 3,941,196 crores up from Rs. 7,310,887 Crores in 2009-10 to Rs.11,252,083 Crores in the current FY 2010-11.

There has been an increase in the number of demat accounts opened in the market during the FY 2010-11 and as on March 31, 2011, the number of demat accounts stood at 1.89 Crores, an increase of 14% over the last year. The increase in Demat accounts has been in line with the growth seen in the previous years, however, the absolute numbers have not gone up significantly. Demat accounts still account for less than 2% of the country's population, as compared to the UK, which has 16% of its population having the same.

### FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS

Your Company recorded an Income from Operations of Rs.1,1272.14 Lakhs for the year under review, on a consolidated basis. This was marginally higher than the previous year. The total consolidated income for the year under review stood at Rs.12,402.25 Lakhs, up by Rs. 685 Lakhs as compared to the previous year of Rs.11,717.25 Lakhs.

The Consolidated Net Loss for the year stood at Rs.843.75 Lakhs as compared to a Net Profit of Rs.1,268.33 Lakhs in the previous year. This decline in profits was primarily due to one time exceptional loss of Rs. 815.48 Lakhs.

Revenues from equity broking during the year fell by 6.32% to Rs.7,216.33 Lakhs due to discontinuation of certain products and also due to lower trading volumes during the second half of the year.

However, Commodities business recorded good growth for the year under review with revenues coming at Rs.1,302.83 lakhs, which is higher than the previous year's revenues of Rs.1,259.29 Lakhs.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## OUTLOOK

After seeing a sharp global recovery over last 2 years, which has seen good corporate earnings and strong GDP growth, the markets are likely to move into 2011-12 with some strong headwinds.

Central Banks the world over (especially in high growth countries like China & India) are focussed on checking the rising inflationary tendencies. Increase in crude prices is most likely to create an impediment for global growth. High crude prices with a depreciating domestic currency would make things more difficult for some of the emerging market economies. This would affect the potential for economic growth as Central Banks follow anti-inflationary policies which may not be growth promoting. IMF has already reduced the growth target for both the developed and developing world for the financial year.

Rising income levels and sustained level of incomes and savings will continue to provide growth to the Indian economy. However, immediate future and short term scenario would see reduction in the individual participation and corporate performance is also expected to be down, due to high inflationary pressure and increase in interest rate coupled with volatility in the market. Thus, the market may remain weak in the short term and investors are likely to stay away from the market until conditions improve.

The confluence of commodity, wage and price inflation is likely to moderate the domestic earnings growth for corporates, and therefore, the policy initiatives from the government, to facilitate capex and infrastructure in particular, holds the key for lower inflation. Despite all this, it is believed that the long-term India growth story is intact. Investors, both domestic and foreign, are looking for opportunities to invest at the right time. Outlook for the long term is positive, but the challenges for short term are quite visible. Globally, we are not out of the woods as yet. The conditions have, in fact deteriorated, with the rating downgrade of the USA and Japan. The conditions in Europe are equally bad and the pressures on economy and financial markets arising from the sovereign debt issues may be more prolonged than generally expected. This has brought in significant amount of volatility also with it. In the near future, all eyes will continue to be focused on developments in the MENA region which is critical from the crude price point of view. Despite all of the challenges, 2011-12 still promises to be an interesting year. Valuations at current levels are reasonable and as we go into the year, looking at FY12-13 valuations, interest should once again start emerging.

The broking industry is already seeing early signs of consolidation. External developments like change in technology and change in the external environment and also cost pressures on the operations front would further accelerate consolidation.

We continue to remain a focused player in the capital market business. We believe that we would be able to benefit and grow from the emerging opportunities in the financial services space. The Company has focused on the 6 pillars of our business - *Brand, Product, Distribution, Operations, Service and People* – in a focused and sustained manner. The Company augmented its research and product offerings to match the best in the industry. The initiative has helped the Company to move from being an 'execution only' to a 'value added' player in the market place.

The benefit of these initiatives are already visible and the Company would be in a position to build on the strong foundations. Further, the Company's emphasis on expanding its business through a cost-effective business partner-based model would help.

## OPPORTUNITIES AND THREAT

In the last two decades, India's growth rate has been second only to China's among major economies; it has become a key actor on the global economic scene, notably as a strong force in the G20. A number of its firms have gone global in a big way, acquiring companies the world over, and foreign firms, especially in IT, have made significant investments in India. Creation of wealth is happening rapidly especially in 2<sup>nd</sup> tier cities. Moreover, Indians save in excess of \$ 350 bn annually. Yet the amount allocated to the capital market is a miniscule portion. Thus, the space has a lot of potential to grow.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FY10-11 was mainly a FII led rally with the retail investors, unfortunately, missing the major part of the rally. Markets have corrected by 10% from the November peak. With some stocks in mid-cap space having corrected by upto 50%, the market is once again giving opportunity to the retail investors to participate.

NSE also launched MFSS on November 30, 2009 enabling buying and selling of Mutual Funds through the exchange trading platform. In addition, exchange traded funds (ETFs) have started to pick up, especially in relation to accessing gold, as well as the offshore markets through indices, opening up new lines of brokerage.

The proportion of volume being catered to by the online system is increasing. Mobile trading is being allowed. Thus, the way the business is done is evolving and could see a remarkable shift. Your Company continues to assess technology and other ancillary requirements on a regular basis and take investment decisions at the appropriate times. Investor participation in options trading, currency derivatives and commodities also provide growth opportunities.

However, broking yields would remain under pressure as the segment is highly fragmented. There has been a shift in volumes towards options where flat brokerage is charged, thereby putting further pressure on margins. This, combined with the rising infrastructure cost and changes in industry structure and environment, is likely to continue to put pressure on brokerages. Your Company is conscious of the same and it is focusing on increasing its overall market share in the options segment through various strategies. It is also focusing on raising the overall yield by focusing on increasing the delivery volume. It is also focusing on the franchisee model to increase its volume and at the same time keep the infrastructure costs in check. So the broad strategy is to create product and service differentiators and take multiple product offerings across multiple channels.

### **RISK AND CONCERNS**

The Company's nature of business is susceptible to various kinds of risks. The Company encounters market risk, credit risk and operational risks in its daily business operations. The Company has framed a comprehensive risk management manual which inter-alia lays down detailed process and policies in the various facets of risk management function. The Company also had Risk Governance Committee which has an oversight on the risk management framework and periodically reviews the risk management practices.

### **INTERNAL CONTROL AND ADEQUACY**

The Company has adequate internal control systems appropriate for the business process having regard to efficiency of operations - both systems, finance and for compliance with applicable laws. The controls are reviewed periodically from time to time and strengthened in view of changed processes, systems and regulations.

In addition, the Company goes through periodic internal audits both through its internal team and external auditors, which includes branch and franchisee audits and the audit reports tabled in the Audit Committee meetings of the Board and acted upon. Key issues are specifically brought to the attention of the Audit Committee. A time frame for resolution of all issues is drawn up and monitored for implementation and closure. The Company also follows a quarterly internal control self assessment certification process for its branches.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **HUMAN RESOURCES**

One of the key pillars of the Company's business is *people*. The Company's HR policies and practices are built on Aditya Birla Group (ABG) core values of *Integrity, Passion, Speed, Commitment and Seamlessness*. The Company's focus is on recruitment of good talent, and retention is posing both a challenge and an opportunity for HR. The Company is hopeful and confident of achieving the same to be able to deliver results and value for our shareholders. As on March 31, 2011, the total employees on the Company's rolls stood at 1203.

### **CAUTIONARY NOTE**

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



# CORPORATE GOVERNANCE REPORT

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

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

## 2. BOARD OF DIRECTORS

### Composition, Category, Size of the Board

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

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

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

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

^ includes Membership of Audit Committees and Investor Grievance Committee as per clause 49 of the Listing Agreement (as on March 31, 2011).

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

\* resigned as Managing Director of the Company w.e.f. October 15, 2010.

\*\* Appointed as Managing Director w.e.f. February 1, 2011.

### Number of Board Meetings

The Board of Directors met four times during the year ended March 31, 2011 i.e. on April 23, 2010, July 21, 2010, October 25, 2010 and January 19, 2011. The maximum gap between the two Board Meetings was not more than four months.

# CORPORATE GOVERNANCE REPORT

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

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

## **Code of Conduct**

The Board of Directors of the Company has laid Code of Conduct for the Directors and Senior Management Personnel of the Company. The Code has been posted on the Company's website [www.adityabirlamoney.com](http://www.adityabirlamoney.com). All the Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as on March 31, 2011. A declaration to this effect signed by the Managing Director forms part of this report.

## **Compliance Structure**

The Board also periodically reviews status of compliance of all laws applicable to the Company and also the initiatives taken to improve the standards of compliance adherence. A Compliance Certificate / Status Report is collected from each of the department concerned like HR, Legal & Compliance, Back office, Registration, Finance & Accounts, Administration duly certified by the respective functional head and based on the compliance status report from departments a consolidated compliance certificate / report duly signed by the Chief Operating Officer is placed before the Board for its review and perusal.

### **3. BOARD COMMITTEES**

#### **A. AUDIT COMMITTEE**

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

# CORPORATE GOVERNANCE REPORT

## Composition

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

The Audit Committee consists of following directors as its members.

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

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

## Terms of Reference

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

1. Oversight of Company's financial reporting processes.
2. Reviewing the quarterly / annual financial results, financial statements before submission to the Board for approval, with particular reference to accounting policies & procedure, major accounting policies, related party transactions.
3. Recommending to the Board, the appointment / re-appointment of Statutory Auditors and Internal Auditors and fixation of audit fees.
4. Approving internal audit plan and reviewing efficacy and adequacy of internal control systems / function.
5. Discussion with internal auditors and review of internal audit reports at quarterly intervals
6. Discussions with external auditors about the scope of audit including the observations of the auditors.

## Meetings and Attendance

During the year under review, the Audit Committee met six times i.e. on April 23, 2010, July 21, 2010, October 25, 2010, December 16, 2010, January 19, 2011 and March 28, 2011. The details of the attendance of the Committee members are as follows:

Sl. No.	Name of the Member	Category / Status	No. of Meetings Held	No. of Meetings Attended
1.	Mr. P. Sudhir Rao	Chairman – Independent	6	6
2.	Mr. G. Vijayaraghavan	Member – Independent	6	5
3.	Mr. Manoj Kedia	Member – Non Executive	6	5

At every Audit Committee Meeting, Statutory Auditors, Internal Auditors are present and provide their presentation on the financial statements and internal audit reports respectively. The Audit Committee reviews the financial results and recommends the same to the Board for approval. At each meeting, the audit committee also reviews the statement of related party transaction as well as the financial results of the subsidiary company. The audit committee

## CORPORATE GOVERNANCE REPORT

extensively deliberates on various audit reports and the action plan. These are put on a followup tracker and monitored closely and status update report is placed before each Audit Committee meeting until the action is closed / implemented. The Chief Operating Officer, Head of Finance & Accounts, Risk, Internal Audit, Compliance, Legal & Secretarial are present at the meeting. Respective department functional head is also invited to attend the Audit Committee meeting to respond to queries and observations pertaining to their department, arising out of the audit report.

### **B. REMUNERATION COMMITTEE**

#### **Composition**

The Company has a Remuneration Committee consisting of following three non executive Directors, two third of whom are Independent Directors, including the Chairman. During the year, the Remuneration Committee was reconstituted on October 25, 2010 and at present consists of following directors as its members.

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

#### **Terms of Reference**

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

1. To determine and approve the remuneration package payable to the Executive Director / Whole-time Director, Directors, other Managerial Persons and such other members of the management including salary, bonuses, incentive payments, share options, stock options, pension rights, terms of employment and various other components of the compensation payable in this regard;
2. Key issues / matters as may be necessary in view of Clause 49 of the Listing Agreement, provisions of Companies Act, 1956 or any statutory provisions, enactments, rules and regulations as may be applicable from time to time;
3. Such other matters and issues as may be referred by the Board from time to time.

#### **Remuneration to Directors**

The Independent Directors are paid sitting fees of Rs. 20,000/- for each meeting of the Board and the Committee thereof. No sitting fee is paid to the Managing Director and other Non-Executive Directors. The details of sitting fees paid to the Independent Directors during financial year 2010-11 are as under:

<b>Name of Director</b>	<b>Category</b>	<b>Sitting Fees Paid</b>
Mr. P. Sudhir Rao	Independent Director	Rs.2,40,000/-
Mr. G. Vijayaraghavan	Independent Director	Rs.1,80,000/-

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

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

The Company has a specific Committee to consider matters relating to shareholders' / investors' grievances. During the year under review, the name, constitution and terms of reference of Shareholders' / Investors' Grievance Committee was changed and it has been rechristened as

## CORPORATE GOVERNANCE REPORT

Shareholders' and Customers Grievance Redressal Committee w.e.f. October 25, 2010 to address matters relating to investors' as well Customer servicing and grievances.

### **Composition**

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

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

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

### **Role & Responsibilities**

1. To review the redressal of Investors' complaints like transfer / transmission of shares, non-receipt of annual report and non-receipt of declared dividend, delays in transfer of shares, dematerialization / rematerialisation of shares etc.
2. To act on behalf of the Board, in the matters connected with allotment of shares, issuance of duplicate share certificates, split and consolidation of shares etc.
3. To oversee performance of the Registrar and Transfer Agents of the Company and recommend measures for overall improvement in the quality of investor services.
4. To review, analyse, recommend and monitor plan of action & activities and put in place proper procedures, policies and effective mechanism to address complaints and grievances arising out the service issues as a broker / trading member / depository participant including litigation and arbitration matters
5. To review issues arising out of alleged fraud/forgery/misappropriation/mis-selling/ breach / deviations from standard processes and procedures
6. To frame policies and procedures to protect the interest of Clients / Customers and for ensuring compliances under the applicable statutory framework
7. To look into other issues including systems and procedures followed to track investor / Customer / Client complaints and suggest measures for improvement from time to time.
8. To monitor implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.
9. To review the process of complaint and grievance handling mechanism at periodic intervals
10. Ensure adequacy of disclosure of "material information" to the investors / customers / clients.
11. Review the status of complaints / grievances / litigation / arbitration cases at periodic interval
12. To invite the external experts to attend the meetings of the Committee, without the right to vote, whenever it deems necessary.
13. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s)
14. To undertake such other matters as deemed fit and proper for effective discharge of the above responsibilities.

# CORPORATE GOVERNANCE REPORT

## Meetings and Attendance

During the year under review, Shareholders' and Customers Grievance Redressal Committee met once on December 16, 2010. All the members of the Committee were present in this meeting.

## D. FINANCE COMMITTEE

The Company has constituted a finance committee of Directors to review and provide approvals and authorizations arising out of day-to-day business operations and financial matters of the Company. The role of the Committee includes approving matters relating to opening / closing of Bank Accounts, approves signatories for the operation of banks accounts, appointment of service providers and other Agencies, availing overdraft facility from Banks, borrowing within the limits approved by the Board and other routine operational matters. During the year under review, the Committee was reconstituted on October 25, 2010.

### Composition

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

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

### Meetings and Attendance

The Chairman of the Committee is elected by the members amongst themselves from time to time and any two members shall form the quorum of the Committee Meeting. The Committee met three times during the year ended March 31, 2011 i.e. on May 17, 2010, October 1, 2010 and March 11, 2011. The details of the attendance of the Committee members are as follows:

Sl. No.	Name of the Member	No. of Meetings Held	No. of Meetings Attended
1.	Mr. Pankaj Razdan	3	2
2.	Mr. Manoj Kedia	3	3
3.	Mr. Sudhakar Ramasubramanian	1	-
4.	Mr. Kanwar Vivek	2	2

## E. RISK GOVERNANCE COMMITTEE

The Board of Directors has on January 19, 2011 constituted a Risk Governance Committee, to review, develop and approve appropriate policies, procedure and systems for improving Company's Risk Management framework.

### Composition

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

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

## CORPORATE GOVERNANCE REPORT

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

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

### **Meetings and Attendance**

The Chairman of the Committee is elected by the members amongst themselves from time to time and any two members shall form the quorum of the Committee Meeting. During the year under review, the Risk Governance Committee met once on March 28, 2011, which was attended by Mr. Sudhakar Ramasubramanian and Mr. P. Sudhir Rao.

## **F. PREFERENCE SHARES ALLOTMENT COMMITTEE**

A Preference Shares Allotment Committee was constituted on March 30, 2011 consisting of following Directors as its members:

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

### **Meetings and Attendance**

The Chairman of the Committee is elected by the members amongst themselves from time to time and any two members shall form the quorum of the Committee Meeting. During the year under review, the Preference Shares Allotment Committee met once on March 31, 2011 to approve the allotment of Redeemable Non Convertible Non Cumulative Preference Shares, which was attended by Mr. Sudhakar Ramasubramanian and Mr. G. Vijayaraghavan.

## **4. CEO/CFO CERTIFICATION**

As required under the provisions of the Clause 49 of the Listing Agreement, the Managing Director of the Company has provided necessary certification to the Board regarding the financial statements of the Company. The said certificate was placed before the each board meeting approving the financial results which was taken on record by the Board of Directors of the Company. The CEO / CFO certification for the annual financial results for the year ended March 31, 2011 was also placed before the Board of Directors at its meeting held on April 21, 2011.

## **5. SUBSIDIARY COMPANY**

The Company has a wholly owned subsidiary company – Aditya Birla Commodities Broking Limited which is engaged in the business of Commodity Broking. However, it is not a material subsidiary company within the parameters defined under Clause 49 of the Listing Agreement.

# CORPORATE GOVERNANCE REPORT

## 6. DISCLOSURES

- i. The details of Related party transactions during the year have been disclosed in Schedule 17 i.e. the Notes forming part of Annual Accounts as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India. There were no materially significant related party transactions with Directors/ Promoters/ Management, which has a potential conflict with the interest of public at large.
- ii. The Company has implemented a whistle blower policy and every employee including ex-employee of the Company has the right to report to the Grievances Redressal Committee (GRC) unethical behaviours, malpractices, wrongful conduct, fraud, violation of the Company's policies & values, violation of law without any fear of retaliation. The GRC submits periodic report to the Audit Committee of the Board of Directors on the issues reported to it, if any, from time to time for its review & perusal.
- iii. Certain penal charges were paid arising out of routine broking operation and depository operations. However, the same were not material considering the nature and quantum.
- iv. The Company has complied with mandatory requirements of Clause 49.
- v. The Company has also complied with the following non mandatory requirements as prescribed in Annexure ID to Clause 49 of the Listing Agreement.
  - a. Constitution of the Remuneration Committee.
  - b. There were no qualifications on the financial statements of the Company during the period under review.
  - c. The quarterly results of the Company are published in one English and one Tamil newspaper having wide circulation. The results are also posted on the website of the Company. In view of the above, the half-yearly are not sent to the shareholders individually.

### DISCLOSURE OF ACCOUNTING TREATMENT

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

### MANAGEMENT DISCUSSION AND ANALYSIS

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

### RISK MANAGEMENT FRAMEWORK

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

### SHAREHOLDERS - Re-appointment of Director

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



## CORPORATE GOVERNANCE REPORT

### 7. GENERAL BODY MEETINGS

#### Details of General Meetings

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

Year	AGM/EOGM	Day & Date	Venue	Time
2007 – 2008	AGM	Monday, Sept 15, 2008	Music Academy, Mini Hall, New No.168, Old No.306, TTK Road, Chennai 600 014.	10.15 A.M.
2008 – 2009*	AGM	Wednesday, July 15, 2009	Music Academy, Mini Hall, New No.168, Old No.306, TTK Road, Chennai 600 014.	3.00 P.M.
2009 – 2010	AGM	Monday, June 28, 2010	'P. Obul Reddy Hall,' C/o. Vani Mahal, No.103, G.N. Chetty Road, T. Nagar, Chennai - 600 017.	3.00 P.M.

\*A special resolution was passed by the shareholders in the AGM held on July 15, 2009 for change in name of the Company from Apollo Sindhoori Capital Investments Limited to Aditya Birla Money Limited.

#### Postal Ballot

During the year, consent of the members of the Company was sought by a Special Resolution, through postal ballot on one occasion. The details are as under:

Particulars of Postal Ballot	Date of approval of resolution by Postal Ballot	Total Ballots received and are valid		Total votes for the resolution		Total votes against the resolution		% to the total votes received for the resolution	
		No.	No. of Shares	No.	No. of Shares	No.	No. of Shares	No.	No. of Shares
Seeking approval for shifting of Registered Office of the Company from 'Ali Towers', No.55, Greams Road, Chennai - 600006, Tamilnadu to Indian Rayon Compound, Veraval - 362 266, Gujarat	June 28, 2010	284	42310116	240	41986947	44	323169	84.51	99.23

Ms. B. Chandra, Practising Company Secretary was appointed as scrutinizer for conducting the postal ballot voting process for the above resolution. The postal ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

#### COMPLIANCE

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

## CORPORATE GOVERNANCE REPORT

### MEANS OF COMMUNICATION

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

### 8. GENERAL SHAREHOLDERS' INFORMATION

AGM date, time and venue	:	As per notice to the AGM								
Financial Calendar	:	<table border="1"> <tr> <td>1<sup>st</sup> Quarter</td> <td>1<sup>st</sup> April to 30<sup>th</sup> June</td> </tr> <tr> <td>2<sup>nd</sup> Quarter</td> <td>1<sup>st</sup> July to 30<sup>th</sup> September</td> </tr> <tr> <td>3<sup>rd</sup> Quarter</td> <td>1<sup>st</sup> October to 31<sup>st</sup> December</td> </tr> <tr> <td>4<sup>th</sup> Quarter</td> <td>1<sup>st</sup> January to 31<sup>st</sup> March</td> </tr> </table>	1 <sup>st</sup> Quarter	1 <sup>st</sup> April to 30 <sup>th</sup> June	2 <sup>nd</sup> Quarter	1 <sup>st</sup> July to 30 <sup>th</sup> September	3 <sup>rd</sup> Quarter	1 <sup>st</sup> October to 31 <sup>st</sup> December	4 <sup>th</sup> Quarter	1 <sup>st</sup> January to 31 <sup>st</sup> March
1 <sup>st</sup> Quarter	1 <sup>st</sup> April to 30 <sup>th</sup> June									
2 <sup>nd</sup> Quarter	1 <sup>st</sup> July to 30 <sup>th</sup> September									
3 <sup>rd</sup> Quarter	1 <sup>st</sup> October to 31 <sup>st</sup> December									
4 <sup>th</sup> Quarter	1 <sup>st</sup> January to 31 <sup>st</sup> March									
Date of Book Closure	:	Refer notice to the AGM								
Dividend Payment Date	:	N.A.								
Registered Office	:	Indian Rayon Compound, Veraval - 362 266, Gujarat.								
Website	:	<a href="http://www.adityabirlamoney.com">www.adityabirlamoney.com</a>								

### Listing on Stock Exchanges

Madras Stock Exchange Limited (MSE) Exchange Building, Second Line Beach, Chennai – 600001	National Stock Exchange of India Limited, (NSE) "Exchange Plaza", C-1, Block G, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051	Bombay Stock Exchange Limited, (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001
Tel No: (044) 25522895	Tel No: (022) 26598100 - 8114	Tel No: (022) 22721233/1234
Fax No:(044) 25244897	Fax No:(022) 26598120.	Fax No:(022) 22721919.
Stock Code – APOSINDCAP	Stock Code – BIRLAMONEY	Stock Code – 532974 / ABML

ISIN for Equity Shares (NSDL & CDSL) INE865C01022.

**Note:** Listing fees has been paid to all the Stock Exchanges as per their Schedule.

### Stock Price Data : Monthly High & Low during FY 10-11 in SENSEX & NIFTY

Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
Apr-10	54.55	46.60	54.95	46.55
May-10	51.00	40.30	50.90	37.00
Jun-10	46.80	40.05	46.90	40.35
Jul-10	53.50	42.80	53.30	40.30
Aug-10	51.00	46.00	50.00	45.35
Sep-10	58.55	44.30	57.00	44.00
Oct-10	53.80	39.15	48.55	39.05
Nov-10	43.10	30.00	43.00	30.65
Dec-10	40.00	29.10	39.80	29.50
Jan-11	34.90	28.10	35.45	28.30
Feb-11	30.70	22.15	31.90	22.20
Mar-11	27.90	23.05	27.35	21.70

There has been no trading in the equity shares at MSE during the year under review. The Company has also applied for delisting of equity shares from MSE and approval is awaited. The Company's equity shares however will continue to be listed at NSE and BSE.

## CORPORATE GOVERNANCE REPORT

### Registrar and Share Transfer Agent

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

### Share Transfer System

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

### Investor Services

Details of Shareholders queries / complaints and other correspondence received and replied during 2010 – 2011:

Nature of Complaints/Queries	No. of Complaints
Pending Queries / Complaints as on 01.04.2010	Nil
For non-receipt of dividend	Nil
Issue of duplicate share certificate / new share certificate / change of address / transmission of shares, etc.	48
Queries / Complaints redressed	48
Pending Queries / Complaints as on 31.03.2011	Nil

### Share Capital History

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

Date of Allotment	No. of Shares	Face Value (Rs.)	Cumulative No. of Shares
04-07-1995	700	10	700
07-08-1995	10,09,300	10	10,10,000
30-11-2000	12,60,000	10	22,70,000
03-06-2001	5,00,000	10	27,70,000
26-07-2006	27,70,000 <sup>@</sup>	10	55,40,000
18-07-2008 <sup>#</sup>	-	Re.1/-	<b>5,54,00,000</b>

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

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

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

Date of Allotment	No. of Shares	Face Value (Rs.)
28.03.2005	<b>2,00,000*</b>	100
31.03.2011	<b>8,00,000++</b>	100

\* Preference Shares were redeemed on 26.07.2006.

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

## CORPORATE GOVERNANCE REPORT

### Distribution of Shareholdings as on March 31, 2011

Equity Shares	Shares				Shareholders			
	Physical		Electronic		Physical		Electronic	
	Nos.	%	Nos.	%	Nos.	%	Nos.	%
1 – 5000	859718	1.55	3491377	6.30	1463	98.92	7907	98.07
5001 – 10000	70460	0.13	696467	1.26	9	0.61	91	1.13
10001 – 20000	86904	0.16	460643	0.83	6	0.41	32	0.40
20001 – 30000	22800	0.04	203868	0.37	1	0.07	8	0.10
30001 – 40000	0	0.00	211697	0.38	0	0.00	6	0.07
40001 – 50000	0	0.00	90651	0.16	0	0.00	2	0.02
50001 – 100000	0	0.00	331454	0.60	0	0.00	5	0.06
100001 & above	0	0.00	48873961	88.22	0	0.00	12	0.15
<b>Total</b>	<b>1039882</b>	<b>1.88</b>	<b>54360118</b>	<b>98.12</b>	<b>1479</b>	<b>100.00</b>	<b>8063</b>	<b>100.00</b>
<b>Grand Total</b>	<b>55400000</b>				<b>9542</b>			

### The Shareholding Pattern of the Company as on March 31, 2011 was as follows

Category	No. of Shares	%
Promoter / Promoter Group	41,550,000	75.00%
Bodies Corporate	4,739,035	8.55%
Individuals - holding up to Rs.1 Lakh	5,234,991	9.45%
Individuals - holding excess of Rs.1 Lakh	3,616,517	6.53%
Clearing Members	20,259	0.04%
HUF	145,336	0.26%
NRI's and OCB	93,862	0.17%
<b>TOTAL</b>	<b>55,400,000</b>	<b>100.00%</b>

### Dematerialization of Shares and Liquidity

As on March 31, 2011, 98.12% of the Company's Paid-up Equity Capital was held in dematerialized form. The shares of the Company are frequently traded on BSE / NSE.

### Useful Information for Shareholders

#### Unpaid / Unclaimed Dividend

- Pursuant to Section 205A & 205C of the Companies Act, 1956 dividend upto the financial year 2002-2003 has been transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. No claim by the shareholders shall lie against the IEPF or the Company in respect of the said unclaimed amount.
- Unclaimed dividend for the financial year 2003-2004 onwards, wherever declared, and which remains unpaid/unclaimed over a period of 7 years, is required to be statutorily transferred to the IEPF. Shareholders who have not claimed / encashed their dividend warrants are requested to lodge their request / claim with the Company / RTA for revalidation / issue of duplicate dividend warrants. Unclaimed dividend for the year 2003-2004 is due for transfer to IEPF in August 2011. Once the unclaimed dividend is transferred to IEPF, no claim by the shareholders shall lie thereof against IEPF or the Company.

# CORPORATE GOVERNANCE REPORT

## Other General Information

1. Shareholders holding shares in physical form are requested to notify to the Company, change in their address / PIN Code Number and Bank Account details promptly by written request under the signature of sole / first joint holder.
2. Beneficial owner of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, etc., directly to their DP.
3. For expeditious transfer of share, shareholders should fill in complete and correct particulars in the transfer deed.

Further, please note that SEBI vide its circular no.MRD/DoP/Cir-05/2009 dated 20.05.2009 has made it mandatory for transferee(s) to furnish a copy of PAN card to the Company / RTAs for registration of physical transfer of shares. All the intended transferee(s) are, therefore, requested to furnish a self attested copy of PAN Card at the time of sending the request for physical transfer of share certificate.

4. Section 109A of the Companies Act, 1956 extends the nomination facility to individuals holding shares in the physical mode. Shareholders, in particular, those holding shares in single name may avail the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form, which can be obtained from the Company / RTA by sending a written request.

### Address for Correspondence

Company Secretary,  
Ali Towers, No. 55, Greams Road,  
Chennai – 600006.  
Ph No. : 044 - 3919 0000/01/02  
Fax No.: 044 - 2829 0835  
[abml.investorgrievance@adityabirla.com](mailto:abml.investorgrievance@adityabirla.com)

### Registered Office

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

## DECLARATION ON CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchange(s) I hereby declare that the Board Members and Senior Management have affirmed compliance with the Code of Conduct for the year ended March 31, 2011.

Place : Chennai  
Date : April 21, 2011

Sudhakar Ramasubramanian  
Managing Director

# CORPORATE GOVERNANCE REPORT

## **PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE**

***To: The Members of Aditya Birla Money Limited***

We have examined the compliance of conditions of Corporate Governance by Aditya Birla Money Limited, for the year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Place : Chennai  
Date : April 21, 2011

B CHANDRA  
PRACTISING COMPANY SECRETARY  
Membership No. 7859

## DIRECTORS' REPORT TO THE MEMBERS

### TO THE MEMBERS

Your Directors have pleasure in presenting the 15<sup>th</sup> Annual Report of the Company together with the audited accounts for the financial year 2010-11.

### FINANCIAL RESULTS

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

(Rs. in Lakhs)

	Standalone		Consolidated	
	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
Income from Operations	<b>9,890.00</b>	9,827.88	<b>11,272.14</b>	11,127.02
Other Income	<b>821.92</b>	351.96	<b>1,130.11</b>	590.23
Expenditure	<b>9,960.36</b>	7,798.26	<b>11,441.55</b>	8,780.26
Profit before Interest, Depreciation and Taxation	<b>751.56</b>	2,381.58	<b>960.70</b>	2,936.99
Less : Interest	<b>580.49</b>	261.38	<b>604.80</b>	283.98
Profit before Depreciation and Taxation	<b>171.07</b>	2,120.20	<b>355.90</b>	2,653.01
Less : Depreciation	<b>716.04</b>	567.44	<b>750.18</b>	600.69
Less: Exceptional items	<b>815.48</b>	-	<b>815.48</b>	-
Profit/(Loss) before Taxation	<b>(1,360.45)</b>	1,552.76	<b>(1,209.76)</b>	2,052.32
Less : Provision for tax including deferred tax	<b>(414.78)</b>	605.07	<b>(366.01)</b>	783.99
Profit/(Loss) after Tax	<b>(945.67)</b>	947.69	<b>(843.75)</b>	1,268.33
Profit brought forward from previous year	<b>2,208.99</b>	1,261.30	<b>2,461.81</b>	1,193.48
Balance carried to Balance Sheet	<b>1,263.32</b>	2,208.99	<b>1,618.06</b>	2,461.81

### FINANCIAL PERFORMANCE

On a **Standalone basis**, the Company's total income stood at Rs.10,711.92 Lakhs compared to Rs.10,179.84 Lakhs during the previous year. The Income from Operations was Rs.9,890 Lakhs, compared to Rs.9,827.88 Lakhs during the previous year. The profit before depreciation and taxation was down to Rs. 171.07 Lakhs compared to Rs.2,120.20 Lakhs in the previous year. During the year under review the Company incurred one time exceptional loss of Rs.815.48 lakhs on account of certain trades of it's clients. This resulted in decline in the profits of the Company. Interest cost was Rs.580.49 Lakhs as compared to Rs.261.38 lakhs in the previous year. The Company also witnessed decrease in trading volumes during the second half of the financial year in line with the market trends. There were increases in fixed costs of operation. As a result of these, the Company posted a Net Loss of Rs.945.67 Lakhs, compared to the Net Profit of Rs.947.69 Lakhs in the previous year.

## DIRECTORS' REPORT TO THE MEMBERS

On a **Consolidated basis**, the Company's consolidated Income from Operations was Rs.11,272.14 Lakhs, compared to Rs.11,127.02 Lakhs in the previous year. The Consolidated Net Loss (before Tax) was Rs.1,209.76 Lakhs compared to a Net Profit of Rs.2,052.32 Lakhs in the previous year.

### **DIVIDEND**

Considering the loss during the year the Directors do not recommended any dividend for the period under review.

### **SHIFTING OF REGISTERED OFFICE**

The registered office of the Company was shifted from State of Tamilnadu (Ali Towers, No. 55, Greams Road, Chennai 600 006) to State of Gujarat (Indian Rayon Compound, Veraval, Gujarat – 362266) in terms of Company Law Board order dated February 11, 2011. The Registrar of Companies, Gujarat issued certificate of registration under Section 18(3) of the Companies Act, 1956 on April 6, 2011.

### **ISSUE OF REDEEMABLE NON CONVERTIBLE NON CUMULATIVE PREFERENCE SHARES ON PRIVATE PLACEMENT BASIS**

During the year under review the Company made an issue and allotment of 8,00,000 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs.100/- each at a premium of Rs.150/- per share, on private placement basis to Aditya Birla Financial Services Private Limited (Holding Company), for cash aggregating to Rs.2,000 Lakhs which was fully subscribed and allotted on March 31, 2011. These shares are not intended for listing.

### **CREDIT RATING**

During the year, CRISIL Limited re-affirmed P1+ rating for the short term debt programme.

### **FINANCE**

During the year under review, the Company also raised short term capital through issuance of Commercial Papers for an aggregate amount of Rs.5,000 Lakhs to meet its working capital requirement.

### **FIXED DEPOSITS**

The Company has not accepted any fixed deposits from the public during the year under review.

### **SUBSIDIARY COMPANY**

The Company has a subsidiary viz. Aditya Birla Commodities Broking Limited ("ABCBL"), which is engaged in commodity trading.

ABCBL continues to perform well in commodity trading. ABCBL posted total Income of Rs.1,690.33 Lakhs compared to Rs.1,537.41 Lakhs during previous year. The Net Profit was at Rs.101.92 Lakhs, compared to Rs.320.65 Lakhs in the previous year. The increase in total income during the year is attributed to increase in brokerage income due to higher volumes in commodity trading during the year, as compared to the previous year. However, the Net Profit has declined due to higher operating cost during the year.

The Consolidated financial statements of your Company and its subsidiary Company are prepared in accordance with the Accounting Standards notified by Companies Accounting Standard Rules, 2006 (as amended) and forms part of the Annual Report. The statement pursuant to Section 212 of the Companies Act, 1956 containing details of the subsidiary company is attached to this Annual Report.

In terms of Circular No.2/2011 dated February 8, 2011 issued by Ministry of Corporate Affairs granting general exemption under Section 212(8) of the Companies Act, 1956, from attaching copy of the Balance Sheet, Profit and Loss Account, Directors' Report and the Auditors' Report of the Subsidiary Company to the Balance Sheet of the Holding Company, the annual accounts of the subsidiary has not been attached to the Annual Report of the Company in terms of approval obtained



## DIRECTORS' REPORT TO THE MEMBERS

by the Board of Directors at its meeting held on April 21, 2011. As required under the circular, statutory information pertaining to ABCBL forms part of the Annual Report. As mandated, summary financial information for the subsidiary has been also included and forms part of the Annual Report. Further, the annual accounts of ABCBL and the related detailed information shall be made available to you and Shareholders of ABCBL at any point of time. Any shareholder / investor of the holding company or subsidiary company desirous of obtaining the annual accounts of the subsidiary company and related information may obtain the same by sending a request in writing to the Company at the Registered Office. The annual accounts of ABCBL shall also be kept for inspection at the Registered Office of the Company and of ABCBL. The Company shall furnish a hard copy of details of accounts of ABCBL on demand.

### **CORPORATE GOVERNANCE**

Your Company complies with the requirements of the Listing Agreement with the Stock Exchanges where the Company's shares are listed. The report on Corporate Governance specified under clause 49 of the Listing Agreement is included as part of this Report. A certificate from the Practising Company Secretary regarding compliance with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement, is attached to this report.

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on "Corporate Governance" and "Corporate Social Responsibility" in December 2009. These guidelines are expected to serve as a benchmark for the corporate sector and also help in achieving the highest standard of corporate governance. Some of the provisions of these guidelines are already in place as reported elsewhere in this Annual Report. The other provisions of these guidelines are being also implemented in a phased manner aligning with the Aditya Birla Group's Corporate Governance norms and CSR initiatives.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report, as stipulated under clause 49 of the Listing Agreement is annexed to the Annual Report.

### **DIRECTORS**

During the year, Mr. Kanwar Vivek resigned as the Managing Director of the Company with effect from October 15, 2010. Mr. Pankaj Razdan, Director was appointed as the Manager of the Company w.e.f October 15, 2010 and held office as Manager upto February 1, 2011.

Mr. Sudhakar Ramasubramanian was appointed as the Managing Director of the Company with effect from February 1, 2011.

Mr. Manoj Kedia, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. The Board recommends his re-appointment.

The Company has received requisite disclosures and undertakings from all the Directors in compliance with the provisions of the Companies Act, 1956.

### **AUDITORS & AUDITOR'S REPORT**

M/s. S. R. Batliboi & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. However, they do not seek re-appointment. Your Directors, have therefore proposed the appointment of M/s. S. R. Batliboi & Co. Chartered Accountants, Mumbai (Firm Registration No.301003E) as Statutory Auditors of the Company. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956. The members are requested to appoint the Auditors and authorize the Board to fix their remuneration.

## DIRECTORS' REPORT TO THE MEMBERS

The observations made by the Auditors in their report read with relevant notes to the Accounts are self-explanatory and do not call for any further comments under Section 217(3) of the Companies Act, 1956.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state and confirm:

1. That in the preparation of Annual Accounts for the year, applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any;
2. That they have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year ended March 31, 2011 and of the profit of the Company for that period;
3. That they have taken proper and sufficient care 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;
4. That they have prepared the Annual Accounts for the year ended March 31, 2011 on a going concern basis.

### **COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

In view of the nature of activities which are being carried on by the Company, the particulars prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of Energy & Technology Absorption are not applicable to the Company. The Company does not have any foreign exchange earnings and outgo during the year.

### **PARTICULARS OF EMPLOYEES**

In accordance with the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules 1975, the names and other particulars of employees are to be set out in the Directors' Report as an addendum thereto. However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and accounts, as therein set out, are being sent to all the members of the company excluding the information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company at the Registered Office of the Company.

### **ACKNOWLEDGEMENTS**

Your Directors express their sincere appreciation to the regulatory authorities, Company's bankers, shareholders, stakeholders and clients for their continued co-operation and support. Your Directors take this opportunity to recognize and place on record their deep sense of appreciation for the commitment and contribution made by all the employees and look forward to receive the same in future.

For and on behalf of the Board of Directors

Pankaj Razdan  
Director

Sudhakar Ramasubramanian  
Managing Director

Place : Chennai  
Date : April 21, 2011

## AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of Aditya Birla Money Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) 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.
4. Further to our comments in the Annexure referred to in para 3 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 purposes 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, 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 the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2011 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 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 March 31, 2011;
    - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES  
Firm registration number: 101049W  
Chartered Accountants

per Amit Majmudar  
Partner  
Membership No.: 036656

Place: Mumbai  
Date: April 21, 2011

## AUDITORS' REPORT TO THE MEMBERS

### ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a phased program for physical verification of all its fixed assets which in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. During the year, material discrepancies noticed on verification of information technology assets and V – SAT equipments have been properly dealt in the books of the accounts in the manner described in note 17.2(A).
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company is a stock broker and therefore does not have any inventories. Accordingly, Clause (ii) of the Companies (Auditors' Report) Order 2003 (as amended) is not applicable to the Company.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii)(b), 4 (iii)(c) and 4(iii)(d) of the Order issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, are not applicable to the Company.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii)(f) and 4(iii)(g) of the Order issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. The activities of the Company do not involve any purchase or sale of inventory. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301. Accordingly, clauses 4(v)(a) and 4(v)(b) of the Order issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, are not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance dues, service tax investor education and protection fund, income-tax, wealth-tax, cess and other material statutory dues applicable to it. Statutory dues in respect of sales tax, customs duty and excise duty are not applicable to the Company.

## AUDITORS' REPORT TO THE MEMBERS

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, service tax and cess on account of any dispute, are as follows:

<b>Name of the Statute</b>	<b>Nature of Dues</b>	<b>Amount (Rs.)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Income Tax Act, 1961	Income Tax	21,891,567	AY-2008-09	CIT (Appeals)
Finance Act, 1994	Service tax	7,283,390	April 2004- June 2008	Commissioner of Service tax
Finance Act, 1994	Service tax	376,714	October 2004- March 2009	Commissioner of Service tax
Finance Act, 1994	Service tax	1,116,339	December 2008- November 2009	Commissioner of Service tax
Finance Act, 1994	Service tax	21,821	November 2009- March 2010	Commissioner of Service tax

- (x) The Company has no accumulated losses at the end of the financial year. However, the *Company has incurred cash losses in the current year* but not in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. There are no dues to a financial institutions or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

## AUDITORS' REPORT TO THE MEMBERS

- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the years Accordingly Clause (xx) of the Companies (Auditors Report) Order 2003 (as amended) is not applicable to the Company.
- (xxi) Based on information and explanations given to us, we report that, during the year there have been certain instances of fraud on the Company by employees where unauthorized trades/cheque forgery related embezzlements have occurred for amounts aggregating Rs 637,700/-. The Company does not consider these to be material to the financial statements and has taken legal against these persons and has provided for amounts which are not considered to be recoverable.

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no other fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & ASSOCIATES  
Firm registration number: 101049W  
Chartered Accountants

per Amit Majmudar  
Partner  
Membership No: 036656

Place: Mumbai  
Date: April 21, 2011

# BALANCE SHEET AS AT 31ST MARCH, 2011

(All amounts are in Indian rupees unless otherwise stated)

	Schedule	As at 31-Mar-2011	As at 31-Mar-2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	1	135,400,000	55,400,000
Reserves and Surplus	2	519,248,114	493,815,100
		<b>654,648,114</b>	549,215,100
<b>Loan funds</b>			
Secured Loans	3	—	50,000,000
Unsecured Loans	4	249,267,774	343,055,131
		<b>249,267,774</b>	393,055,131
Deferred Tax Liability (Refer note 17.2(h))		11,999,316	53,477,207
<b>Total Funds Employed</b>		<b>915,915,204</b>	995,747,438
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets:</b>			
Gross Block	5	720,411,285	588,499,218
Less : Accumulated Depreciation / Amortisation		293,913,400	243,377,456
Net Block		426,497,885	345,121,762
Capital Work-in-Progress including Capital Advances		1,304,035	13,152,319
		<b>427,801,920</b>	358,274,081
<b>Investments</b>	6	120,066,000	20,076,000
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	7	361,167,098	732,985,866
Cash and Bank Balances	8	325,130,007	769,650,610
Loans and Advances	9	476,626,300	387,720,323
		<b>1,162,923,405</b>	1,890,356,799
Less: <b>Current Liabilities and Provisions</b>			
Current Liabilities	10	789,783,862	1,254,356,160
Provisions	11	5,092,259	18,603,282
		<b>794,876,121</b>	1,272,959,442
<b>Net Current Assets / (Liabilities)</b>		<b>368,047,284</b>	617,397,357
<b>Total Funds Utilised</b>		<b>915,915,204</b>	995,747,438

## Significant Accounting Policies and Notes on Accounts 17

Schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date

For S. R. BATLIBOI & ASSOCIATES  
Firm Registration Number 101049W  
Chartered Accountants

per Amit Majmudar  
Partner  
Membership No. 036656

Place : Mumbai  
Date : April 21, 2011

For ADITYA BIRLA MONEY LIMITED

Sudhakar Ramasubramanian Pankaj Razdan  
Managing Director Director

Ravishankar Gopalan S. Balaji  
Chief Operating Officer Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(All amounts are in Indian rupees unless otherwise stated)

	<u>Schedule</u>	<b>Year Ended 31-Mar-2011</b>	<u>Year Ended 31-Mar-2010</u>
<b>INCOME</b>			
Income from Operations	12	<b>989,000,095</b>	982,788,403
Other Income	13	<b>82,191,981</b>	35,196,365
		<b><u>1,071,192,076</u></b>	<u>1,017,984,768</u>
<b>EXPENDITURE</b>			
Personnel Expenses	14	<b>334,605,821</b>	235,580,602
Operating and Other Expenses	15	<b>661,430,273</b>	544,245,859
		<b><u>996,036,094</u></b>	<u>779,826,461</u>
<b>Profit / (Loss) before Interest, Depreciation/Amortisation &amp; Tax</b>		<b>75,155,982</b>	238,158,307
Less: Interest and Finance Expenses	16	<b>58,048,910</b>	26,138,850
<b>Profit / (Loss) before Depreciation/Amortisation and Exceptional items</b>		<b>17,107,072</b>	212,019,457
Depreciation/Amortisation	5	<b>71,603,848</b>	56,744,277
<b>Profit / (Loss) before Exceptional Items</b>		<b>(54,496,776)</b>	155,275,180
Exceptional item (Refer note 2(e) of Schedule 17)		<b>81,548,101</b>	—
<b>Profit / (Loss) Before Tax</b>		<b>(136,044,877)</b>	155,275,180
<b>Less: Provision for Tax</b>			
- Current Tax		—	48,500,000
- Deferred Tax		<b>(41,477,891)</b>	12,000,000
- Fringe Benefit Tax (of Earlier Years)		—	6,309
<b>Net Profit / (Loss)</b>		<b>(94,566,986)</b>	94,768,871
Balance brought forward		<b>220,899,460</b>	126,130,589
Surplus carried to Balance sheet		<b><u>126,332,474</u></b>	<u>220,899,460</u>
Earnings / (Loss) per share (Basic and Diluted) (Face Value Re 1/- each)		<b>(1.71)</b>	1.71

(Refer note 2(ii) of Schedule 17)

### Significant Accounting Policies and Notes on Accounts 17

Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date

For S. R. BATLIBOI & ASSOCIATES  
Firm Registration Number 101049W  
Chartered Accountants

For ADITYA BIRLA MONEY LIMITED

Sudhakar Ramasubramanian     Pankaj Razdan  
Managing Director                     Director

per Amit Majmudar  
Partner  
Membership No. 036656

Ravishankar Gopalan             S. Balaji  
Chief Operating Officer             Company Secretary

Place : Mumbai  
Date : April 21, 2011



# SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

	<b>As at 31-Mar-2011</b>	As at 31-Mar-2010
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorized</b>		
150,000,000 (Previous year - 150,000,000) equity shares of Re.1/- each	<b>150,000,000</b>	150,000,000
1,000,000 (Previous year - 1,000,000) Preference shares of Re.100/- each	<b>100,000,000</b>	100,000,000
	<b>250,000,000</b>	<u>250,000,000</u>
<b>Issued, Subscribed &amp; Paid Up</b>		
55,400,000 (Previous year - 55,400,000) equity shares of Re.1/- each fully paid	<b>55,400,000</b>	55,400,000
800,000 (Previous year - Nil) 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs.100/- each fully paid	<b>80,000,000</b>	—
	<b>135,400,000</b>	<u>55,400,000</u>
<i>Out of the above</i>		
41,550,000 (Previous year - 41,550,000) equity shares of Re.1/- each fully paid up are held by Aditya Birla Financial Services Private Limited, the holding company; and		
800,000 (Previous year - Nil) 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs.100/- each fully paid are held by Aditya Birla Financial Services Private Limited, the holding company. Also refer note 17(2)(d).		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Securities Premium Account</b>		
Opening Balance	—	—
Add: Additions during the year	<b>120,000,000</b>	—
Less: Deductions/Adjustments	—	—
Closing Balance	<b>120,000,000</b>	—
<b>Capital Reserve</b>		
Opening Balance	<b>11,538,863</b>	11,538,863
Add: Additions during the year	—	—
Less: Deductions/Adjustments	—	—
Closing Balance	<b>11,538,863</b>	11,538,863
<b>General Reserve</b>		
Opening Balance	<b>261,376,777</b>	261,376,777
Add: Additions during the year	—	—
Less: Deductions/Adjustments	—	—
Closing Balance	<b>261,376,777</b>	261,376,777
<b>Surplus as per Profit Loss Account</b>		
Opening Balance	<b>220,899,460</b>	126,130,589
Add: Additions during the year	<b>(94,566,986)</b>	94,768,871
Less: Deductions/Adjustments	—	—
Closing Balance	<b>126,332,474</b>	220,899,460
	<b>519,248,114</b>	<u>493,815,100</u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
From banks	—	50,000,000
(Secured against Pledge of Fixed Deposit)		
	—	<u>50,000,000</u>
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
Commercial Paper	<b>149,267,774</b>	143,055,131
(Maximum Balance outstanding during the year Rs.500,000,000 (Previous year: Rs. 400,000,000)		
Inter corporate deposit	<b>100,000,000</b>	200,000,000
	<b>249,267,774</b>	<u>343,055,131</u>
Amount repayable within one year	<b>249,267,774</b>	343,055,131

# SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

## SCHEDULE 5 FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As at 01-Apr-2010	Additions	Deductions	As at 31-Mar-2011	As at 01-Apr-2010	For the Period	Deductions	As at 31-Mar-2011	As at 31-Mar-2011	As at 31-Mar-2010
<b>TANGIBLE ASSETS:</b>										
Computers	171,169,380	59,027,137	20,267,629	<b>209,928,888</b>	87,514,456	32,392,338	18,158,011	<b>101,748,783</b>	<b>108,180,105</b>	83,654,924
V-SAT equipments #	115,019,295	590,168	—	<b>115,609,463</b>	34,327,057	5,350,764	—	<b>39,677,821</b>	<b>75,931,642</b>	80,692,239
Office equipments	67,661,009	21,667,961	2,052,171	<b>87,276,799</b>	18,791,369	6,799,507	638,093	<b>24,952,783</b>	<b>62,324,016</b>	48,869,719
Furniture and Fittings	86,848,784	29,148,383	3,230,702	<b>112,766,465</b>	28,505,708	8,334,648	1,640,824	<b>35,199,532</b>	<b>77,566,933</b>	58,343,077
Land*	1,500,000	—	—	<b>1,500,000</b>	—	—	—	—	<b>1,500,000</b>	1,500,000
Vehicles	2,308,795	1,021,724	1,278,382	<b>2,052,137</b>	553,462	301,847	631,057	<b>224,252</b>	<b>1,827,885</b>	1,755,333
<b>Total tangible assets</b>	444,507,263	111,455,373	26,828,884	<b>529,133,752</b>	169,692,052	53,179,104	21,067,985	<b>201,803,171</b>	<b>327,330,581</b>	274,815,292
<b>INTANGIBLE ASSET:</b>										
Computer software	143,991,955	47,285,578	—	<b>191,277,533</b>	73,685,485	18,424,744	—	<b>92,110,229</b>	<b>99,167,304</b>	70,306,470
<b>Grand Total</b>	<b>588,499,218</b>	<b>158,740,951</b>	<b>26,828,884</b>	<b>720,411,285</b>	<b>243,377,537</b>	<b>71,603,848</b>	<b>21,067,985</b>	<b>293,913,400</b>	<b>426,497,885</b>	345,121,762
Figures for previous year	535,776,003	58,422,471	5,699,256	588,499,218	188,748,890	56,744,277	2,115,711	243,377,456	345,121,762	

\* The Company is in the process of getting the land registered in its name.

# Refer note 2(a) of Schedule 17

## SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

	<b>As at 31-Mar-2011</b>	As at 31-Mar-2010
<b>SCHEDULE 6</b>		
<b>INVESTMENTS</b>		
<b>Long Term Investments</b>		
<b>Other than trade (Unquoted, at cost)</b>		
Nil (Previous year - 130,000) equity shares of Re. 1/- each fully paid in BSE Limited.	—	10,000
6,600 (Previous year - 6,600) equity shares of Rs. 10/- each fully paid in Apollo Sindhoori Hotels Limited.	<b>184,524</b>	184,524
Less: Provision for Diminution in value of Investment	<b>(118,524)</b>	(118,524)
	<b>66,000</b>	76,000
<b>In subsidiary company (Unquoted, at cost)</b>		
2,000,000 (Previous year - 2,000,000) equity shares of Rs. 10/- each fully paid in Aditya Birla Commodities Broking Limited	<b>20,000,000</b>	20,000,000
<b>Current Investments - Trade (Unquoted)</b>		
6,373,958 units (previous year - Nil) of Rs. 10/- each in Birla SunLife Cash Plus - Institutional Premium - Growth	<b>100,000,000</b>	—
	<b>120,066,000</b>	20,076,000
Aggregate amount of Unquoted Investments	<b>120,066,000</b>	—
The following mutual fund units were purchased and sold during the year Birla SunLife Cash Plus - Institutional Premium - Growth (units)	<b>76,171,390</b>	33,112,294
<b>SCHEDULE 7</b>		
<b>SUNDRY DEBTORS</b>		
<b>(Unsecured)</b>		
<b>Debts outstanding for more than six months</b>		
- Considered Good	<b>20,596,945</b>	41,303,067
- Considered Doubtful	<b>20,899,920</b>	3,000,000
<b>Other debts</b>		
- Considered Good	<b>308,745,198</b>	638,308,460
- Considered Doubtful	—	—
	<b>350,242,063</b>	682,611,527
Less: Provision for Doubtful Debts	<b>20,899,920</b>	3,000,000
	<b>329,342,143</b>	679,611,527
<b>Lease Debtors</b>		
<b>Debts outstanding for more than six months</b>		
- Considered Good	—	—
- Considered Doubtful	<b>318,750</b>	318,750
	<b>318,750</b>	318,750
Less: Provision for Doubtful Debts	<b>318,750</b>	318,750
	—	—
<b>Hire Purchase Debtors</b>		
<b>Debts outstanding for more than six months</b>		
- Considered Good	—	—
- Considered Doubtful	<b>15,000</b>	15,000
	<b>15,000</b>	15,000
Less: Provision for doubtful debts	<b>15,000</b>	15,000
	—	—
<b>Settlement Dues - Exchanges (considered good)</b>		
Debts outstanding for more than six months	—	—
Other debts	<b>31,824,955</b>	53,374,339
	<b>31,824,955</b>	53,374,339
	<b>361,167,098</b>	732,985,866

## SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

	<b>As at 31-Mar-2011</b>	As at 31-Mar-2010
<b>SCHEDULE 8</b>		
<b>CASH AND BANK BALANCES</b>		
Cash & Stamps on hand	<b>1,321,015</b>	1,080,949
Balances with scheduled banks in		
- Fixed Deposits*	<b>135,824,269</b>	536,777,533
- Current Accounts	<b>187,018,063</b>	230,808,372
- Unpaid Dividend Accounts	<b>781,010</b>	798,106
- Unpaid Matured Deposit Accounts	<b>185,650</b>	185,650
	<b><u>325,130,007</u></b>	<u>769,650,610</u>

\* Under Lien towards Bank Guarantees

### **SCHEDULE 9** **LOANS AND ADVANCES** **(Unsecured)**

#### **Considered good**

Aditya Birla Commodities Broking Ltd.-100% Subsidiary	<b>27,915,354</b>	—
Advances recoverable in cash or kind or for value to be received *#	<b>143,648,587</b>	146,376,995
Advance income tax, fringe benefit tax and tax deducted at source (net of provision for tax and fringe benefit tax)	<b>24,017,246</b>	6,127,344
Service Tax Credit	<b>9,843,868</b>	1,517,280
Margins with Exchanges	<b>188,818,119</b>	171,834,555
Prepaid Expenses	<b>24,216,283</b>	12,544,723
Deposits-Others	<b>10,671,905</b>	10,358,464
Accrued Income	<b>9,734,837</b>	8,248,043
Advance to Suppliers	<b>1,140,081</b>	—
Rental Advances	<b>36,620,020</b>	30,712,919
	<b><u>476,626,300</u></b>	<u>387,720,323</u>

#### **Considered doubtful**

Advances recoverable in cash or kind or for value to be received	<b>28,557,431</b>	12,716,855
Less: Provision for Doubtful Loans and Advances	<b>28,557,431</b>	12,716,855
	<b><u>—</u></b>	<u>—</u>
	<b><u>476,626,300</u></b>	<u>387,720,323</u>

\* includes Rs 1,534,634 receivable from Erstwhile Director - Also refer note 2(c) of Schedule 17

# also refer note 2(a) of Schedule 17

### **SCHEDULE 10** **CURRENT LIABILITIES**

Sundry Creditors *	—	—
Micro, Small and Medium enterprises		
Trade Creditors	<b>699,562,021</b>	1,128,525,438
Settlement Dues - Exchanges	<b>49,700</b>	—
Other Sundry Creditors	<b>74,330,766</b>	57,202,177
Balances in Current Accounts with Bank (Temporarily Overdrawn)	<b>194,280</b>	55,126,988
Other Liabilities	<b>14,710,396</b>	12,557,761
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
Unclaimed Dividend	<b>751,049</b>	758,146
Unclaimed Matured Deposits	<b>185,650</b>	185,650
	<b><u>789,783,862</u></b>	<u>1,254,356,160</u>

\* Also refer note 2(g) of Schedule 17

## SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

	<u>As at</u> <u>31-Mar-2011</u>	<u>As at</u> <u>31-Mar-2010</u>
<b>SCHEDULE 11</b>		
<b>PROVISIONS</b>		
Provision for Leave Encashment	<b>5,092,259</b>	6,446,241
Provision for Gratuity	—	12,157,041
	<u><b>5,092,259</b></u>	<u>18,603,282</u>
	<u><b>Year ended</b></u> <u><b>31-Mar-2011</b></u>	<u>Year ended</u> <u>31-Mar-2010</u>
<b>SCHEDULE 12</b>		
<b>INCOME FROM OPERATIONS</b>		
Brokerage Income	<b>721,633,011</b>	770,383,700
Income from Transaction Charges	<b>50,176,981</b>	44,412,505
V-Sat Rent	<b>6,471,322</b>	9,627,794
Account Opening Charges	<b>8,844,220</b>	8,454,561
Income from Depository Services	<b>49,565,287</b>	54,725,384
Referral Fee	<b>109,372</b>	161,605
Referral Fee-Inter Company	<b>4,097,680</b>	737,263
Interest and Finance Charges	<b>148,102,222</b>	94,285,591
	<u><b>989,000,095</b></u>	<u>982,788,403</u>
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
Dividends on Long Term Investments :		
- Trade	<b>539,309</b>	541,699
Profit on Sale of Investments		
- Long Term Investments	<b>47,050,000</b>	765,145
- Short Term Investments	<b>1,794,459</b>	1,064,073
Interest on:	-	
- Bank deposits (Tax deducted at source - Rs 3,170,529/-, previous year Rs 2,620,893/-)	<b>28,315,329</b>	23,111,432
- Others (Tax Deducted at Source Rs 74,610/-, previous year Rs 32,111/-)	<b>373,049</b>	334,461
Miscellaneous Income	<b>4,119,835</b>	9,379,555
	<u><b>82,191,981</b></u>	<u>35,196,365</u>
<b>SCHEDULE 14</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries, Allowances, Bonus & Incentive	<b>301,561,458</b>	207,532,929
Contribution to Provident and Other Funds	<b>18,744,265</b>	16,071,194
Staff Welfare Expenses	<b>14,300,098</b>	11,976,479
	<u><b>334,605,821</b></u>	<u>235,580,602</u>

## SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

	<b>Year ended 31-Mar-2011</b>	Year ended 31-Mar-2010
<b>SCHEDULE 15</b>		
<b>OPERATING AND OTHER EXPENSES</b>		
Advertisement & Publicity	<b>4,871,630</b>	5,143,253
Auditors remuneration - (as auditor)		
- Statutory Audit	<b>800,000</b>	800,000
- Limited Reviews	<b>600,000</b>	75,000
- Tax Audit	—	200,000
- Certification Charges	—	100,000
- Out of Pocket Expenses	<b>415,000</b>	—
AMC Charges	<b>47,653,100</b>	23,289,599
Bandwidth Charges	<b>30,064,416</b>	27,368,718
Business Development Expenses	<b>35,748,568</b>	36,240,000
Director's Sitting Fees	<b>420,000</b>	340,000
Electricity	<b>14,436,686</b>	14,885,459
Insurance	<b>9,448,234</b>	5,844,962
Investments Write Off	—	70,856
Legal & Professional charges	<b>36,837,950</b>	11,966,730
Loss on Sale/discard of fixed assets	<b>4,751,184</b>	3,477,845
Management Fee-Business Partners	<b>241,022,311</b>	236,605,211
Office Maintenance	<b>14,068,342</b>	11,412,106
Postage & Telegrams	<b>22,830,321</b>	20,317,288
Printing & Stationery	<b>15,120,987</b>	16,081,916
Provision for Doubtful Debts	<b>17,899,920</b>	11,369,825
Provision for Doubtful Advances	<b>15,840,576</b>	—
Provision for diminution in value of Investment	—	118,524
Rates & Taxes	<b>11,690,336</b>	12,672,732
Rent	<b>63,728,019</b>	42,348,809
Asset Utilisation Charges	<b>316,339</b>	—
Repairs & Maintenance:		
- Computer	<b>5,833,665</b>	3,291,242
- Others	<b>7,559,485</b>	5,055,519
Telephone Expenses	<b>22,913,148</b>	15,374,811
Travelling & Conveyance	<b>25,017,378</b>	29,756,767
Miscellaneous Expenses	<b>11,542,678</b>	10,038,687
	<b><u>661,430,273</u></b>	<u>544,245,859</u>
<b>SCHEDULE 16</b>		
<b>INTEREST AND OTHER FINANCE CHARGES</b>		
Interest on:		
- Bank Loans	<b>2,221,232</b>	2,299,493
- Commercial Papers	<b>34,139,143</b>	5,978,131
- Inter Corporate Deposits	<b>10,596,849</b>	9,397,193
- Others	<b>259,819</b>	47,689
Bank Charges	<b>10,831,867</b>	8,416,344
	<b><u>58,048,910</u></b>	<u>26,138,850</u>

# SCHEDULES

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

## **SCHEDULE 17**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31-MAR-2011**

#### **17.1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006, (as amended) the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the Historical cost convention and on an Accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the Previous year.

##### **b) USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted Accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### **c) FIXED ASSETS, INTANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition.

The computer software costs are capitalized and recognized as intangible assets in terms of Accounting Standard 26 - Intangible Assets based on materiality, accounting prudence and significant economic benefit expected there from to flow over a period longer than one year. Capitalized costs include direct costs of implementation and expenses directly attributable to the development of the software.

##### **d) DEPRECIATION**

Depreciation is provided using the straight line method at the rates prescribed under schedule XIV of the Companies Act, 1956, which is management's estimate of the useful lives of the assets.

Computer software cost capitalized is amortized over the estimated useful life of 6 years.

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

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

##### **e) IMPAIRMENT**

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

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

##### **f) LEASES**

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

## SCHEDULES

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

### **g) INVESTMENTS**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

### **h) REVENUES**

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

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

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

Other interest incomes are recognised on a time proportion basis.

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

### **i) EMPLOYEE BENEFITS**

i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund is due. There are no obligations other than the contribution payable to the trust.

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

iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method

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

### **j) INCOME TAX**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

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



## SCHEDULES

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

### **k) EARNINGS PER SHARE**

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

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

### **l) CONTINGENT LIABILITY AND PROVISIONS**

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

### **m) SEGMENT REPORTING**

The Company is principally engaged in the business of Stock Broking and related activities. Accordingly, there are no reportable segments.

### **n) CASH AND CASH EQUIVALENTS**

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

## **17.2 NOTES TO ACCOUNTS**

### **a) AMOUNTS RECEIVABLE FROM ERSTWHILE PROMOTERS**

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

As per clause 12.1 of the SPA, the Erstwhile Promoters had agreed to indemnify and hold harmless the Purchaser to the extent of any Losses, resulting from or consequent upon or relating to such breach of representation or warranty, covenants or agreement including but not limited to the recoveries of receivables and other assets in the books of the Company, contingencies on tax and related matters etc.

In connection with the above, the Company based on its internal assessment of the recoverability of receivables, fixed assets and others assets and matters relating to tax and other contingencies have arrived at a total claim of Rs 163,882,296/- and has accordingly raised on the erstwhile promoters to remit such monies to the Company. While, the erstwhile promoters have not accepted the claim in its entirety it has however in respect of one particular claim relating to service tax liabilities remitted a sum of Rs 19,047,324/- during the year. The erstwhile promoters have not remitted nor have they denied these amounts as due to the Company and ABNL.

In accordance with the terms of the SPA, the Company and ABNL have served a notice to the erstwhile promoters that they are invoking the arbitration mechanism for the resolution of the claims made. An Arbitral Tribunal was constituted and ABNL and the Company had filed their Statement of Claim on February 26, 2011.

In addition to the above, the Company vide its letter dated March 5, 2011 made a separate claim of Rs 5,169,379/- for amounts becoming due and payable on accounts of various cases initiated by the customers of the Company. Accordingly, as at March 31, 2011, the total claim made by the Company is about Rs 169,051,665/-.

Pending the final outcome of the arbitration proceedings, the Company has identified all such receivables, assets etc which are have not been recovered and other items which are the subject matter of the

## SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

claim to the extent they are in the books of accounts of the Company aggregating Rs 138,829,722/- and disclosed the same in Advances recoverable in cash or kind under Loans and Advances in Schedule 9 of the Balance Sheet and the balance claims relating to contingencies which have devolved on the Company have been included under note 2(b) of Schedule 18 below on contingencies.

Based on legal opinion received and internal assessment, management is of the view that these amounts are recoverable from the erstwhile promoters and the Company is confident of recovering the entire dues through the arbitration process.

### b) COMMITMENTS AND CONTINGENCIES

#### Commitments

Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for is Rs 4,882,875/- (Previous year - Rs. 11,053,000/-).

#### Contingent Liabilities

Particulars	March 31, 2011	March 31, 2010
<b>Bank Guarantees placed with exchanges</b>	<b>150,000,000</b>	92,000,000
<b>Disputed Tax Liability not provided for:</b>		
(a) Income Tax - for various assessment years in respect of which Company has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.	<b>35,579,720</b>	26,900,000
(b) Service Tax - for various assessment years in respect of which Company has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.	<b>7,930,877</b>	21,900,000

Particulars	March 31, 2011	March 31, 2010
<b>Contingent Liability not provided for on account of:</b>		
(a) Disputed claim of SEBI towards turnover fees contested by the Company at Hon'ble Supreme Court. The Company has been advised by its legal counsel that it is possible, but not probable, the action will succeed and accordingly no provision for any liability has been made in these financial statements.	<b>27,656,667</b>	27,656,667
(b) Claims against the Company not acknowledged as debts*	<b>23,279,527</b>	39,400,000

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

### c) MANAGERIAL REMUNERATION

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

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

The Company has commenced the process of recovery from the Erstwhile Director. Pending the

## SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

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

### d) ISSUE OF 8% REDEEMABLE NON CONVERTIBLE NON CUMULATIVE PREFERENCE SHARES

The Company has allotted 800,000 8% Redeemable Non Convertible Non Cumulative Preference Shares ('RNCNCPS') of Rs 100/- each, fully paid up at a premium of Rs 150/- per share to Aditya Birla Financial Services Private Limited, its holding company.

The RNCNCPS are redeemable at the end of 5 years at Rs 320/- per share (face value Rs 100/- and a premium of Rs 220/- per share)

### e) EXCEPTIONAL ITEMS

The company has borne one time loss of Rs 81,548,101/-, net of recovery, on account of certain trades of its clients which have not been recovered from them.

### f) LOANS AND ADVANCES INCLUDE

Amounts receivable from:	Balance as at March 31, 2011	Balance as at March 31, 2010	Maximum amount outstanding at any time during the year ended March 31, 2011	Maximum amount outstanding at any time during the year ended March 31, 2010
<b>Subsidiary</b>				
Aditya Birla Commodities Broking Limited	27,915,354	-	27,915,354	24,665,546

### g) DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

The information given below has been identified to the extent such parties have been identified on the basis of information available with the Company.

Details of dues to Micro and Small Enterprises as per MSMED Act, 2006	2011	2010
the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
the amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

## SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

### h) DEFERRED TAX ASSET / (LIABILITY)

Particulars	March 31, 2011	March 31, 2010
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	<b>(68,975,856)</b>	(65,037,153)
Effect of expenditure/ provisions debited to profit and loss account in the current year but allowed for tax purposes in following years	<b>17,806,848</b>	11,559,946
Tax losses	<b>39,169,692</b>	-
<b>Net deferred tax Asset / (Liability)</b>	<b>(11,999,316)</b>	(53,477,207)

### i) EARNINGS PER SHARE

Particulars		March 31, 2011	March 31, 2010
Net profit/ (loss) as per Profit and loss account	<b>A</b>	<b>(94,566,986)</b>	94,768,871
Weighted average number of equity shares			
- Basic and diluted	<b>B</b>	<b>55,400,000</b>	55,400,000
Earnings / (Loss) per share			
- Basic and diluted	<b>A/B</b>	<b>(1.71)</b>	1.71
Nominal value of equity share (in Rs.)		<b>Re 1/-</b>	Re 1/-

### j) LEASE DISCLOSURES

#### Operating leases

Lease rentals in respect of premises taken on operating lease during the year ended March 31, 2011 amounts to Rs.63,728,019/- (Previous Year Rs.42,348,809/-).

Future obligations towards lease rentals under non cancellable lease agreements as on March 31, 2011 amounts to Rs.151,127,416/- (Previous Year Rs. 52,741,000/-). Details of Lease Rentals payable within one year and / thereafter are as under:

Particulars	March 31, 2011	March 31, 2010
Within one year	<b>49,072,470</b>	5,456,000
Later than one year and not later than five years	<b>79,235,111</b>	45,581,000
Later than five years	<b>22,819,835</b>	1,704,000

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

### k) EMPLOYMENT BENEFIT DISCLOSURES

The amounts charged to the Profit and loss account during the year for Provident fund contribution aggregates to Rs. 14,907,704/- (Previous year - Rs. 9,748,273/-) and employees' state insurance contribution aggregates to Rs. 3,495,973/- (Previous year - Rs. 2,097,698/-).

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

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

## SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

### Amounts recognised in the Balance sheet in respect of gratuity

	March 31, 2011	March 31, 2010
Present value of defined benefit obligation	12,646,962	12,157,041
Fair value of plan assets	14,281,150	-
<b>Liability/(Asset) recognised in the balance sheet</b>	<b>(1,634,188)</b>	12,157,041

### Amounts recognized in the Profit and loss account in respect of gratuity

	March 31, 2011	March 31, 2010
Current service cost	2,474,361	1,899,715
Interest cost on benefit obligation	865,341	5,88,099
Expected return on plan assets	(594,240)	-
Net actuarial (gain) / loss recognised in the year	(3,279,862)	1,727,053
Past service costs – vested benefits	874,987	-
<b>Net Gratuity Cost</b>	<b>340,588</b>	4,214,867

### Actual return on plan assets

	March 31, 2011	March 31, 2010
Expected return on plan assets	594,240	-
Actuarial gains / (losses) on plan assets	481,587	-
<b>Actual return on plan assets</b>	<b>1,075,827</b>	-

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

	March 31, 2011	March 31, 2010
Opening defined benefit obligation	12,157,041	8,860,643
Interest cost	865,341	5,88,099
Current service cost	2,474,361	1,899,715
Past Service Cost (Vested Benefits) due to change in gratuity ceiling	874,987	-
Actuarial (gains)/ losses on obligation	(2,798,274)	1,727,053
Benefits paid	(926,494)	(918,469)
<b>Closing defined benefit obligation</b>	<b>12,646,962</b>	121,57,041

### Change in fair value of plan assets

	March 31, 2011	March 31, 2010
Opening fair value of plan assets	-	-
Expected return	594,240	-
Actuarial (gains)/ losses on	481,587	-
Contributions by employer	14,131,817	-
Benefits paid	(926,494)	-
<b>Closing fair value of plan assets</b>	<b>14,281,150</b>	-

## SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

### Details of plan assets

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

	March 31, 2011	March 31, 2010
Government of India securities	29%	-
Corporate Bonds	2%	-
Insurer managed funds	65%	-
Others	4%	-
	100%	-

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

### Experience adjustments

	March 31, 2011	March 31, 2010
Experience adjustments (loss) / gain	3,041,066	(2,081,274)

	March 31, 2009	March 31, 2008
Experience adjustments (loss) / gain	130,000	-

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

	March 31, 2011	March 31, 2010
Discount rate	7.70%	7.40%
Expected rate of return on assets	9%	9%

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

## I) RELATED PARTY TRANSACTIONS

### List of related parties

Ultimate holding Company	Aditya Birla Nuvo Limited
Holding Company	Aditya Birla Financial Services Private Limited
Subsidiary Company	Aditya Birla Commodities Broking Limited
Entities under common control	Aditya Birla Finance Limited
	Aditya Birla Money Mart Limited
	Aditya Birla Financial Shared Services Limited
	Birla Sun Life Insurance Company Limited

## SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

Particulars	Closing Balance As on 31-Mar-2011	Transactions 2010 -2011	Closing Balance As on 31-Mar-2010	Transactions 2009 -2010
<b>Aditya Birla Nuvo Limited</b>				
- Inter corporate loan received	-	<b>1,850,000,000</b>	-	1,250,000,000
- Inter corporate loan repaid	-	<b>2,050,000,000</b>	200,000,000	1,050,000,000
- Interest on Inter corporate loan	-	<b>8,815,068</b>	131,507	5,393,836
- Rent payment (Service tax - Rs.1,08,459/-& TDS Payable Rs.10,53,000/-)	<b>1,053,000</b>	<b>4,212,000</b>	-	3,159,000
- Other Expense (TDS Payable Rs.2,685/-)	<b>134,216</b>	<b>134,216</b>	-	-
<b>Aditya Birla Finance Limited</b>				
- Inter corporate loan received	<b>100,000,000</b>	<b>350,000,000</b>	-	-
- Inter corporate loan repaid	-	<b>250,000,000</b>	-	50,000,000
- Interest on Inter corporate loan (TDS Payable Rs.28,493/-)	<b>284,932</b>	<b>734,932</b>	-	3,098,630
- Syndication fee payment	-	<b>538,480</b>	56,959	56,959
- Misc.Expenses Receivable (Service tax - Rs.5,717/- & TDS receivable Rs.6,122/-)	<b>55,000</b>	<b>55,000</b>	-	-
- Misc.Expenses Payable	<b>52,011</b>	<b>52,011</b>	-	-
<b>Aditya Birla Money Mart Limited</b>				
Business Development Fees		<b>35,747,908</b>	5,559,120	71,800,000
Management Fees		<b>66,049,558</b>	-	-
Reimbursement of Cost - Expenses (Receivable)		<b>18,721,962</b>	-	-
Referral fee (Receivable)		<b>4,097,679</b>	-	-
Reimbursement of Cost - Expenses (Payable)		<b>757,887</b>	-	-
Referral fee (Payable)		<b>878,167</b>	-	-
Recovery towards certain trades of ABMML referred clients		<b>973,219,030</b>	-	-
Total outstanding balance (Receivable)	<b>(26,506,716)</b>	-	5,559,120	-
<b>Aditya Birla Financial Services Private Limited</b>				
- Inter corporate loan received	-	<b>300,000,000</b>	-	-
- Inter corporate loan repaid	-	<b>300,000,000</b>	-	-
- Interest on Inter corporate loan	-	<b>517,808</b>	-	-
(Tax on Interest Rs.5,17,808* 10% = Rs.51,781/-)	-	-	-	-
Reimbursement of Cost - Expenses	<b>566,474</b>	<b>566,474</b>	-	-

## SCHEDULES

(All amounts are in Indian rupees unless otherwise stated)

Particulars	Closing Balance As on 31-Mar-2011	Transactions 2010 -2011	Closing Balance As on 31-Mar-2010	Transactions 2009 -2010
<b>Aditya Birla Financial Shared Services Limited</b>	-	-	-	-
- Misc.Expenses Receivable (TDS receivable Rs.37,594/-)	338,347	375,942	-	-
- Misc.Expenses Payable (TDS Payable Rs.51,123/-)	2,111,685	3,662,807	-	-
<b>Aditya Birla Capital Limited</b>	-	-	-	-
- Inter corporate loan received	-	-	-	185,000,000
- Inter corporate loan repaid	-	-	-	185,000,000
- Interest on Inter corporate loan	-	-	-	904,726
<b>Aditya Birla Commodities Broking Limited</b>				
- Inter corporate loan received		467,500,000		70,000,000
- Inter corporate loan repaid		467,500,000		70,000,000
- Interest on Inter corporate loan		721,681		
- Reimbursement of Cost - Expenses (Receivable)		50,089,678		27,223,000
Total outstanding balance (Receivable)	(27,915,353)	-	-	-
<b>Birla Sun Life Insurance Company Limited</b>				
- Brokerage Earned	48,418	11,101,009	665,550	14,401,548
- Rent (Service Tax Rs.90,761/- & TDS Rs.63,503/-)	881,181	908,439	-	-
- Other Income	-	-	516,326	1,451,926

### m) FOREIGN CURRENCY TRANSACTIONS

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

- n) Additional information pursuant to provisions of paragraphs 3(ii) to 3(iii) except paragraph 3(ii)(c) and paragraphs 4C and 4D of Part II of the Schedule VI to the Companies Act, 1956 has not been provided as these are not relevant having regard to the nature of the business of the Company.

### o) COMPARATIVES

Previous year figures have been audited by a firm other than S.R. Batliboi & Associates. Further previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

As per our Report of even date

For S. R. BATLIBOI & ASSOCIATES  
Firm Registration Number 101049W  
Chartered Accountants

per Amit Majmudar  
Partner  
Membership No. 036656

Place : Mumbai  
Date : April 21, 2011

For ADITYA BIRLA MONEY LIMITED

Sudhakar Ramasubramanian Pankaj Razdan  
Managing Director Director

Ravishankar Gopalan S. Balaji  
Chief Operating Officer Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

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

	<b>Year ended March 31, 2011</b>	Year ended March 31, 2010
<b>A Cash Flow From Operating Activities</b>		
Net profit / (Loss) before taxation, and Exceptional Items	<b>(54,496,776)</b>	155,275,180
Adjustments for :		
Depreciation / Amortisation	<b>71,603,848</b>	56,744,277
Provision for Doubtful Debts	<b>17,899,920</b>	11,369,825
Provision for Doubtful Advances	<b>15,840,576</b>	-
Provision for Diminution in value of investment	-	118,524
Write off of Investments	-	70,856
Interest Expenses	<b>47,217,043</b>	17,722,506
Interest Income	<b>(28,688,378)</b>	(23,445,893)
Loss on Sale of fixed assets (net)	<b>2,730,379</b>	3,477,845
Write off/other adjustments of fixed assets	<b>2,020,805</b>	-
(Profit) / Loss on Sale of Investments	<b>(48,844,459)</b>	(1,829,218)
Dividend Income	<b>(539,309)</b>	(541,699)
<b>Operating Profit Before Working Capital Changes</b>	<b>24,743,649</b>	218,962,203
Movements in working capital		
Decrease / (Increase) in sundry Debtors	<b>353,918,848</b>	(456,040,090)
(Increase) in other Loans and Advances	<b>(89,753,581)</b>	(145,436,508)
(Decrease) / Increase in Current Liabilities	<b>(464,572,298)</b>	512,796,709
(Decrease) / Increase in Provisions	<b>(13,511,023)</b>	4,970,434
<b>Cash generated from /(used in) operations</b>	<b>(189,174,405)</b>	135,252,748
Direct taxes paid (net of refunds)	<b>(17,889,821)</b>	(52,269,937)
Cash flow before Exceptional Items	<b>(207,064,226)</b>	82,982,811
Exceptional Item	<b>(81,548,101)</b>	-
<b>Net cash from/ (used in) operating activities</b>	<b>(288,612,327)</b>	82,982,811
<b>B Cash flows from Investing activities</b>		
Purchase of fixed assets	<b>(146,892,667)</b>	(69,886,455)
Proceeds from sale of fixed assets	<b>1,009,715</b>	105,700
Deposits placed (with maturity more than three months)	<b>(992,152,321)</b>	(496,099,810)
Proceeds of deposits matured (with maturity more than three months)	<b>1,393,105,585</b>	228,034,524
Interest received	<b>31,585,308</b>	21,408,480
Dividends received	<b>539,309</b>	541,699
Proceeds from sale of investments	<b>47,060,000</b>	792,134
Purchase of mutual funds	<b>(1,400,000,000)</b>	(780,000,000)
Proceeds from sale of mutual funds	<b>1,301,794,459</b>	781,064,073
<b>Net cash from/ (used in) operating activities</b>	<b>236,049,388</b>	(314,039,655)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(All amounts are in Indian rupees unless otherwise stated)

	<b>Year ended March 31, 2011</b>	Year ended March 31, 2010
<b>C Cash flows from financing activities</b>		
Proceeds from issue of Preference shares	<b>80,000,000</b>	-
Premium on issue of Preference share	<b>120,000,000</b>	-
Proceeds from Inter Corporate loans	<b>2,500,000,000</b>	150,000,000
Repayment of Inter Corporate loans	<b>(2,600,000,000)</b>	-
Proceeds from Secured loans	-	50,000,000
Repayment of Secured loans	<b>(50,000,000)</b>	-
Interest paid	<b>(47,217,043)</b>	(17,590,999)
Proceeds from issue of Commercial paper	<b>1,056,212,643</b>	393,055,131
Repayment of Commercial paper	<b>(1,050,000,000)</b>	(250,000,000)
<b>Net cash from/ (used in) in financing activities</b>	<b>8,995,600</b>	325,464,132
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(43,567,339)</b>	94,407,288
<b>Cash and cash equivalents at the beginning of the year</b>	<b>232,873,077</b>	138,465,789
<b>Cash and cash equivalents at the end of the year</b>	<b>189,305,738</b>	232,873,077
 <b>Components of cash and cash equivalents</b>		
Cash & Stamps on hand	<b>1,321,015</b>	1,080,949
With Banks - on current account	<b>187,018,063</b>	230,808,372
- Deposit Account	<b>135,824,269</b>	536,777,533
- Unpaid Dividend Accounts*	<b>781,010</b>	798,106
- Unpaid Matured Deposit Accounts*	<b>185,650</b>	185,650
<b>Cash &amp; Bank Balances as per schedule 8</b>	<b>325,130,007</b>	769,650,610
Less: - Fixed deposits not considered as Cash Equivalents	<b>(135,824,269)</b>	(536,777,533)
<b>Cash &amp; Cash Equivalents in Cash Flow Statement</b>	<b>189,305,738</b>	232,873,077

\* These balances are not available for use by the company as they represent corresponding unpaid dividend / matured unpaid deposit liabilities.

Previous year's figures have been regrouped / rearranged to confirm to the current year's presentation, wherever necessary.

As per our Report of even date

For S. R. BATLIBOI & ASSOCIATES  
Firm Registration Number 101049W  
Chartered Accountants

per Amit Majmudar  
Partner  
Membership No. 036656

Place : Mumbai  
Date : April 21, 2011

For ADITYA BIRLA MONEY LIMITED

Sudhakar Ramasubramanian     Pankaj Razdan  
Managing Director                     Director

Ravishankar Gopalan                 S. Balaji  
Chief Operating Officer                 Company Secretary

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I Registration Details

Registration No. 064810 State Code 04

Balance Sheet Date 31 03 2011

Date      Month      Year

## II Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	Rights Issue
<span style="border: 1px solid black; padding: 2px;">N</span> <span style="border: 1px solid black; padding: 2px;">I</span> <span style="border: 1px solid black; padding: 2px;">L</span>	<span style="border: 1px solid black; padding: 2px;">N</span> <span style="border: 1px solid black; padding: 2px;">I</span> <span style="border: 1px solid black; padding: 2px;">L</span>
Bonus Issue	Private Placement
<span style="border: 1px solid black; padding: 2px;">N</span> <span style="border: 1px solid black; padding: 2px;">I</span> <span style="border: 1px solid black; padding: 2px;">L</span>	<span style="border: 1px solid black; padding: 2px;">8</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">0</span>

## III Position of Mobilization and Development of Fund (Amount in Rs. Thousands)

	Total Liabilities		Total Assets
	<span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">5</span> <span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">5</span>		<span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">5</span> <span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">5</span>
<b>Source of Funds</b>	Paid-up Capital		Reserves & Surplus
	<span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">3</span> <span style="border: 1px solid black; padding: 2px;">5</span> <span style="border: 1px solid black; padding: 2px;">4</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">0</span>		<span style="border: 1px solid black; padding: 2px;">5</span> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">2</span> <span style="border: 1px solid black; padding: 2px;">4</span> <span style="border: 1px solid black; padding: 2px;">8</span>
	Secured Loans		Unsecured Loans
	<span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;">-</span> <span style="border: 1px solid black; padding: 2px;"></span>		<span style="border: 1px solid black; padding: 2px;">2</span> <span style="border: 1px solid black; padding: 2px;">4</span> <span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">2</span> <span style="border: 1px solid black; padding: 2px;">6</span> <span style="border: 1px solid black; padding: 2px;">8</span>
	Deferred Tax		
	<span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">9</span>		
<b>Application of Funds</b>	Net Fixed Assets		Investments
	<span style="border: 1px solid black; padding: 2px;">4</span> <span style="border: 1px solid black; padding: 2px;">2</span> <span style="border: 1px solid black; padding: 2px;">7</span> <span style="border: 1px solid black; padding: 2px;">8</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">2</span>		<span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">2</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">6</span> <span style="border: 1px solid black; padding: 2px;">6</span>
	Net Current Assets		Misc. Expenditure
	<span style="border: 1px solid black; padding: 2px;">3</span> <span style="border: 1px solid black; padding: 2px;">6</span> <span style="border: 1px solid black; padding: 2px;">8</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">4</span> <span style="border: 1px solid black; padding: 2px;">7</span>		<span style="border: 1px solid black; padding: 2px;">N</span> <span style="border: 1px solid black; padding: 2px;">I</span> <span style="border: 1px solid black; padding: 2px;">L</span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span>

## IV Performance of Company (Amount in Rs. Thousands)

	Total Income		Total Expenditure
	<span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">7</span> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">2</span>		<span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">2</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">7</span> <span style="border: 1px solid black; padding: 2px;">2</span> <span style="border: 1px solid black; padding: 2px;">3</span> <span style="border: 1px solid black; padding: 2px;">7</span>
	Profit / Loss Before Tax		Profit After Tax
	<span style="border: 1px solid black; padding: 2px;">(</span> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">3</span> <span style="border: 1px solid black; padding: 2px;">6</span> <span style="border: 1px solid black; padding: 2px;">0</span> <span style="border: 1px solid black; padding: 2px;">4</span> <span style="border: 1px solid black; padding: 2px;">5</span> <span style="border: 1px solid black; padding: 2px;">)</span>		<span style="border: 1px solid black; padding: 2px;">(</span> <span style="border: 1px solid black; padding: 2px;">9</span> <span style="border: 1px solid black; padding: 2px;">4</span> <span style="border: 1px solid black; padding: 2px;">5</span> <span style="border: 1px solid black; padding: 2px;">6</span> <span style="border: 1px solid black; padding: 2px;">7</span> <span style="border: 1px solid black; padding: 2px;">)</span>
	Earning per Share Rs.		Dividend Rate %
	<span style="border: 1px solid black; padding: 2px;">(</span> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">.</span> <span style="border: 1px solid black; padding: 2px;">7</span> <span style="border: 1px solid black; padding: 2px;">1</span> <span style="border: 1px solid black; padding: 2px;">)</span>		<span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;">N</span> <span style="border: 1px solid black; padding: 2px;">I</span> <span style="border: 1px solid black; padding: 2px;">L</span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span>

## V Generic Names of Principal Products/Services of Company (as per Monetary Terms)

Item Code No. (ITC Code)	Product Description
<span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;">N</span> <span style="border: 1px solid black; padding: 2px;">I</span> <span style="border: 1px solid black; padding: 2px;">L</span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span>	Stock Broking

For ADITYA BIRLA MONEY LIMITED

Sudhakar Ramasubramanian Managing Director	Pankaj Razdan Director
---	---------------------------

Ravishankar Gopalan Chief Operating Officer	S. Balaji Company Secretary
--	--------------------------------

Place : Chennai  
Date : April 21, 2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956, RELATING TO THE SUBSIDIARY COMPANIES

Name of the Subsidiary Company	Financial year of the Subsidiary ended on	Number of Equity Shares held by Aditya Birla Money Limited (ABML) as on March 31, 2011	Extent of interest of ABML in the Capital of the Subsidiary (%)	Net aggregate amount of Profits / (Losses) of the Subsidiary so far as it concerns the Members of ABML and is not dealt with in the Accounts of ABML		Net aggregate amount of Profits / (Losses) of the Subsidiary so far as it concerns the Members of ABML dealt with or provided for in the Accounts of ABML		Additional Information under Section 212(5)
				for the financial year ended on March 31, 2011	for the previous financial years of the subsidiary since it became a subsidiary	for the financial year ended on March 31, 2011	for the previous financial years of the subsidiary since it became a subsidiary	
				Rs.	Rs.	Rs.	Rs.	
Aditya Birla Commodities Broking Limited	March 31, 2011	2000000	100%	10,191,921	25,281,174	Nil	Nil	NA

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

**Aditya Birla Commodities Broking Limited**

Particulars		31-03-2011	31-03-2010
		Amount (Rs.)	Amount (Rs.)
a.	Capital	<b>20,000,000</b>	20,000,000
b.	Reserves	<b>35,473,095</b>	25,281,174
c.	Total Assets	<b>57,748,785</b>	48,556,233
d.	Total Liabilities	<b>57,748,785</b>	48,556,233
e.	Investments	<b>NIL</b>	NIL
f.	Total Income	<b>169,033,279</b>	153,740,695
g.	Profit Before Taxation	<b>15,068,718</b>	49,957,195
h.	Provision for Taxation	<b>4,876,797</b>	17,892,558
i.	Profit After Taxation	<b>10,191,921</b>	32,064,637
j.	Proposed Dividend	<b>NIL</b>	NIL

# **CONSOLIDATED FINANCIAL STATEMENTS**

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

### **The Board of Directors Aditya Birla Money Limited**

We have audited the attached consolidated balance sheet of Aditya Birla Money Limited including its subsidiary Aditya Birla Commodities Broking Limited ("Aditya Birla Money Limited"), as at March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Aditya Birla Money Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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.

We report that the consolidated financial statements have been prepared by the Aditya Birla Money Limited's management in accordance with the requirements of Accounting Standards (AS) 21, consolidated financial statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

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

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Aditya Birla Money Limited as at March 31, 2011;
- (b) in the case of the consolidated profit and loss account, of the loss for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES  
Firm registration number: 101049W  
Chartered Accountants

per Amit Majmudar  
Partner  
Membership No: 036656

Place: Mumbai  
Date: April 21, 2011

# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(All amounts are in Indian rupees unless otherwise stated)

	Schedule	As at <b>March 31, 2011</b>	As at March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	<b>135,400,000</b>	55,400,000
Reserves and Surplus	2	<b>554,721,209</b>	519,096,274
		<b>690,121,209</b>	574,496,274
<b>Loan Funds</b>			
Secured Loans	3	—	50,000,000
Unsecured Loans	4	<b>249,267,774</b>	343,055,131
		<b>249,267,774</b>	393,055,131
Deferred Tax Liability (Refer note 18.3(f))		<b>14,275,006</b>	56,752,266
<b>Total Funds Employed</b>		<b>953,663,989</b>	1,024,303,671
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets:</b>			
Gross Block	5	<b>745,820,510</b>	613,251,679
Less : Accumulated Depreciation / Amortisation		<b>308,858,661</b>	254,908,175
Net Block		<b>436,961,849</b>	358,343,504
Capital Work-in-Progress including Capital Advances		<b>1,304,035</b>	13,185,399
		<b>438,265,884</b>	371,528,903
<b>Investments</b>	6	<b>100,066,000</b>	76,000
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	7	<b>368,197,453</b>	743,349,762
Cash and Bank balances	8	<b>704,770,284</b>	913,151,742
Loans and Advances	9	<b>505,826,461</b>	568,244,496
		<b>1,578,794,198</b>	2,224,746,000
Less: <b>Current Liabilities and Provisions</b>			
Current Liabilities	10	<b>1,158,369,834</b>	1,553,443,950
Provisions	11	<b>5,092,259</b>	18,603,282
		<b>1,163,462,093</b>	1,572,047,232
<b>Net Current Assets / (Liabilities)</b>		<b>415,332,105</b>	652,698,768
<b>Total Funds Utilised</b>		<b>953,663,989</b>	1,024,303,671
<b>Significant Accounting Policies and Notes on Accounts</b>	18		

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES

Firm Registration Number: 101049W

Chartered Accountants

per Amit Majmudar

Partner

Membership No.: 036656

Place: Mumbai

Date: April 21, 2011

For ADITYA BIRLA MONEY LIMITED

Sudhakar Ramasubramanian

Managing Director

Ravishankar Gopalan

Chief Operating Officer

Pankaj Razdan

Director

S Balaji

Company Secretary

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(All amounts are in Indian rupees unless otherwise stated)

	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
<b>INCOME</b>			
Income from Operations	12	<b>1,127,213,886</b>	1,112,702,206
Sale of Gold		<b>15,613,933</b>	19,114,731
Other Income	13	<b>97,397,536</b>	39,908,526
		<b><u>1,240,225,355</u></b>	<b><u>1,171,725,463</u></b>
<b>EXPENDITURE</b>			
(Increase)/Decrease in Stocks	14	—	996,246
Purchase of Gold		<b>15,308,312</b>	17,816,422
Personnel Expenses	15	<b>368,195,313</b>	235,580,602
Operating and Other Expenses	16	<b>760,651,514</b>	623,633,546
		<b><u>1,144,155,139</u></b>	<b><u>878,026,816</u></b>
<b>Profit / (Loss) before Interest, Depreciation/Amortisation &amp; Tax</b>		<b>96,070,216</b>	293,698,647
Less: Interest and Finance Expenses	17	<b>60,479,884</b>	28,397,744
<b>Profit / (Loss) before Depreciation/Amortisation and Exceptional Items</b>		<b>35,590,332</b>	265,300,903
Depreciation/Amortisation	5	<b>75,018,390</b>	60,068,528
<b>Profit / (Loss) before Exceptional Items</b>		<b>(39,428,058)</b>	205,232,375
Exceptional item (Refer note 3(e) of Schedule 18)		<b>81,548,101</b>	-
<b>Profit / (Loss) Before Tax</b>		<b>(120,976,159)</b>	205,232,375
<b>Less: Provision for Tax</b>			
- Current Tax		<b>5,876,166</b>	65,400,000
- Deferred Tax		<b>(42,477,260)</b>	12,702,000
- Fringe Benefit Tax (of earlier years)		—	296,867
<b>Net Profit / (Loss)</b>		<b>(84,375,065)</b>	126,833,508
Balance brought forward		<b>246,180,634</b>	119,347,126
Surplus carried to Balance sheet		<b><u>161,805,569</u></b>	<b><u>246,180,634</u></b>
Earnings / (Loss) per share (Basic and Diluted) (Face Value Re 1/- each) (Refer Note 3(g) of Schedule 18)		<b>(1.52)</b>	2.29

### Significant Accounting Policies and Notes on Accounts 18

Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES

For ADITYA BIRLA MONEY LIMITED

Firm Registration Number: 101049W

Chartered Accountants

per Amit Majmudar  
Partner  
Membership No.: 036656

Sudhakar Ramasubramanian  
Managing Director

Pankaj Razdan  
Director

Place: Mumbai  
Date: April 21, 2011

Ravishankar Gopalan  
Chief Operating Officer

S Balaji  
Company Secretary



## SCHEDULES

### Schedules to Accounts

(All amounts are in Indian rupees unless otherwise stated)

	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorized</b>		
150,000,000 (Previous year - 150,000,000) equity shares of Re.1/- each	<b>150,000,000</b>	150,000,000
1,000,000 (Previous year - 1,000,000) Preference shares of Re.100/- each	<b>100,000,000</b>	100,000,000
	<b>250,000,000</b>	250,000,000
<b>Issued, Subscribed &amp; Paid Up</b>		
55,400,000 (Previous year - 55,400,000) equity shares of Re.1/- each fully paid	<b>55,400,000</b>	55,400,000
800,000 (Previous year - Nil) 8% Redeemable Non Convertible Non Cumulative Preference Shares of Rs.100/- each fully paid	<b>80,000,000</b>	—
	<b>135,400,000</b>	55,400,000
<i>Out of the above</i>		
41,550,000 (Previous year - 41,550,000) equity shares of Re.1/- each fully paid up are held by Aditya Birla Financial Services Private Limited, the holding company; and		
800,000 (Previous year - Nil) 8% Redeemable Non convertible non cumulative Preference Shares of Rs.100/- each fully paid are held by Aditya Birla Financial Services Private Limited, the holding company. Also refer note 18(3)(d)		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Securities Premium Account</b>		
Opening Balance	—	—
Add: Additions during the year	<b>120,000,000</b>	—
Less: Deductions/Adjustments	—	—
Closing Balance	<b>120,000,000</b>	-
<b>Capital Reserve</b>		
Opening Balance	<b>11,538,863</b>	11,538,863
Add: Additions during the year	—	—
Less: Deductions/Adjustments	—	—
Closing Balance	<b>11,538,863</b>	11,538,863
<b>General Reserve</b>		
Opening Balance	<b>261,376,777</b>	261,376,777
Add: Additions during the year	—	—
Less: Deductions/Adjustments	—	—
Closing Balance	<b>261,376,777</b>	261,376,777
<b>Surplus as per Profit &amp; Loss Account</b>		
Opening Balance	<b>246,180,634</b>	119,347,126
Add: Additions during the year	<b>(84,375,065)</b>	126,833,508
Less: Deductions/Adjustments	—	—
Closing Balance	<b>161,805,569</b>	246,180,634
	<b>554,721,209</b>	519,096,274
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
From Banks	—	50,000,000
(Secured against Pledge of Fixed Deposit)	—	50,000,000
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
Commercial Paper (Maximum Balance outstanding during the year Rs.500,000,000 (Previous year: Rs. 400,000,000/-))	<b>149,267,774</b>	143,055,131
Inter corporate deposit	<b>100,000,000</b>	200,000,000
	<b>249,267,774</b>	343,055,131
Amount repayable within one year	249,267,774	343,055,131

# SCHEDULES

## Schedules to Accounts

(All amounts are in Indian rupees unless otherwise stated)

### SCHEDULE 5 FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at April 1, 2010	Additions	Deductions	As at March 31, 2011	For the Period	Deductions	As at March 31, 2011	As at March 31, 2010
<b>TANGIBLE ASSET:</b>								
Computers	171,294,370	59,027,137	20,267,629	210,053,878	32,403,683	18,158,011	101,855,473	83,684,569
V SAT Equipments #	115,303,277	590,168	-	115,893,445	5,364,253	-	39,789,830	80,877,701
Office Equipments	67,781,165	21,808,361	2,052,171	87,537,355	6,809,515	638,093	25,004,997	48,947,669
Furniture & Fittings	87,483,253	29,148,383	3,230,702	113,400,934	8,365,899	1,640,824	35,445,013	58,763,316
Land*	1,500,000	-	-	1,500,000	-	-	-	1,500,000
Vehicles	2,308,795	1,021,724	1,278,382	2,052,137	301,847	631,057	224,252	1,827,885
<b>Total tangible assets</b>	<b>445,670,860</b>	<b>111,595,773</b>	<b>26,828,884</b>	<b>530,437,749</b>	<b>53,245,197</b>	<b>21,067,985</b>	<b>202,319,565</b>	<b>275,528,588</b>
<b>INTANGIBLE ASSET:</b>								
Computer Software	167,580,819	47,801,942	-	215,382,761	21,773,193	-	106,539,096	82,814,916
<b>Grand Total</b>	<b>613,251,679</b>	<b>159,397,715</b>	<b>26,828,884</b>	<b>745,820,510</b>	<b>75,018,390</b>	<b>21,067,985</b>	<b>308,858,661</b>	<b>358,343,504</b>
Figures for previous year	558,685,737	60,265,198	5,699,256	613,251,679	60,068,528	2,115,711	254,908,175	358,343,504

\* The Company is in the process of getting the land registered in its name.

# Refer note 3(a) of Schedule 18

## SCHEDULES

### Schedules to Accounts

(All amounts are in Indian rupees unless otherwise stated)

	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 6: INVESTMENTS</b>		
<b>LONG TERM INVESTMENTS</b>		
<b>Other than trade (Unquoted, at cost)</b>		
Nil (Previous year - 130,000) equity shares of Re. 1/- each fully paid in BSE Limited.	-	10,000
6,600 (Previous year - 6,600) equity shares of Rs. 10/- each fully paid in Apollo Sindhoori Hotels Limited.	<b>184,524</b>	184,524
Less: Provision for Diminution in value of investment	<b>(118,524)</b>	(118,524)
	<b>66,000</b>	76,000
<b>Current Investments - (Unquoted)</b>		
6,373,958 units (previous year - Nil) of Rs. 10/- each in Birla Sunlife cash plus - Institutional premium - Growth	<b>100,000,000</b>	-
	<b>100,066,000</b>	76,000
Aggregate amount of Unquoted Investments	<b>100,066,000</b>	76,000
The following mutual fund units were purchased and sold during the year Birla Sun Life Cash Plus - Institutional Premium - Growth (units)	<b>76,171,390</b>	33,112,294
<b>SCHEDULE 7: SUNDRY DEBTORS (Unsecured)</b>		
<b>Debts outstanding for more than six months</b>		
- Considered Good	<b>20,700,271</b>	42,298,671
- Considered Doubtful	<b>21,971,191</b>	3,000,000
<b>Other debts</b>		
- Considered Good	<b>312,867,810</b>	641,608,957
- Considered Doubtful	-	-
	<b>355,539,272</b>	686,907,628
Less: Provision for Doubtful Debts	<b>21,971,191</b>	3,000,000
	<b>333,568,081</b>	683,907,628
<b>Lease Debtors</b>		
<b>Debts outstanding for more than six months</b>		
- Considered Good	-	-
- Considered Doubtful	<b>318,750</b>	318,750
	<b>318,750</b>	318,750
Less: Provision for Doubtful Debts	<b>318,750</b>	318,750
	-	-
<b>Hire Purchase Debtors</b>		
<b>Debts outstanding for more than six months</b>		
- Considered Good	-	-
- Considered Doubtful	<b>15,000</b>	15,000
	<b>15,000</b>	15,000
Less: Provision for Doubtful Debts	<b>15,000</b>	15,000
	-	-
<b>Settlement Dues - Exchanges (considered good)</b>		
Debts outstanding for more than six months	-	-
Other debts	<b>34,629,372</b>	59,442,134
	<b>34,629,372</b>	59,442,134
	<b>368,197,453</b>	743,349,762

# SCHEDULES

## Schedules to Accounts

(All amounts are in Indian rupees unless otherwise stated)

	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 8: CASH AND BANK BALANCES</b>		
Cash & Stamps on hand	1,321,015	1,080,949
Balances with scheduled banks in		
- Fixed Deposits*	411,199,269	592,152,533
- Current Accounts	291,283,340	318,934,504
- Unpaid dividend accounts	781,010	798,106
- Unpaid matured deposit accounts	185,650	185,650
	<u>704,770,284</u>	<u>913,151,742</u>

\* under lien towards bank guarantees

## SCHEDULE 9: LOANS AND ADVANCES (UNSECURED)

### Considered Good

Advances recoverable in cash or kind or for value to be received *#	147,066,956	149,842,853
Advance income tax, fringe benefit tax and tax deducted at source (net of provision for tax and fringe benefit tax)	25,957,109	4,078,409
Service Tax Credit	11,905,808	2,280,095
Margins with Exchanges	225,496,964	343,513,400
Prepaid Expenses	24,912,660	13,705,767
Deposits-Others	13,683,905	13,378,464
Accrued Income	19,042,958	10,732,589
Advance to Suppliers	1,140,081	-
Rental Advances	36,620,020	30,712,919
	<u>505,826,461</u>	<u>568,244,496</u>

### Considered Doubtful

Advances recoverable in cash or kind or for value to be received	28,908,005	12,716,855
Less: Provision for doubtful loans and advances	28,908,005	12,716,855
	-	-
	<u>505,826,461</u>	<u>568,244,496</u>

\* includes Rs 1,534,634/- receivable from erstwhile Director - Also refer note 3(c) of Schedule 18

# also refer note 3(a) of Schedule 18

## SCHEDULE 10: CURRENT LIABILITIES

Sundry Creditors		
Trade Creditors	1,044,346,905	1,423,307,000
Settlement dues - Exchanges	49,700	-
Other Sundry Creditors	96,377,266	58,545,245
Balances in current accounts with bank (Temporarily overdrawn)	194,280	56,190,109
Other Liabilities	16,464,984	14,457,800
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
Unclaimed Dividend	751,049	758,146
Unclaimed Matured Deposits	185,650	185,650
	<u>1,158,369,834</u>	<u>1,553,443,950</u>

# SCHEDULES

## Schedules to Accounts

(All amounts are in Indian rupees unless otherwise stated)

	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 11: PROVISIONS</b>		
Provision for Leave Encashment	5,092,259	6,446,241
Provision for Gratuity	-	12,157,041
	<u>5,092,259</u>	<u>18,603,282</u>
	<b>Year ended</b>	Year ended
	<b>March 31, 2011</b>	March 31, 2010
<b>SCHEDULE 12: INCOME FROM OPERATIONS</b>		
Brokerage Income	851,916,724	896,313,556
Income from Transaction Charges	58,047,222	48,083,669
V-Sat Rent	6,531,159	9,940,577
Account Opening Charges	8,844,220	8,454,561
Income from Depository Services	49,565,287	54,725,384
Referral Fee	109,372	161,605
Referral fee-Inter Company	4,097,680	737,263
Interest and Finance Charges	148,102,222	94,285,591
	<u>1,127,213,886</u>	<u>1,112,702,206</u>
<b>SCHEDULE 13: OTHER INCOME</b>		
Dividends on Long Term Investments :		
- Trade	539,309	541,699
Profit on Sale of Investments	-	-
- Long Term Investments	47,050,000	765,145
- Short Term Investments	1,794,459	1,064,073
Interest Income	43,893,933	28,151,875
Miscellaneous Income	4,119,835	9,385,734
	<u>97,397,536</u>	<u>39,908,526</u>
<b>SCHEDULE 14: (INCREASE) / DECREASE IN STOCKS</b>		
Closing Stocks:		
Stock of Gold	-	-
	<u>-</u>	<u>-</u>
Less: Opening Stocks:		
Stock of Gold	-	996,246
	<u>-</u>	<u>996,246</u>
(Increase)/Decrease	<u>-</u>	<u>996,246</u>
<b>SCHEDULE 15: PERSONNEL EXPENSES</b>		
Salaries, Allowances, Bonus & Incentive	335,150,950	207,532,929
Contribution to Provident and Other Funds	18,744,265	16,071,194
Staff Welfare Expenses	14,300,098	11,976,479
	<u>368,195,313</u>	<u>235,580,602</u>

# SCHEDULES

## Schedules to Accounts

(All amounts are in Indian rupees unless otherwise stated)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>SCHEDULE 16: OPERATING AND OTHER EXPENSES</b>		
Advertisement & Publicity	4,877,390	5,155,753
Auditors Remuneration - (as auditor)		
- Statutory Audit	900,000	900,000
- Limited Reviews	600,000	75,000
- Tax Audit	-	200,000
- Certification Charges	-	100,000
- Out of Pocket Expenses	415,000	-
AMC Charges	53,027,004	29,072,436
Bandwidth Charges	35,292,761	27,662,985
Business Development Expenses	72,956,515	71,800,000
Director's Sitting Fees	420,000	340,000
Electricity	16,625,354	14,885,459
Insurance	11,304,185	5,998,143
Investments Write Off	-	70,856
Legal & Professional Charges	42,389,559	28,491,055
Loss on Sale/discard of Fixed Assets	4,751,184	3,477,845
Management Fee-Business Partners	265,303,416	253,788,447
Office Maintenance	14,068,342	11,412,106
Postage & Telegrams	22,830,321	20,317,288
Printing & Stationery	16,617,845	17,205,378
Provision for Doubtful Debts	18,971,191	11,369,825
Provision for Doubtful Advances	16,191,150	-
Provision for Diminution in value of Investments	-	118,524
Rates & Taxes	14,582,421	14,473,589
Rent	73,039,934	42,348,809
Asset Utilisation Charges	316,339	
Repairs & Maintenance:	-	-
- Computer	5,833,665	3,291,242
- Others	7,628,145	5,092,784
Telephone Expenses	24,087,061	15,376,810
Travelling & Conveyance	25,169,968	29,958,958
Miscellaneous Expenses	12,452,764	10,650,254
	<b>760,651,514</b>	<b>623,633,546</b>
<b>SCHEDULE 17: INTEREST AND OTHER FINANCE CHARGES</b>		
Interest on:		
- Bank Loans	2,221,232	2,299,493
- Commercial Papers	34,139,143	5,978,131
- Inter Corporate Deposits	10,596,849	9,397,193
- Others	373,450	856,153
Bank Charges	13,149,210	9,866,774
	<b>60,479,884</b>	<b>28,397,744</b>

## SCHEDULES

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR CONSOLIDATED FINANCIAL STATEMENTS OF ADITYA BIRLA MONEY LIMITED AND IT'S SUBSIDIARY.**

#### **18. 1 PRINCIPLES OF CONSOLIDATION**

- i) The Consolidated Financial Statements ('CFS') relate to Aditya Birla Money Limited ('the Company') and its wholly owned subsidiary Aditya Birla Commodities Broking Limited ('ABCBL').
- ii) The Financial Statements of the subsidiary have been drawn for the same reporting period as that of the Company i.e. year ended March 31, 2011.
- iii) The Financial Statements of the Company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses and after eliminating intra-group balances, intra-group transactions and unrealized profits/losses.
- iv) There is no excess / shortage of cost to the Company of its investment in the subsidiary over its proportionate share in the equity of its as at the date of the investment. Accordingly no Goodwill / Capital Reserve is recognized in the CFS.
- v) The CFS have been prepared using uniform accounting policies, except as stated otherwise, for like transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.

#### **18. 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a) BASIS OF PREPARATION**

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

##### **b) USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### **c) FIXED ASSETS, INTANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS**

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

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

Intangible assets are recorded at the consideration paid for acquisition. The computer software costs are capitalized and recognized as intangible assets in terms of Accounting Standard 26 - Intangible Assets based on materiality, accounting prudence and significant economic benefit expected there from to flow over a period longer than one year. Capitalized costs include direct costs of implementation and expenses directly attributable to the development of the software.

##### **d) DEPRECIATION**

Depreciation is provided using the straight line method at the rates prescribed under schedule XIV of the Companies Act, 1956, which is management's estimate of the useful lives of the assets.

Computer software cost capitalized is amortized over the estimated useful life of 6 years.

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

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

## SCHEDULES

### **e) IMPAIRMENT**

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

### **f) LEASES**

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

### **g) INVESTMENTS**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

### **h) INVENTORIES**

Inventories are stated at the lower of cost and net realizable value. Costs include all expenses incurred in bringing the inventory to its present location and condition and are determined on a first in first out basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

### **i) REVENUES**

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

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

Revenue from gold trading is recognized when significant risks and rewards of ownership are passed to the buyer, which generally coincides with dispatch of goods.

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

Other interest incomes are recognized on a time proportion basis.

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

### **j) EMPLOYEE BENEFITS**

- i. Retirement benefits in the form of Provident Fund are defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective fund is due. There are no other obligations other than the contribution payable to the respective trusts.
- ii. Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.



## SCHEDULES

### **k) INCOME TAX**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

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

### **l) EARNINGS PER SHARE**

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

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

### **m) CONTINGENT LIABILITY AND PROVISIONS**

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

### **n) SEGMENT REPORTING**

The Group is principally engaged in the business of Broking and related activities. Accordingly, there are no reportable segments.

### **o) CASH AND CASH EQUIVALENTS**

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

## **18. 3 NOTES TO ACCOUNTS**

### **a) AMOUNTS RECEIVABLE FROM ERSTWHILE PROMOTERS**

Pursuant to a Share Purchase agreement ('SPA') between Aditya Birla Nuvo Limited ('ABNL') and Mr Prataph C Reddy and others ("Erstwhile Promoters") dated August 28, 2008, ABNL had agreed

## SCHEDULES

to acquire 31 Lakhs equity shares in Aditya Birla Money Limited ("the Company"). The transaction was completed on March 6, 2009.

As per clause 12.1 of the SPA, the Erstwhile Promoters had agreed to indemnify and hold harmless the Purchaser to the extent of any Losses, resulting from or consequent upon or relating to such breach of representation or warranty, covenants or agreement including but not limited to the recoveries of receivables and other assets in the books of the Company, contingencies on tax and related matters etc.

In connection with the above, the Company based on its internal assessment of the recoverability of receivables and others assets and matters relating to tax and other contingencies have arrived at a total claim of Rs 167,112,196/- and has accordingly raised on the erstwhile promoters to remit such monies to the Company. While, the erstwhile promoters have not accepted the claim in its entirety it has however in respect of one particular claim relating to service tax liabilities remitted a sum of Rs 19,047,324/- during the year. The erstwhile promoters have not remitted nor have they denied these amounts as due to the Company and ABNL.

In accordance with the terms of the SPA, the Company and ABNL have served a notice to the erstwhile promoters that they are invoking the arbitration mechanism for the resolution of the claims made. An Arbitral Tribunal was constituted and ABNL and the Company had filed their Statement of Claim on February 26, 2011.

In addition to the above, the Company vide its letter dated March 5, 2011 made a separate claim of Rs. 5,169,379/- for amounts becoming due and payable on accounts of various cases initiated by the customers of the Company. Accordingly, as at March 31, 2011, the total claim made by the Company is about Rs. 172,281,575/-.

Pending the final outcome of the arbitration proceedings, the Company has identified all such receivables, assets etc which are have not been recovered and other items which are the subject matter of the claim to the extent they are in the books of accounts of the Company aggregating Rs 142,059,622/- and disclosed the same in Advances recoverable in cash or kind under Loans and Advances in Schedule 9 of the Balance Sheet and the balance claims relating to contingencies which have devolved on the Company have been included under note 2(b) of Schedule 18 below on contingencies.

Based on legal opinion received and internal assessment, management is of the view that these amounts are recoverable from the erstwhile promoters and the Company is confident of recovering the entire dues through the arbitration process.

### b) COMMITMENTS AND CONTINGENCIES

#### Commitments

Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for is Rs. 4,882,875/- (Previous year - Rs. 11,053,000/-).

#### Contingent liabilities

(Rs.)

PARTICULARS	March 31, 2011	March 31, 2010
<b>Bank Guarantees placed with exchanges</b>	<b>320,000,000</b>	142,000,000
<b>Disputed tax liability not provided for:</b>		
(a) Income Tax - for various assessment years in respect of which Company has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.	<b>35,579,720</b>	26,900,000
(b) Service Tax - for various assessment years in respect of which Company has gone on appeal. Based on judicial pronouncements, the claim of the Company is likely to be accepted by the judicial authorities.	<b>8,724,654</b>	22,693,777

## SCHEDULES

(Rs.)

PARTICULARS	March 31, 2011	March 31, 2010
<b>Contingent Liability not provided for on account of:</b>		
(a) Disputed claim of SEBI towards turnover fees contested by the Company at Hon'ble Supreme Court. The Company has been advised by its legal counsel that it is possible, but not probable, the action will succeed and accordingly no provision for any liability has been made in these financial statements.	<b>27,656,667</b>	27,656,667
(b) Claims against the Company not acknowledged as debts*	<b>23,279,527</b>	39,400,000

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

### c) MANAGERIAL REMUNERATION

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

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

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

### d) ISSUE OF 8% REDEEMABLE NON CONVERTIBLE NON CUMULATIVE PREFERENCE SHARES

The Company has allotted 800,000 8% Redeemable Non Convertible Non-Cumulative Preference Shares ('RNCNCPS') of Rs 100/- each, fully paid up at a premium of Rs 150/- per share to Aditya Birla Financial Services Private Limited, its Holding Company.

The RNCNCPS are redeemable at the end of 5 years at Rs 320/- per share (face value Rs 100/- and a premium of Rs 220/- per share)

### e) EXCEPTIONAL ITEMS

The Company has borne one time loss of Rs. 81,548,101/-, net of recovery, on account of certain trades of its clients which have not been recovered from them.

### f) DEFERRED TAX ASSET / (LIABILITY)

(Rs.)

PARTICULARS	March 31, 2011	March 31, 2010
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	<b>(71,712,864)</b>	(68,312,212)
Effect of expenditure/ provisions debited to profit and loss account in the current year but allowed for tax purposes in following years	<b>18,268,166</b>	11,559,946
Tax losses	<b>39,169,692</b>	-
<b>Net Deferred Tax Asset / (Liability)</b>	<b>(14,275,006)</b>	(56,752,266)

## SCHEDULES

### g) EARNINGS PER SHARE

(Rs.)

PARTICULARS		March 31, 2011	March 31, 2010
Net Profit / (Loss) as per Profit and Loss Account	<b>A</b>	<b>(84,375,065)</b>	126,833,508
Weighted average number of equity shares			
- Basic and Diluted	<b>B</b>	<b>55,400,000</b>	55,400,000
Earnings / (Loss) per share			
- Basic and Diluted	<b>A/B</b>	<b>(1.52)</b>	2.29
Nominal value of equity share (in Rs.)		<b>Re 1/-</b>	Re 1/-

### h) LEASE DISCLOSURES

#### Operating Leases

Lease rentals in respect of premises taken on operating lease during the year ended March 31, 2011 amounts to Rs. 73,039,934/- (Previous Year Rs. 42,348,809/-).

Future obligations towards lease rentals under non cancellable lease agreements as on March 31, 2011 amounts to Rs.151,127,416/- (Previous Year Rs. 52,741,000/-). Details of Lease Rentals payable within one year and / thereafter are as under:

(Rs.)

PARTICULARS	March 31, 2011	March 31, 2010
Within one year	<b>49,072,470</b>	5,456,000
Later than one year and not later than five years	<b>79,235,111</b>	45,581,000
Later than five years	<b>22,819,835</b>	1,704,000

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

### i) EMPLOYMENT BENEFIT DISCLOSURES

The amounts charged to the Profit and loss account during the year for Provident fund contribution aggregates to Rs. 14,907,704/- (Previous year - Rs. 9,748,273/-) and employees' state insurance contribution aggregates to Rs. 3,495,973/- (Previous year - Rs. 2,097,698/-).

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

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

#### Amounts recognized in the Balance Sheet in respect of gratuity

(Rs.)

	March 31, 2011	March 31, 2010
Present value of defined benefit obligation	12,646,962	12,157,041
Fair value of plan assets	14,281,150	-
<b>Liability/(Asset) recognised in the Balance Sheet</b>	<b>(1,634,188)</b>	12,157,041

## SCHEDULES

### Amounts recognized in the Profit and Loss Account in respect of Gratuity (Rs.)

	March 31, 2011	March 31, 2010
Current service cost	2,474,361	1,899,715
Interest cost on benefit obligation	865,341	5,88,099
Expected return on plan assets	(594,240)	-
Net actuarial (gain) / loss recognised in the year	(3,279,862)	1,727,053
Past service costs – vested benefits	874,987	-
<b>Net Gratuity cost</b>	<b>340,588</b>	<b>4,214,867</b>

### Actual return on plan assets (Rs.)

	March 31, 2011	March 31, 2010
Expected return on plan assets	594,240	-
Actuarial gains / (losses) on plan assets	481,587	-
<b>Actual return on plan assets</b>	<b>1,075,827</b>	<b>-</b>

### Reconciliation of present value of the obligation and the fair value of plan assets (Rs.)

	March 31, 2011	March 31, 2010
Opening defined benefit obligation	12,157,041	8,860,643
Interest cost	865,341	5,88,099
Current service cost	2,474,361	1,899,715
Past Service Cost (Vested Benefits) due to change in gratuity celling	874,987	-
Actuarial (gains)/ losses on obligation	(2,798,274)	1,727,053
Benefits paid	(926,494)	(918,469)
<b>Closing defined benefit obligation</b>	<b>12,646,962</b>	<b>121,57,041</b>

### Change in fair value of plan assets (Rs.)

	March 31, 2011	March 31, 2010
Opening fair value of plan assets	-	-
Expected return	594,240	-
Actuarial (gains)/ losses on	481,587	-
Contributions by Employer	14,131,817	-
Benefits paid	(926,494)	-
<b>Closing fair value of plan assets</b>	<b>14,281,150</b>	<b>-</b>

## SCHEDULES

### Details of plan assets

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

	<b>March 31, 2011</b>	March 31, 2010
Government of India Securities	<b>29%</b>	-
Corporate Bonds	<b>2%</b>	-
Insurer Managed Funds	<b>65%</b>	-
Others	<b>4%</b>	-
	<b>100%</b>	-

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

### Experience adjustments

(Rs.)

	<b>March 31, 2011</b>	March 31, 2010
Experience adjustments (loss) / gain	<b>3,041,066</b>	(2,081,274)

	<b>March 31, 2009</b>	March 31, 2008
Experience adjustments (loss) / gain	<b>130,000</b>	-

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

	<b>March 31, 2011</b>	March 31, 2010
Discount rate	<b>7.70%</b>	7.40%
Expected rate of return on assets	<b>9%</b>	9%

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

### j) RELATED PARTY TRANSACTIONS

Ultimate Holding Company	Aditya Birla Nuvo Limited
Holding Company	Aditya Birla Financial Services Private Limited
Entities under Common Control	Aditya Birla Finance Limited
	Aditya Birla Money Mart Limited
	Aditya Birla Financial Shared Services Limited
	Birla Sun Life Insurance Company Limited

# SCHEDULES

(Rs.)

Particulars	Closing Balance As on 31-Mar-2011	Transaction 2010-2011	Closing Balance As on 31-Mar-2010	Transaction 2009-2010
<b>Aditya Birla Nuvo Limited</b>				
- Inter Corporate Loan received	-	<b>1,850,000,000</b>	-	1,250,000,000
- Inter Corporate Loan repaid	-	<b>2,050,000,000</b>	200,000,000	1,050,000,000
- Interest on Inter Corporate Loan	-	<b>8,815,068</b>	131,507	5,393,836
- Rent payment (Service Tax - Rs.1,08,459/- & TDS Payable Rs.1,053,000/-)	<b>1,053,000</b>	<b>4,212,000</b>	-	3,159,000
- Other Expense (TDS Payable Rs.2,685/-)	<b>134,216</b>	<b>134,216</b>	-	-
<b>Aditya Birla Finance Limited</b>				
- Inter Corporate Loan received	<b>100,000,000</b>	<b>350,000,000</b>	-	-
- Inter Corporate Loan repaid	-	<b>250,000,000</b>	-	50,000,000
- Interest on Inter Corporate Loan (TDS Payable Rs.28,493/-)	<b>284,932</b>	<b>734,932</b>	-	3,098,630
- Syndication fee payment	-	<b>538,480</b>	56,959	56,959
- Misc.Expenses Receivable (Service Tax - Rs.5,717/- & TDS receivable Rs.6,122/-)	<b>55,000</b>	<b>55,000</b>	-	-
- Misc.Expenses Payable	<b>52,011</b>	<b>52,011</b>	-	-
<b>Aditya Birla Money Mart Limited</b>				
Business Development Fees		<b>70,974,090</b>	5,559,120	107,360,000
Management Fees		<b>66,049,558</b>	-	-
Reimbursement of Cost - Expenses (Receivable)		<b>18,721,962</b>	-	-
Referral fee (Receivable)		<b>4,097,679</b>	-	-
Reimbursement of Cost - Expenses (Payable)		<b>5,277,004</b>	-	-

# SCHEDULES

(Rs.)

Particulars	Closing Balance As on 31-Mar-2011	Transaction 2010-2011	Closing Balance As on 31-Mar-2010	Transaction 2009-2010
Referral fee (Payable)		878,167	-	-
Recovery towards certain trades of ABMML referred clients		973,219,030		
<b>Total outstanding balance (Receivable)</b>	<b>(5,173,653)</b>	-	5,559,120	-
<b>Aditya Birla Financial Services Private Limited</b>				
- Inter Corporate Loan received	-	300,000,000	-	-
- Inter Corporate Loan repaid	-	300,000,000	-	-
- Interest on Inter Corporate Loan	-	517,808	-	-
Reimbursement of Cost - Expenses	566,474	566,474	-	-
<b>Aditya Birla Financial Shared Services Limited</b>	-	-	-	-
- Misc.Expenses Receivable (TDS receivable Rs.37,594/-)	338,347	375,942	-	-
- Misc.Expenses Payable (TDS Payable Rs.51,123/-)	2,111,685	3,662,807	-	-
<b>Aditya Birla Capital Limited</b>	-	-	-	-
- Inter Corporate Loan received	-	-	-	185,000,000
- Inter Corporate Loan repaid	-	-	-	185,000,000
- Interest on Inter Corporate Loan	-	-	-	904,726
<b>Birla Sun Life Insurance Company Limited</b>				
- Brokerage Earned	48,418	11,101,009	665,550	14,401,548
- Rent (Service tax Rs.90,761/- & TDS Rs.63,503/-)	881,181	908,439	-	-
- Other Income	-	-	516,326	1,451,926



## SCHEDULES

### **k) FOREIGN CURRENCY TRANSACTIONS**

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

### **l) COMPARATIVES**

Previous year figures have been audited by a firm other than S.R. Batliboi & Associates. Further, previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES  
Firm Registration Number: 101049W  
Chartered Accountants

per Amit Majmudar  
Partner

Membership No.: 036656  
Place: Mumbai  
Date: April 21, 2011

For ADITYA BIRLA MONEY LIMITED

Sudhakar Ramasubramanian      Pankaj Razdan  
Managing Director                      Director

Ravishankar Gopalan                      S Balaji  
Chief Operating Officer                      Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs.)

PARTICULARS	Year Ended 31-Mar-2011	Year Ended 31-Mar-2010
<b>A Cash flow from Operating Activities</b>		
Net Profit / (loss) before taxation, and Exceptional Items	<b>(39,428,058)</b>	205,232,375
Adjustments for :		-
Depreciation	<b>75,018,390</b>	60,068,528
Provision for Doubtful Debts	<b>18,971,191</b>	11,369,825
Provision for Doubtful Advances	<b>16,191,150</b>	-
Diminution in Value of Investments	-	118,524
Write off of Investments		70,856
Interest Expenses	<b>47,330,674</b>	18,530,970
Interest Income	<b>(43,893,933)</b>	(28,151,875)
Loss on Sale of Fixed assets	<b>2,730,379</b>	3,477,845
Write off/other adjustments of fixed assets	<b>2,020,805</b>	-
(Profit) / Loss on Sale of Investments	<b>(48,844,459)</b>	(1,829,218)
Dividend Income	<b>(539,309)</b>	(541,699)
<b>Operating Profit Before Working Capital Changes</b>	<b>29,556,830</b>	268,346,131
<b>Movements in working capital</b>		
Decrease / (Increase) in Sundry Debtors	<b>356,181,118</b>	(460,709,208)
Decrease / (Increase) in Inventories	-	996,246
Decrease / (Increase) in Other Loans and Advances	<b>67,328,576</b>	(300,433,997)
(Decrease) / Increase in Current Liabilities	<b>(395,074,116)</b>	687,069,175
(Decrease) / Increase in Provisions	<b>(13,511,023)</b>	4,970,434
<b>Cash generated from / (used in) operations</b>	<b>44,481,385</b>	200,238,781
Direct taxes paid (net of refunds)	<b>(27,754,785)</b>	(67,072,011)
Cash flow before Exceptional items	<b>16,726,600</b>	133,166,770
Exceptional Item	<b>(81,548,101)</b>	-
<b>Net cash from/ (used in) operating activities</b>	<b>(64,821,501)</b>	133,166,770
<b>B Cash flows from Investing activities</b>		
Purchase of Fixed Assets	<b>(147,516,351)</b>	(71,762,262)
Proceeds from sale of fixed assets	<b>1,009,715</b>	105,700
Deposits (with maturity more than three months)	<b>(1,262,152,321)</b>	(496,474,810)
Proceeds of deposits matured (with maturity more than three months)	<b>1,443,105,585</b>	228,034,524
Interest received	<b>44,670,942</b>	26,114,462
Dividends received	<b>539,309</b>	541,699
Profit on Sale of Investments	<b>47,060,000</b>	792,134
Purchase of Mutual Funds	<b>(1,400,000,000)</b>	(780,000,000)
Sale of Mutual Funds	<b>1,301,794,459</b>	781,064,073
<b>Net cash from/ (used in) Operating activities</b>	<b>28,511,338</b>	(311,584,480)

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs.)

PARTICULARS	Year Ended 31-Mar-2011	Year Ended 31-Mar-2010
<b>C Cash flows from Financing Activities</b>		
Proceeds from issue of Preference Shares	<b>80,000,000</b>	-
Premium on issue of Preference Share	<b>120,000,000</b>	
Proceeds from Inter Corporate Loans	<b>2,500,000,000</b>	150,000,000
Repayment of Inter Corporate Loans	<b>(2,600,000,000)</b>	-
Proceeds from secured loans	-	50,000,000
Repayment of secured loans	<b>(50,000,000)</b>	-
Interest paid	<b>(47,330,674)</b>	(18,399,463)
Proceeds from Issue of Commercial Paper	<b>1,056,212,643</b>	393,055,131
Redemption of Commercial Paper	<b>(1,050,000,000)</b>	(250,000,000)
<b>Net cash from/ (used in) in Financing Activities</b>	<b>8,881,969</b>	324,655,668
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(27,428,194)</b>	146,237,958
<b>Cash and cash equivalents at the beginning of the year</b>	<b>320,999,209</b>	174,761,251
<b>Cash and cash equivalents at the end of the year</b>	<b>293,571,015</b>	320,999,209
<b>Components of cash and Cash Equivalents</b>		
Cash & Stamps on hand	<b>1,321,015</b>	1,080,949
With banks - on current account	<b>291,283,340</b>	318,934,504
- Deposit account	<b>411,199,269</b>	592,152,533
- Unpaid Dividend accounts*	<b>781,010</b>	798,106
- Unpaid matured deposit accounts*	<b>185,650</b>	185,650
<b>Cash &amp; Bank Balances as per Schedule 8</b>	<b>704,770,284</b>	913,151,742
Less: - Fixed deposits not considered as cash equivalents	<b>(411,199,269)</b>	(592,152,533)
<b>Cash &amp; Cash Equivalents in Cash Flow Statement</b>	<b>293,571,015</b>	320,999,209

\* These balances are not available for use by the company as they represent corresponding unpaid dividend / matured unpaid deposit liabilities.

Previous year's figures have been regrouped / rearranged to confirm to the current year's presentation, wherever necessary.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES  
Firm Registration Number: 101049W  
Chartered Accountants

For ADITYA BIRLA MONEY LIMITED

per Amit Majmudar  
Partner  
Membership No.: 036656

Sudhakar Ramasubramanian     Pankaj Razdan  
Managing Director                     Director

Place: Mumbai  
Date: April 21, 2011

Ravishankar Gopalan                     S Balaji  
Chief Operating Officer                     Company Secretary





